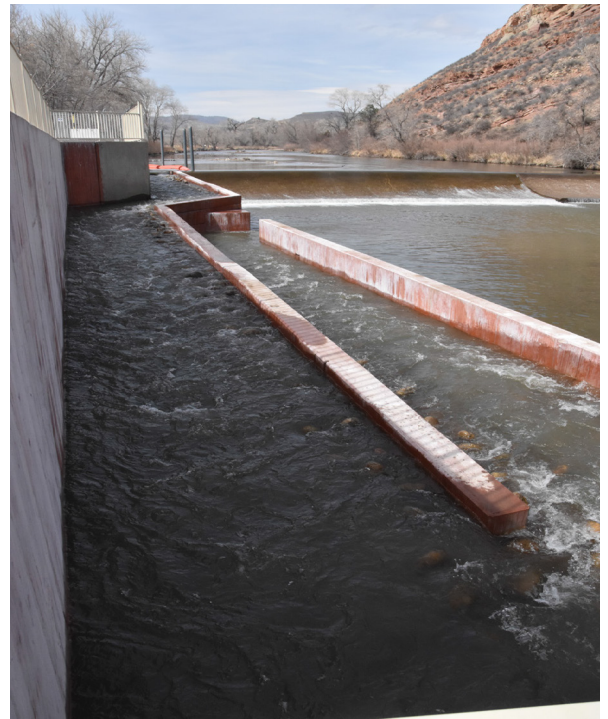




Comprehensive Annual
**Financial
Report**



**Northern Colorado Water
Conservancy District**
.....
**For Fiscal Year Ended
September 30, 2019**



Comprehensive Annual Financial Report

Year ended September 30, 2019

Northern Colorado Water Conservancy District

Berthoud, Colorado



Prepared by: Financial Services Department

Comprehensive Annual Financial Report

September 30, 2019

Table of Contents

	Page
INTRODUCTORY	
Transmittal Letter	i
Board of Directors	v
Organizational Chart and Management	vi
Certificate of Achievement	vii
FINANCIAL	
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Northern Water Proprietary Funds Financial Statements	
Statement of Net Position	14
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	18
Northern Water Fiduciary Fund Pension Trust Fund Financial Statements	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to Financial Statements	22
Required Supplementary Information	
Northern Water Fiduciary Fund Pension Trust Fund	
Schedule of Changes in Net Pension Liability and Related Ratios	40
Schedule of Employer Contributions	41
Supplementary Information	
Northern Water Enterprise Funds, Schedules of Revenues and Expenses, Budget to Actual	
District Enterprise Fund	44
Southern Water Supply Project	45
Pleasant Valley Pipeline Project	46
Northern Integrated Supply Project	47
Hydropower	48
STATISTICAL INFORMATION	
<p>This part of Northern Water's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding information in the financial statements, note disclosures, required supplementary information and supplementary information. Unless otherwise noted, the statistical information is derived from the CAFRs and underlying accounting, allotment and operational information of Northern Water.</p>	
Statistical Information Table of Contents	49
Northern Water Facilities, Colorado-Big Thompson Project Facilities and Northern Water Boundaries	50
Financial Trends	
<i>These schedules contain trend information to help the reader understand how Northern Water's financial performance has changed over time.</i>	
Statement of Changes in Net Position (2010 - 2019) - All Northern Water Enterprise Funds	52
Statement of Net Position by Component (2010 - 2019) - All Northern Water Enterprise Funds	54
Schedule of C-BT Project Joint Operations and Maintenance Costs (Historical) - District Enterprise Fund	57
Revenue Capacity	
<i>These schedules on assessments, charges for services, energy revenue and property taxes contain information to help the reader assess Northern Water's primary revenue sources. Since Northern Water is a regional water organization, it does not present overlapping information on property tax rates.</i>	
Assessments	
Water Assessments and Ownership by Water Allotment Contract Class and Rate (2010 - 2019) - District Enterprise Fund	58

	<u>Page</u>
Largest Water Allotment Contract Holders (2010 and 2019) - District Enterprise Fund	
By Acre-foot Units	60
By Water Assessment	61
Open-Rate Water Assessment Charges (Historical) - District Enterprise Fund	62
Market Prices per Acre-Foot Unit (Historical) - District Enterprise Fund	63
Charges for Services and Energy Revenue (2010 - 2019) - District and Hydropower Enterprise Funds	64
Property Taxes - District Enterprise Fund	
Property Tax Levies and Collections (2010 - 2019)	67
Assessed and Estimated Actual Value of Taxable Properties (2010 - 2019)	68
Property Tax Collections by County (2010 - 2019)	70
Largest Corporate Taxpayers by Taxable Assessed Valuation (2010 and 2019)	71
Debt Capacity	
<i>This schedule presents information to help the reader assess the affordability of Northern Water's current level of outstanding debt.</i>	
Statistics of Outstanding Debt by Type (2010 - 2019) - District and Hydropower Enterprise Funds	72
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Northern Water's financial activities take place.</i>	
Northern Water Population and Economic Statistics (2010 - 2019)	74
Largest Employers by Principal Municipalities Served by Northern Water (2010 and 2019)	76
Population of Ten Largest Municipalities in Northern Water Boundaries (2010 and 2019)	80
Operating Information	
<i>These schedules contain information about Northern Water's operations and resources to help the reader understand how Northern Water's financial information relates to the services it provides and the activities it performs.</i>	
C-BT Project Water Deliveries (Historical and 2010 - 2019) - District Enterprise Fund	82
C-BT Project Water Delivery Quotas (Historical) - District Enterprise Fund	83
Capital Assets by Northern Water Enterprise Fund (2010 - 2019)	84
Project Capacity Statistics by Northern Water Enterprise Fund	86
Northern Water Employees by Division (2010 - 2019)	89
General Information	
Northern Water Organizational and Contact Information	90

INTRODUCTORY SECTION

February 25, 2020

To the Board of Directors of Northern Water

We are pleased to transmit the Comprehensive Annual Financial Report of the Northern Colorado Water Conservancy District (Northern Water) as of and for the year ended September 30, 2019.

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

Plante & Moran, PLLC, a certified public accounting and consulting firm, has issued unmodified opinions on the Northern Water financial statements for the year ended September 30, 2019. The independent auditors' report is located on page 1.

Management's Discussion and Analysis, located on pages 5 of this report, provides a narrative introduction, overview and analysis of the basic financial statements. Management's Discussion and Analysis complements, and should be read in conjunction with, this letter of transmittal.

Northern Water Comprehensive Annual Financial Report

The report is presented in three sections as follows:

- **Introductory Section** - Includes this letter of transmittal, Board of Directors, Organizational Chart and Management and the Certificate of Achievement for Excellence in Financial Reporting for the previous year's report.
- **Financial Section** - Includes the independent auditors' report on the financial statements, MD&A, the basic financial statements, required supplementary information and other supplementary information.
- **Statistical Section** - Includes information as to financial trends, revenue capacity, debt capacity, demographics, economics and operations generally presented on a multi-year basis.

Northern Water adopts a final budget for the next fiscal year by the end of the current fiscal year. The 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 fund and activity.

Profile of Northern Water

Northern Water is a public agency created in 1937 to partner with the U.S. Bureau of Reclamation (Reclamation) in the construction and operation of the Colorado-Big Thompson (C-BT) Project. The C-BT Project diverts, stores and regulates water from the Colorado River on the West Slope of the Continental Divide to the East Slope of the Rocky Mountains. C-BT Project water provides supplemental irrigation for more than 982,000 acres of farm and rangeland and supplements the water needs of one million people in the eight Northern Colorado counties within the Northern Water boundaries. The C-BT Project became fully operational in 1957 and today delivers on average more than 212,000 acre-feet of water annually.

Northern Water's mission is to

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

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

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

Northern Water's financial structure is defined by Colorado's Water Conservancy Act, C.R.S. §37-45-101 to 37-45-153, and its Repayment Contract with Reclamation. Northern Water establishes water assessment rates in accordance with terms of perpetual allotment contracts with water users for delivery of wholesale C-BT Project water for use within Northern Water boundaries. Water users are charged based on allotment units held, independent of actual water deliveries. In addition, Northern Water collects a voter-approved 1 mil levy property tax on real property located within its boundaries in accordance with the Repayment Contract with Reclamation. Northern Water charges for administration, engineering, environmental and operations services provided to Reclamation for multipurpose and some single-purpose power portions of the C-BT Project, the Northern Water enterprise funds, the Municipal Subdistrict of the Northern Colorado Water Conservancy District (Subdistrict) and others.

Northern Water owns the following water activity enterprises, which are government-owned businesses within the meaning of Article X, Section 20 of the Colorado Constitution: the Southern Water Supply Project Water Activity Enterprise created in 1993, the Pleasant Valley Pipeline Project Water Activity Enterprise created in 1999, the Northern Integrated Supply Project Water Activity Enterprise created in 2003 and the Hydropower Water Activity Enterprise created in 2010. In addition,

Northern Water has a Pension Trust fund, which was closed to new participants as of 2003.

Northern Water

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

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

Southern Water Supply Project Enterprise Fund (SWSP)

SWSP was developed to convey C-BT Project and Windy Gap Project water supplies to areas located within Northern Water and Subdistrict boundaries through 113 miles of pipeline. Construction costs were funded from participant contributions. The project is operated and maintained by Northern Water for the benefit of project participants who provide ongoing cash requirements.

Construction of a second SWSP pipeline, known as SWSP II, began in 2018 to provide a secure, year-round water conveyance to the four SWSP II project participants. See further discussion below.

Pleasant Valley Pipeline Project Enterprise Fund (PVP)

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

Northern Integrated Supply Project Enterprise Fund (NISP)

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

Hydropower Enterprise Fund (Hydropower)

Hydropower was established to construct and operate small hydro-power facilities. Hydropower currently owns and operates the Robert V. Trout Hydropower Plant at Carter Lake and the Granby Hydropower Plant at Lake Granby. The two facilities became operational in 2012 and 2016, respectively, and, combined, generate approximately 12 million kwh of energy annually. Energy is sold to local electric utilities. Construction was funded through debt and interfund financing. Revenue from energy sales provides all operating and debt service requirements.

Major Activities and Initiatives

Northern Water

The Environmental Services Division had its first full year of operation in 2019. The division provides environmental services in support of the development and operation of existing and future water projects.

Northern Water established a reserve fund policy to establish target funding levels for unrestricted reserves to address inherent business risks and uncertainties. The policy is being implemented in 2020.

Northern Water continues to expand and fine tune its organizational structure. Effective October 1, 2019, the following new departments were created:

- Water Rights
- Environmental Planning
- Data Management
- Cybersecurity and Governance

Northern Water has increased its staffing by 27 employees over the last two years to a total of 134 employees and anticipates adding an additional 25 to 30 employees by the end of 2020 to address project and operational requirements.

Southern Water Supply Project Enterprise Fund

In 2019, construction continued on the SWSP II project, a 20-mile raw water pipeline that will supply C-BT Project and Windy Gap Project water from Carter Lake to the City of Boulder, Left Hand Water District, the Town of Berthoud and Longs Peak Water District. Project participants are fully funding the estimated \$44 million project cost. The project will be completed and operational in 2020.

Northern Integrated Supply Project Enterprise Fund

NISP will yield 40,000 acre-feet of new water supply annually and more than 200,000 acre-feet of storage capacity with the construction of Glade and Galeton reservoirs. The project also includes pump stations, conveyance pipelines and other appurtenant structures. NISP participants are committed to building an environmentally responsible project. Its Fish and Wildlife Mitigation and Enhancement Plan will improve the aquatic and riparian habitat of the Poudre River, regional wildlife habitat and enhance recreational opportunities. Overall, NISP is committing nearly \$60 million toward mitigation and enhancement activities.

In 2019, NISP launched its WaterSecure Program. This program will help ensure that Glade Reservoir water expected to be exchanged with water releases from Galeton Reservoir will continue to be delivered to area farms.

Other recent NISP milestones are as follows:

- 2017 - Fish and Wildlife Mitigation and Enhancement Plan approved by the Colorado Parks and Wildlife Commission and the Colorado Water Conservation Board
- 2018 - Final Environmental Impact Statement released by the U.S. Army Corps of Engineers
- January 2020 - Colorado 401 Water Quality Certification received from the Department of Public Health and Environment

- February 2020 - Larimer County 1041 Permit application filed for review of pipeline routing and reservoir recreational facilities

A Record of Decision for the project is anticipated in 2020, with final design work to continue into 2022. NISP participants are responsible for funding the entire project, which is presently forecast to cost \$1.2 billion.

Local Economy

The Colorado Economic Outlook, published in December 2019 by the Colorado Office of State Planning and Budgeting, provides an economic overview of the area in which Northern Water operates. This narrative is summarized from that report.

The Colorado Economic Outlook describes two regions, metro Denver region and Northern Region, both of which are served in part by Northern Water and are characterized by strong, diversified economies. The metro Denver region includes Boulder and Broomfield Counties. The Northern Region includes Larimer and Weld Counties. Contributors to that economic growth are broad-based with information, energy, retail and health care sectors being the largest sectors. In particular, Larimer County's economy continues to grow with population drawn to the Fort Collins area. Weld County's economic activity is expanding driven largely by the oil and gas industries.

The Colorado economy continues to outpace the nation, ranking the seventh fastest in the United States. In 2019, Colorado's economy grew 3.4 percent, compared to the nation's economy at 2.3 percent. Colorado employment growth and labor markets remain strong with unemployment rates near historic lows. Professional and business services comprise almost 20 percent of statewide employment and continue to be the main employment drivers. Employment levels of the metro Denver Region and the Northern Region continue to grow faster than the state average, increasing at 1.9 percent and 2.6 percent, respectively. Unemployment rates for the two regions average 2.6 percent, below the statewide rate of 3.2 percent.

Personal income in Colorado is expected to outpace the nation, growing 6.1 percent in 2019 and 5.2 percent in 2020, compared to 4.6 percent and 4.5 percent for the United States overall. Per capita income increased 5.8 percent in 2019 to \$61,287 and is expected to increase 4.0 percent to \$63,709 in 2020.

Oil production in the Northern Region, particularly in Weld County, has dominated statewide production for over a decade. While drilling activity has declined due to relatively low oil prices, crude oil production increased 8.4 percent in 2019. Natural gas production increased by 18.9 percent.

Colorado's residential real estate market has steadied after several years of robust growth. Labor and land shortages have constrained new construction. Building permits declined 17 percent in 2019. Though housing construction has dampened, home prices continue to rise with median home values reaching \$385,300 and \$329,400 in Fort Collins and Greeley, respectively. Assessed values increased 17 percent in Colorado in 2019 as properties were reassessed. Future tax collections are expected to increase less rapidly, reflecting home price appreciation closer to sustainable levels; however, Northern Colorado will continue to have strong growth based on increased oil and gas production.

Water Year

The 2019 water year began with C-BT Project reservoir storage levels at slightly above average. Above average snowpack levels and spring runoff produced inflows into the C-BT Project that were 30 percent higher than average. A cool spring with a late runoff resulted in later than normal summer demands for C-BT Project water and significantly lower than average deliveries for the year. Total C-BT Project water delivered was 182,905 acre-feet. The lower water demand resulted in C-BT Project reservoir storage levels ending the year at well above average levels.

The Northern Water Board of Directors issued a 70 percent quota allocation in April. In May, the Board allocated 12,500 acre-feet from Northern Water's Regional Pool Program, all of which was fully awarded through public auction.

Water Assessments

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

Year	Irrigation	Municipal/ Industrial
Water assessment rates		
2019	\$ 26.70	\$ 45.20
2020	27.40	46.50
Percentage increase	2.6%	2.9%
Forward guidance		
2021	\$ 28.20 - 30.00	\$ 47.80 - 50.80
Percentage increase	2.9% - 9.5%	2.8% - 9.2%

Financial Policies

Northern Water financial principles and policies have been consistently applied in the preparation of the Northern Water financial statements including the basis of accounting and valuation of fund assets with the exception of the net position of the Pension Plan as described in Note 17. These policies are further detailed in Note 1 to the financial statements.

Awards and Acknowledgements

Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Water for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2018. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. Northern Water has received this award each year since 1987. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized report, the contents of which must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the Northern Water CAFR for the year ended September 30, 2019, continues to conform to the Certificate of Achievement Program

requirements, and we are submitting it to GFOA to determine its eligibility.

Annual Budget

In addition, Northern Water also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2018. In order to qualify for this award, the Northern Water budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

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

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

John Budde, CPA
Bernice Rupp
Rosemary Torres

Colleen Krabbenhoft
Judy Skram, CPA
Kristyn Unrein

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

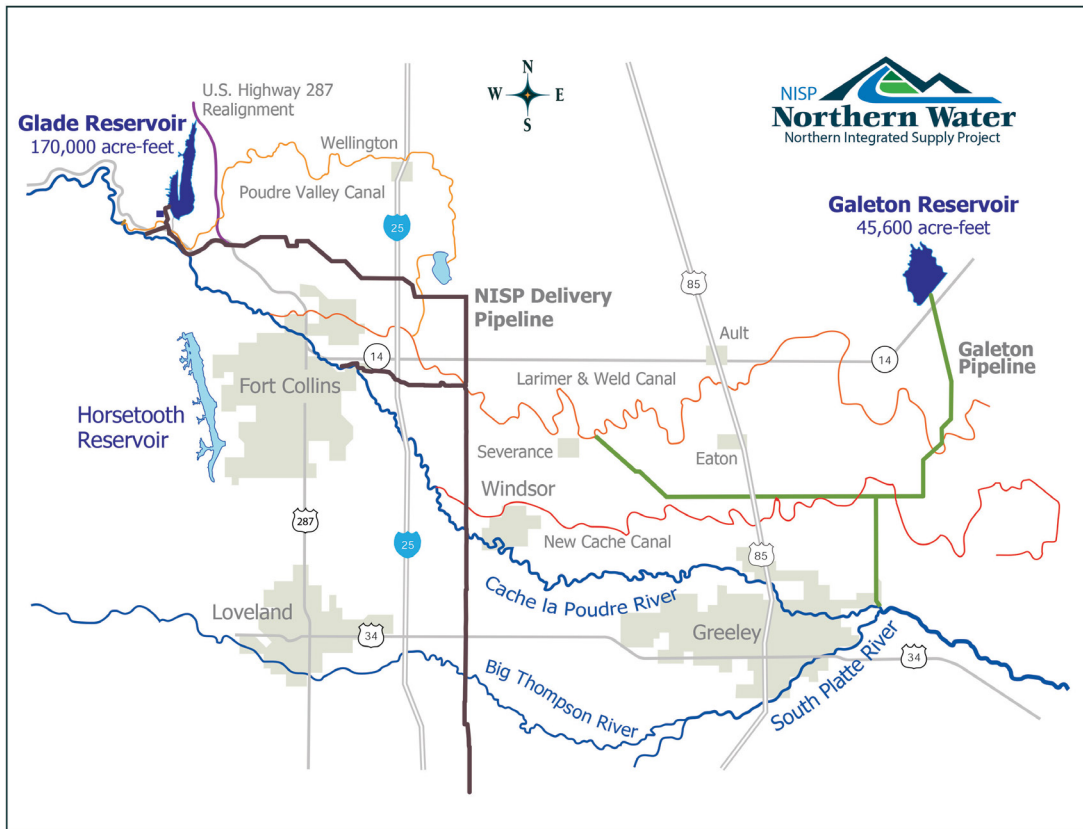
Sincerely,

/s/ Gerald A. Gibbens

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

/s/ Bradley D. Wind

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



This map provides an overview of the infrastructure that will be built as part of the Northern Integrated Supply Project.

Board of Directors⁽¹⁾

Mike Applegate, President and Board Chairman

Engineer, Larimer County

Term: September 28, 1991 - September 28, 2023

Committees: 1,2,3

John Rusch, Vice President and Board Vice Chairman

Water Resources Consultant, Morgan/Washington Counties

Term: May 10, 2002 - September 28, 2021

Committee: 3

Sue Ellen Harrison

Attorney, Boulder County

Term: September 28, 2009 - September 28, 2022

Committee: 3

Todd Williams

Water Resources Engineer, Boulder County

Term: September 28, 2017 - September 28, 2021

Committees: 1,2,3

Dennis Yanchunas

Retired Securities Broker, Boulder County

Term: August 20, 2010 - September 28, 2020

Committees: 1,2

Bill Emslie

Retired Electrical Engineer and Farmer, Larimer County

Term: September 28, 2005 - September 28, 2021

Committees: 1,2,3

Committees

1 Audit, 2 Finance and Benefits, 3 Legal and Legislative

Jennifer Gimbel

Attorney, Larimer County

Term: August 8, 2019 - September 28, 2020

Committees: 1,3

Don Magnuson

Retired Ditch Company General Manager and

Agricultural Enterprises, Weld County

Term: September 28, 2004 - September 28, 2020

Committee: 3

Dale Trowbridge

Ditch Company General Manager, Weld County

Term: August 15, 2014 - September 28, 2023

Committees: 1,2,3

David Nettles

Water Engineer, Weld County

Term: November 8, 2018 - September 28, 2022

Committees: 2,3

Gene Manuello

Irrigation District President, Logan County

Term: September 28, 2018 - September 28, 2022

Committee: 3

Rob McClary

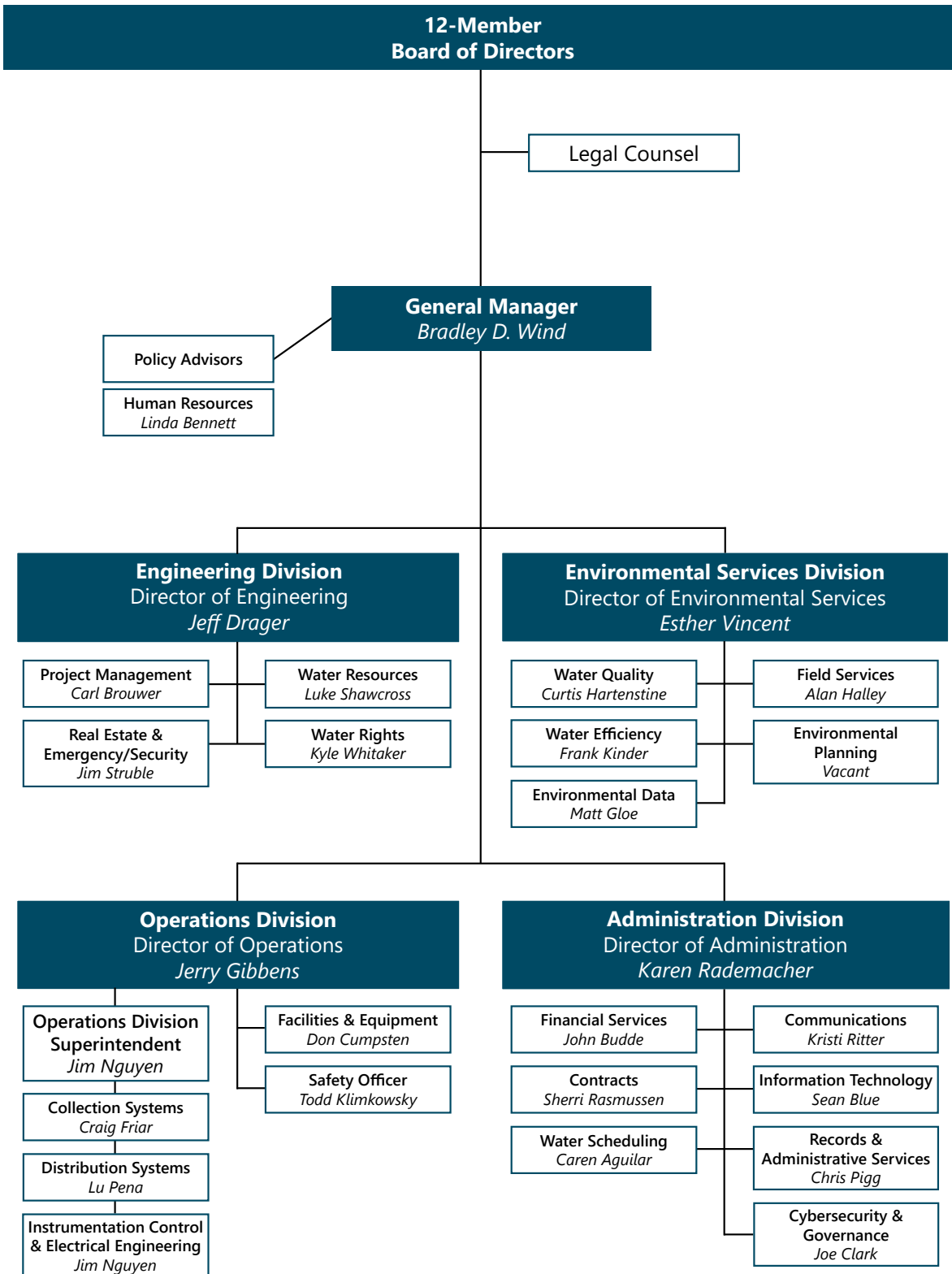
Farmer, Sedgwick County

Term: September 28, 2011 - September 28, 2023

Committees: 1,2,3

⁽¹⁾ Effective September 28, 2019

Organizational Chart and Management⁽¹⁾



(1) Most current.



Government Finance Officers Association

Certificate of
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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, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Plante & Moran, PLLC

Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
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Independent Auditor's Report

To the Board of Directors
Northern Colorado Water Conservancy District

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Northern Colorado Water Conservancy District (the "District") as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise Northern Colorado Water Conservancy District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Northern Colorado Water Conservancy District as of September 30, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Independent Auditors' Report (continued)

To the Board of Directors
Northern Colorado Water Conservancy District

Emphasis of Matter

As discussed in Note 17 to the basic financial statements, the fiduciary fund beginning of year net position has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

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

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

Independent Auditors' Report (continued)

To the Board of Directors
Northern Colorado Water Conservancy District

Northern Colorado Water Conservancy District's basic financial statements for the year ended September 30, 2018 (not presented herein) were audited by other auditors whose report thereon dated February 25, 2019 expressed unmodified opinions on the respective financial statements of each major fund and the aggregate remaining fund information. The report of the other auditors dated February 25, 2019 stated that the other supplemental information for the year ended September 30, 2018 was subjected to the auditing procedures applied in the audit of the September 30, 2018 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2018.

Alante & Moran, PLLC

February 25, 2020



Headwaters of the Colorado River through Rocky Mountain National Park

Management's Discussion and Analysis

Management's Discussion and Analysis presents a narrative overview of the financial activities of Northern Water for the fiscal year ended September 30, 2019. 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 financial statements consist of enterprise fund financial statements used to report the business-type activities of Northern Water, fiduciary fund financial statements reporting the transactions of the Northern Water defined benefit Group Pension Plan (Pension Plan), and accompanying Notes to Financial Statements. The report also contains required supplementary information, supplementary information and statistical information. The Management's Discussion and Analysis includes comparative data to enable the reader to review information against the prior year.

The enterprise fund financial statements include the following:

Statement of Net Position - reports Northern Water's current and noncurrent assets, deferred inflows and outflows of resources, current and noncurrent liabilities. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as net position (pages 14 to 15).

Statement of Revenues, Expenses and Changes in Net Position - reports Northern Water's operating and nonoperating revenues and expenses by major classifications, capital contributions and changes in net position (page 17).

Statement of Cash Flows - reports Northern Water's cash flows from operating, noncapital financing, capital and related financing, and investing activities (pages 18 to 19).

Statements of Fiduciary Net Position and Changes in Fiduciary Net Position - report the net position restricted for pensions and the increase in net position for the year (pages 20 to 21). 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 40 to 41).

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 22 to 38).

HIGHLIGHTS

District Enterprise Fund

- The District Enterprise Fund invested over \$5 million in its capital infrastructure in 2019, including modifications to its Berthoud Headquarters facility to address additional workspace requirements and the continuation of the fiber connectivity project to provide improved data transport between the East and West Slope operations.
- Northern Water water assessment rates increased 3.9 percent in 2019 for all C-BT allottees with open-rate contracts.
- Property tax revenue from the 1.00 mill levy increased by 8.6 percent due to receipts relating to continued energy production and the increase in new residential housing within Northern Water boundaries.
- In 2019, Northern Water recognized \$1.8 million from the sale of forfeited C-BT water allotment units.

Southern Water Supply Project

- Construction remained on track for the Southern Water Supply Project II. The pipeline is expected to be operational in spring 2020. Total project costs are estimated at \$44 million.

Northern Integrated Supply Project

- NISP invested almost \$1 million in its WaterSecure Program, an ongoing collaborative effort to maintain the exchange of water for NISP while keeping water on participating farms. In addition, NISP invested approximately \$450,000 in the Watson Lake Fish Bypass to improve ecosystem health on the Poudre River, part of its mitigation and enhancement commitment for the project.
- NISP is pursuing a 1041 permit with Larimer County to review pipeline routing and outdoor recreation for the Glade Reservoir. The project is estimated to cost \$1.2 billion. Final design is ongoing.

Management's Discussion and Analysis (continued)

FINANCIAL ANALYSIS

STATEMENT OF NET POSITION⁽¹⁾

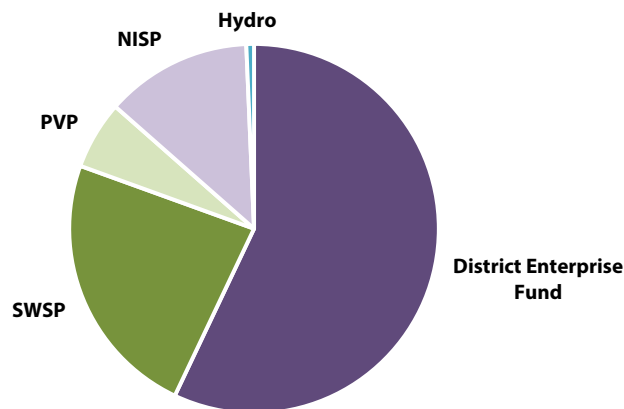
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September 30,

	<i>\$000's</i>		Increase (Decrease) in Net Position	Percentage Change
	2019	2018		
Assets				
Current assets				
Cash, cash equivalents and investments	\$ 106,913	\$ 113,925	(\$ 7,012)	(6.1%)
Receivables	10,923	14,365	(3,442)	(24.0%)
Other current assets	1,354	1,327	27	2.0%
Noncurrent cash equivalents and investments	2,732	5,128	(2,396)	(46.7%)
Interfund loan receivable	3,262	3,480	(218)	(6.3%)
Capital assets, net of accumulated depreciation	245,661	206,894	38,767	18.7%
Assets	370,845	345,119	25,726	7.4%
Deferred outflows of resources related to Pension Plan	6,029	3,547	2,482	70.0%
Liabilities				
Accounts payable and accrued liabilities	14,026	9,851	(4,175)	(42.4%)
Unearned revenue	9,501	38,466	28,965	75.3%
Other current liabilities	3,505	3,682	177	4.8%
Long-term debt, net of current maturities	10,382	12,128	1,746	14.4%
Interfund loan payable, net of current maturity	3,262	3,480	218	6.3%
Net pension liability	7,363	1,997	(5,366)	(268.7%)
Liabilities	48,039	69,604	21,565	31.0%
Deferred inflows of resources	314	2,448	2,134	87.2%
Net Position	\$ 328,521	\$ 276,614	\$ 51,907	18.8%

Northern Water net position consists primarily of its cash and investment balances (33.4 percent) and capital assets, net of related liabilities and debt (64.5 percent).

Net Position by Enterprise Fund September 30, 2019



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

Management's Discussion and Analysis (continued)

CHANGES IN NET POSITION⁽¹⁾

Years ended September 30,

Changes in net position	\$000's			Percentage Change
	2019	2018	Increase	
Income before contributions	\$ 12,437	\$ 11,803	\$ 634	5.4%
Capital contributions	<u>39,470</u>	<u>12,553</u>	<u>26,917</u>	214.4%
Increases in net position	51,907	24,356	27,551	113.1%
Net position, beginning of year	<u>276,614</u>	<u>252,258</u>	<u>24,356</u>	9.6%
Net position, end of year	<u>\$ 328,521</u>	<u>\$ 276,614</u>	<u>\$ 51,907</u>	18.8%

The 2019 increase in net position related to the following enterprise funds:

	2019 (000's)
District Enterprise Fund	\$ 14,477
SWSP	28,601
NISP	9,140
Other	<u>(311)</u>
Northern Water increase in net position	<u>\$ 51,907</u>

The increase in the District Enterprise Fund net position reflected an increase in cash flows partially used for continued investment in capital and the annual reduction in debt balances. SWSP net position increased reflecting the recognition of prior year unearned revenue as capital contributions. SWSP II participants had prefunded pipeline construction costs in 2018 and those capital contributions are being recognized as construction costs are incurred. NISP participants funded \$9.1 million for budgeted project planning and permitting costs, increasing NISP net position. Those contributions were either invested in the project or held in cash at year end.

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

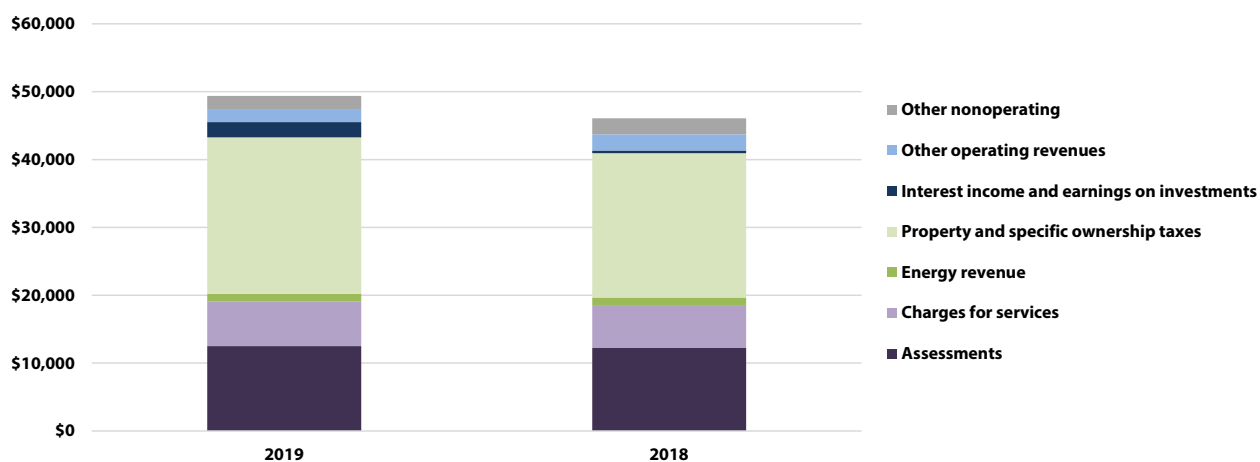
Management's Discussion and Analysis (continued)

REVENUES⁽¹⁾

Years ended September 30,

	\$000's		Increase (Decrease)	Percentage Change
	2019	2018		
Operating revenues				
Assessments	\$ 12,513	\$ 12,239	\$ 274	2.2%
Charges for services	6,593	6,308	285	4.5%
Energy revenue	1,115	1,113	2	-
Other operating revenues	1,923	2,374	(451)	(19.0%)
Operating revenues	22,144	22,034	110	0.5%
Nonoperating revenues				
Property and specific ownership taxes	23,043	21,283	1,760	8.3%
Earnings on investments	2,257	390	1,867	478.7%
Intergovernmental grants	129	253	(124)	(49.0%)
Use of water outlet facility	-	782	(782)	(100.0%)
Other nonoperating revenues	2,154	1,941	213	11.0%
Nonoperating revenues	27,583	24,649	2,934	11.9%
Revenues	\$ 49,727	\$ 46,683	\$ 3,044	6.5%

Revenues for District Enterprise Fund



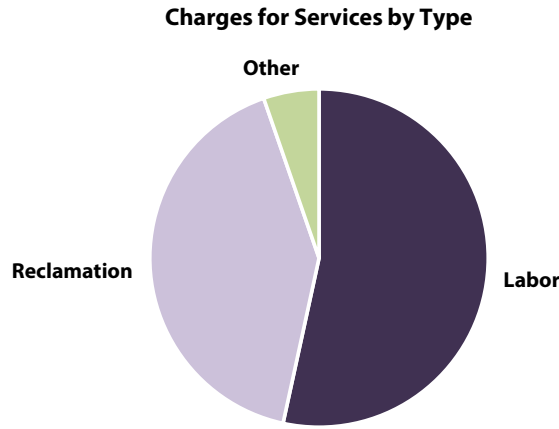
District Enterprise Fund

Assessments were from water allotment contract holders of the 310,000 acre-foot units of C-BT Project water. Annual water assessments are based on units held and independent of actual water deliveries. The 2019 water assessment open rates increased 3.9 percent from \$43.50 to \$45.20 per acre-foot unit for municipal/industrial users and from \$25.70 to \$26.70 for agricultural users. In addition, District Enterprise Fund assessments included \$2 million in 2019 and 2018 from its Carryover Program, a program whereby allottees may carry over allotted but undelivered water from one year to the next as a hedge against drought and low runoff. The terms and limitations of the program are specified in the Northern Water Annual Carryover Program rule.

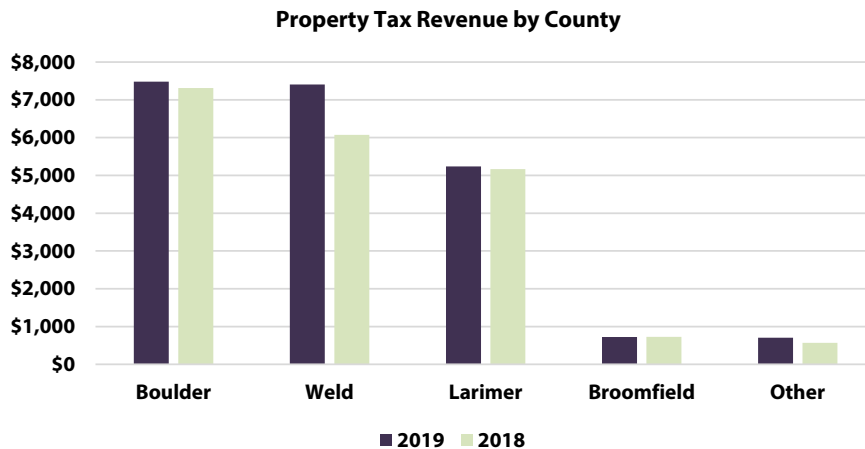
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined.

Management's Discussion and Analysis (continued)

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



Northern Water collects a voter-approved 1.0 mill levy tax on real property located within its boundaries. Property tax revenue increased \$1.7 million (8.6 percent) in 2019, primarily in Weld County due to continued energy production and increases in new residential housing.



District Enterprise Fund investment earnings amounted to \$2.2 million and accounted for 97 percent of the total. Earnings increased \$1.9 million in 2019, primarily due to higher rates of return on an invested base of \$34.2 million.

Other nonoperating revenues included revenues from the sale of forfeited C-BT water allotment units of \$1.8 million and \$1.5 million in 2019 and 2018, respectively. C-BT water allotment units were forfeited in accordance with Northern Water's Storage and Parking rule.

SWSP and PVP revenues consisted of annual assessments from their respective participants and were consistent between 2018 and 2019. Hydropower revenue reflects power charges earned based on energy produced from the facilities. These amounts were consistent from 2018 to 2019. NISP had no revenue as it is in the permitting and design phase.

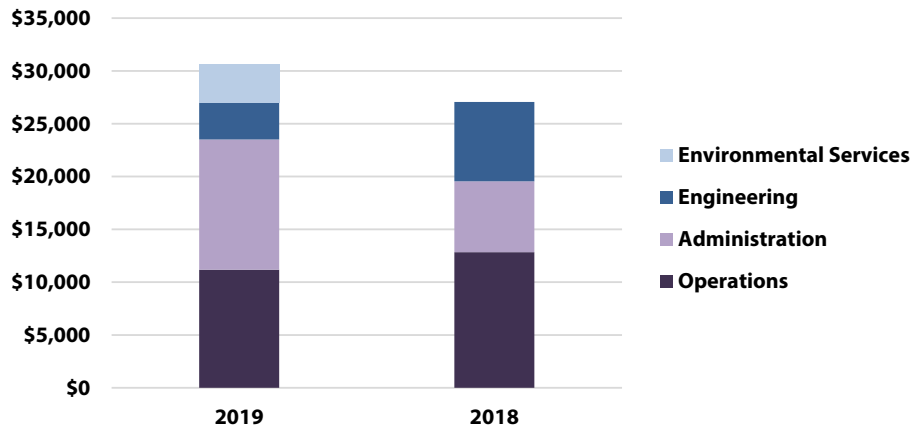
Management's Discussion and Analysis (continued)

EXPENSES⁽¹⁾

Years ended September 30,

	\$000's		Increase (Decrease)	Percentage Change
	2019	2018		
Operating expenses				
Operations	\$ 12,323	\$ 14,118	(\$ 1,795)	(12.7%)
Administration	12,418	6,755	5,663	83.8%
Engineering	3,714	7,695	(3,981)	(51.7%)
Environmental Services	3,656	-	3,656	-
Depreciation	4,767	4,564	203	4.4%
Operating expenses	<u>36,878</u>	<u>33,132</u>	<u>3,746</u>	11.3%
Nonoperating expenses				
Participant gain on use of water outlet facility	-	782	(782)	(100.0%)
Return of contributed capital	-	372	(372)	(100.0%)
Interest expense	412	476	(64)	(13.4%)
Intergovernmental subgrantee payments	-	118	(118)	(100.0%)
Nonoperating expenses	<u>412</u>	<u>1,748</u>	<u>(1,336)</u>	(76.4%)
Expenses	<u>\$ 37,290</u>	<u>\$ 34,880</u>	<u>\$ 2,410</u>	6.9%

Operating Expenses for the District Enterprise Fund by Division⁽²⁾

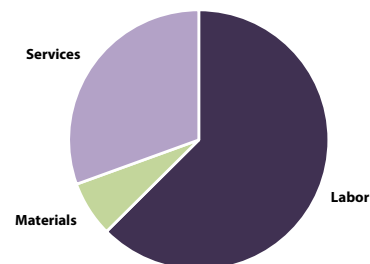


District Enterprise Fund operating expenses increased \$3.5 million (13 percent) over 2018. The Administration Division accounted for the majority of this increase because personnel increased from 30 to 39 employees in the various departments. In addition, there were shifts between divisions as departments were reorganized.

Operating expenses for other Northern Water enterprise funds were largely consistent with prior years. There were no operating expenses for NISP since that enterprise fund is in the planning and permitting phase.

Northern Water nonoperating expenses decreased \$1.3 million from 2018 to 2019 because prior year amounts included a SWSP participant gain on use of a water outlet facility and a return of contributed capital.

Operating Expenses for the District Enterprise Fund by Type



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

⁽²⁾ Excludes depreciation.

Management's Discussion and Analysis (continued)

CAPITAL ASSETS, NET⁽¹⁾

September 30,

	<i>\$000's</i>			Percentage Change
	2019	2018	Change	
Land, easements and water rights	\$ 90,709	\$ 90,420	\$ 289	0.3%
Construction in progress	80,095	40,405	39,690	98.2%
Water pipelines and equipment	100,382	100,375	7	-
Hydropower facilities	11,503	11,489	14	0.1%
Operations equipment	6,344	5,476	868	15.8%
Buildings and improvements	22,031	19,796	2,235	11.3%
Computer and office equipment	9,358	9,699	(341)	(3.5%)
Capital assets	320,422	277,660	42,762	15.4%
Less accumulated depreciation	(74,761)	(70,766)	(3,995)	(5.6%)
Capital assets, net of depreciation	\$ 245,661	\$ 206,894	\$ 38,767	18.7%

Northern Water invested \$43.5 million in capital assets in fiscal year 2019, an increase of \$38.8 million (18.7 percent) over 2018. Major capital additions by enterprise fund included the following:

District Enterprise Fund

- Berthoud headquarters facilities improvements
- Fleet additions
- Fiber connectivity

Berthoud headquarters facilities improvements included adding two modular units and remodeling existing facilities for water quality field services testing and additional office work space. The fiber connectivity project will provide secured, reliable data transport between the Berthoud headquarters facilities and the West Slope. A total of \$685,000 had been invested in this project as of September 30, 2019.

SWSP

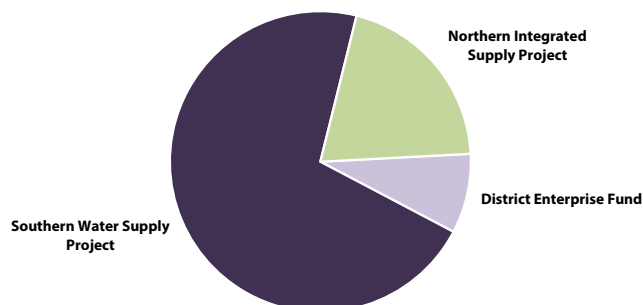
Southern Water Supply Project capital activity represents the construction of a new pipeline, SWSP II, from Carter Lake Reservoir to the City of Boulder. Total project costs incurred as of September 30, 2019, amounted to \$37.9 million. The project has a total budgeted cost of \$41.3 million and is expected to be operational in 2020.

NISP

NISP costs incurred since inception of the project have amounted to \$39.3 million as of September 30, 2019. Total project costs are currently expected to total \$1.2 billion. NISP is in the permitting and design stage.

See additional information relating to capital assets at Notes 1 and 10 to the financial statements.

Capital Additions by Enterprise Fund



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

Management's Discussion and Analysis (continued)

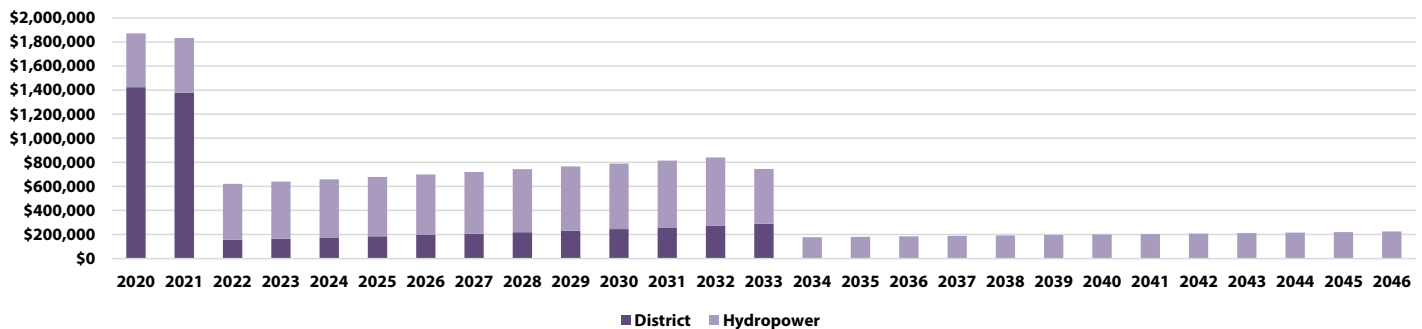
DEBT ADMINISTRATION⁽¹⁾

September 30,

	<i>\$000's</i>			Percentage Change
	2019	2018	Decrease	
District Enterprise Fund				
Certificates of Participation Series 2012	\$ 2,611	\$ 3,855	\$	
Horsetooth Safety of Dams	3,193	3,325		
Pole Hill Canal	95	186		
Hydropower				
Colorado Water Resources and Power Development Authority	1,388	1,481		
Colorado Water Conservation Board	4,748	4,879		
Long-term debt outstanding	12,035	13,726		
Less current maturities of long-term debt	(1,653)	(1,598)		
Long-term debt, net of current maturities	<u>\$ 10,382</u>	<u>\$ 12,128</u>	<u>(\$ 1,746)</u>	(14.4%)
Interfund loan receivable/payable	\$ 3,480	\$ 3,693		
Less current maturities of interfund loan receivable/payable	(218)	(213)		
Interfund loan receivable/payable, net of current maturities	<u>\$ 3,262</u>	<u>\$ 3,480</u>	<u>(\$ 218)</u>	(6.3%)

The District and Hydropower enterprise funds continued to pay their regularly scheduled debt service payments in 2019.

Long Term Debt Maturities

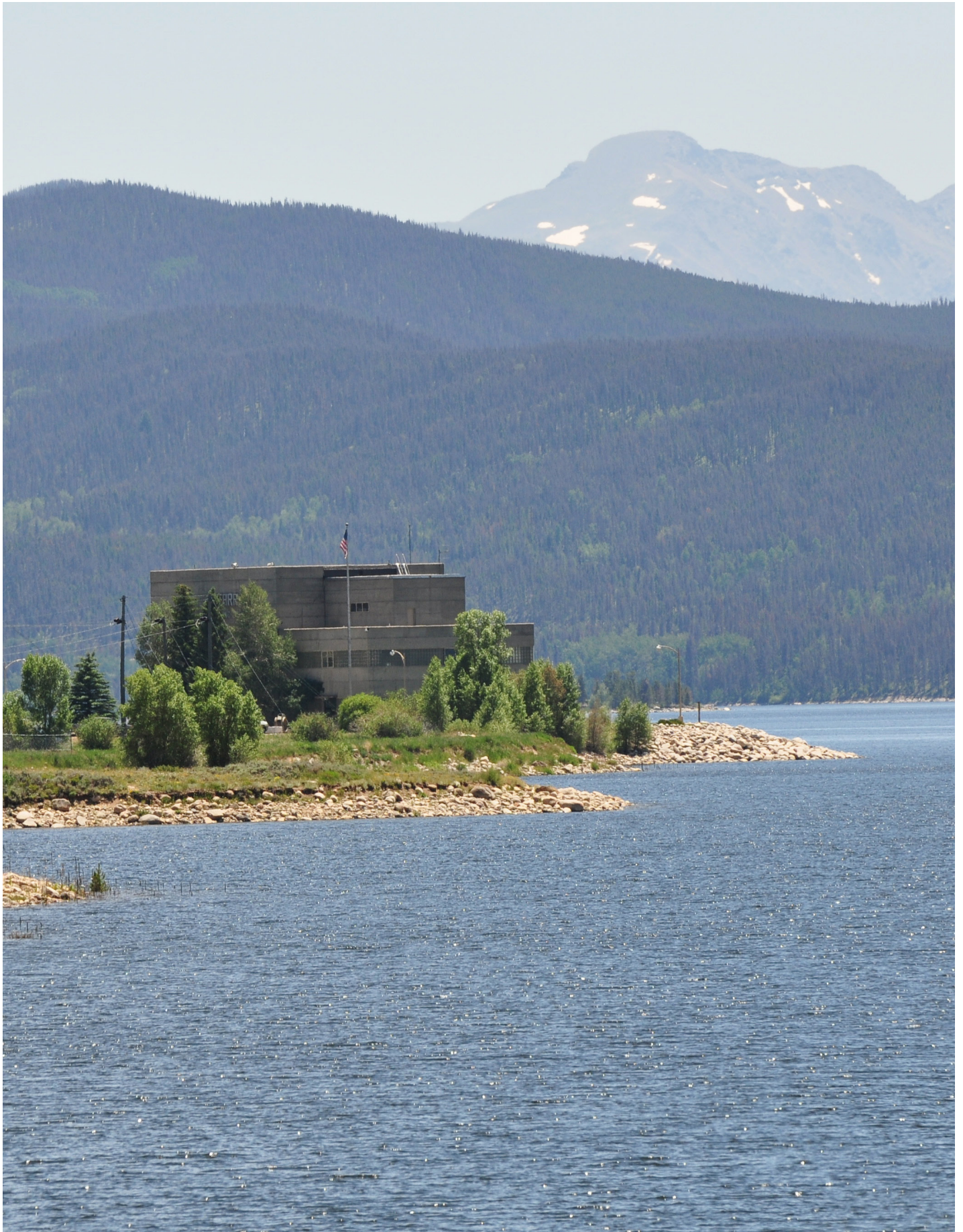


See additional information relating to long-term debt and the District Enterprise Fund/Hydropower interfund loan receivable/payable at Notes 1 and 13.

FINANCIAL CONTACT

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

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



The Farr Pump Plant lifts water from Lake Granby into Shadow Mountain Reservoir.

Statement of Net Position
Proprietary Funds

September 30, 2019

Business-type Activity Enterprise Funds

	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Hydropower	Total
ASSETS						
Current assets						
Cash and cash equivalents						
Unrestricted	\$ 48,463,066	\$ 1,548,580	\$ 79,825	\$ 4,438,665	\$ 1,152,389	\$ 55,682,525
Restricted	30,217	17,027,758	-	-	-	17,057,975
Investments, unrestricted	34,172,294	-	-	-	-	34,172,294
Receivables	8,354,275	2,275,927	-	2,955	289,789	10,922,946
Due from other funds	467,387	-	-	-	-	467,387
Advances	346,290	-	-	-	32,834	379,124
Other current assets	290,017	-	-	-	-	290,017
Current maturity of interfund loan receivable	217,841	-	-	-	-	217,841
Current assets	92,341,387	20,852,265	79,825	4,441,620	1,475,012	119,190,109
Noncurrent assets						
Cash equivalents, restricted	549,994	-	-	-	519,701	1,069,695
Investments, restricted	1,662,206	-	-	-	-	1,662,206
Interfund loan receivable	3,261,937	-	-	-	-	3,261,937
Capital assets	124,191,937	114,678,731	30,666,535	39,381,817	11,502,848	320,421,868
Less accumulated depreciation	(22,618,261)	(39,452,542)	(11,149,576)	-	(1,540,032)	(74,760,411)
Capital assets, net of accumulated depreciation	101,573,676	75,226,189	19,516,959	39,381,817	9,962,816	245,661,457
Noncurrent assets	107,047,814	75,226,189	19,516,959	39,381,817	10,482,517	251,655,296
Assets	\$ 199,389,200	\$ 96,078,454	\$ 19,596,784	\$ 43,823,437	\$ 11,957,529	\$ 370,845,404
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to Pension Plan	\$ 6,029,060	\$ -	\$ -	\$ -	\$ -	\$ 6,029,060

See accompanying Notes to Financial Statements.

Statement of Net Position (continued)
Proprietary Funds

September 30, 2019

Business-type Activity Enterprise Funds

	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Hydropower	Total
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 3,277,135	\$ 9,218,476	\$ 554	\$ 1,514,782	\$ 14,970	\$ 14,025,917
Due to other funds	-	242,694	4,256	147,087	73,350	467,387
Interest payable	161,323	-	-	-	45,812	207,135
Unearned revenue	-	9,501,228	-	-	-	9,501,228
Compensated absences	959,068	-	-	-	-	959,068
Current maturities of long-term debt	1,424,555	-	-	-	228,882	1,653,437
Current maturity of interfund loan payable	-	-	-	-	217,841	217,841
Current liabilities	5,822,081	18,962,398	4,810	1,661,869	580,855	27,032,013
Noncurrent liabilities						
Long-term debt, net of current maturities	4,474,717	-	-	-	5,906,968	10,381,685
Interfund loan payable, net of current maturity	-	-	-	-	3,261,937	3,261,937
Net pension liability	7,363,567	-	-	-	-	7,363,567
Noncurrent liabilities	11,838,284	-	-	-	9,168,905	21,007,189
Liabilities	\$ 17,660,365	\$ 18,962,398	\$ 4,810	\$ 1,661,869	\$ 9,749,760	\$ 48,039,202
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	\$ 313,924	\$ -	\$ -	\$ -	\$ -	\$ 313,924
NET POSITION						
Net investment in capital assets	\$ 95,672,183	\$ 75,226,189	\$ 19,516,959	\$ 39,381,817	\$ 3,826,965	\$ 233,624,113
Restricted net position						
Major repairs	2,106,516	-	-	-	-	2,106,516
Capital projects	-	506,049	-	2,779,751	-	3,285,800
Debt service	-	-	-	-	202,653	202,653
Unrestricted net position (deficit)	89,665,272	1,383,818	75,015	-	(1,821,849)	89,302,256
Net position	\$ 187,443,971	\$ 77,116,056	\$ 19,591,974	\$ 42,161,568	\$ 2,207,769	\$ 328,521,338

See accompanying Notes to Financial Statements.



Shadow Mountain Reservoir

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

Year ended September 30, 2019

Business-type Activity Enterprise Funds

	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Hydropower	Total
Operating revenues						
Assessments	\$ 11,296,458	\$ 1,153,472	\$ 62,525	\$ -	\$ -	\$ 12,512,455
Charges for services	6,593,167	-	-	-	-	6,593,167
Energy revenue	-	-	-	-	1,115,254	1,115,254
Other operating revenues	1,917,491	6,000	-	-	-	1,923,491
Operating revenues	19,807,116	1,159,472	62,525	-	1,115,254	22,144,367
Operating expenses						
Operations	11,177,970	765,806	40,563	-	339,988	12,324,327
Engineering	3,454,206	229,738	28,959	-	630	3,713,533
Environmental Services	3,655,740	489	-	-	-	3,656,229
Administration	12,335,462	64,637	7,624	-	9,831	12,417,554
Depreciation	2,061,595	1,675,296	743,305	-	287,228	4,767,424
Operating expenses	32,684,973	2,735,966	820,451	-	637,677	36,879,067
Operating income (loss)	(12,877,857)	(1,576,494)	(757,926)	-	477,577	(14,734,700)
Nonoperating revenues (expenses)						
Property and specific ownership taxes	23,043,100	-	-	-	-	23,043,100
Earnings on investments	2,194,480	25,243	2,138	-	35,259	2,257,120
Interest expense	(213,327)	-	-	-	(198,248)	(411,575)
Intergovernmental grants	-	-	-	-	129,279	129,279
Other nonoperating, net	2,130,319	23,581	-	-	-	2,153,900
Nonoperating revenues (expenses), net	27,154,572	48,824	2,138	-	(33,710)	27,171,824
Income (loss) before contributions	14,276,715	(1,527,670)	(755,788)	-	443,867	12,437,124
Capital contributions	200,786	30,129,097	-	9,140,278	-	39,470,161
Increase (decrease) in net position	14,477,501	28,601,427	(755,788)	9,140,278	443,867	51,907,285
Net position, beginning of year	172,966,470	48,514,629	20,347,762	33,021,290	1,763,902	276,614,053
Net position, end of year	\$ 187,443,971	\$ 77,116,056	\$ 19,591,974	\$ 42,161,568	\$ 2,207,769	\$ 328,521,338

See accompanying Notes to Financial Statements.

Statement of Cash Flows
Proprietary Funds

Year ended September 30, 2019

Business-type Activity Enterprise Funds

	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Hydropower	Total
Cash flows from operating activities						
Receipts from customers	\$ 17,431,499	\$ 1,098,151	\$ 62,525	\$ -	\$ 992,756	\$ 19,584,931
Payments to suppliers	(9,881,389)	(374,062)	(30,029)	-	(224,053)	(10,509,533)
Payments to employees	(18,229,670)	(539,660)	(43,041)	-	(87,197)	(18,899,568)
Other receipts	2,129,393	6,000	-	-	-	2,135,393
Net cash provided by (used in) operating activities	(8,550,167)	190,429	(10,545)	-	681,506	(7,688,777)
Cash flows from noncapital financing activities						
Property and specific ownership tax receipts	22,883,077	-	-	-	-	22,883,077
Intergovernmental grants	-	-	-	-	129,279	129,279
Net cash provided by noncapital financing activities	22,883,077	-	-	-	129,279	23,012,356
Cash flows from capital and related financing activities						
Capital contributions	-	6,764,750	-	9,137,323	-	15,902,073
Acquisition and construction of capital assets	(5,238,935)	(26,352,380)	-	(8,458,770)	(13,774)	(40,063,859)
Principal paid on capital debt and interfund payable	(1,373,861)	-	-	-	(437,964)	(1,811,825)
Interest paid on capital debt and interfund payable	(328,393)	-	-	-	(201,072)	(529,465)
Principal receipts from interfund loan	213,570	-	-	-	-	213,570
Interest receipts from interfund loan	73,867	-	-	-	-	73,867
Payments from use of water outlet facility	-	(784,403)	-	-	-	(784,403)
Proceeds from capital funding	-	64,111	-	-	-	64,111
Proceeds from sale of capital assets	-	64,111	-	-	-	64,111
Net cash provided by (used in) capital and related financing activities	80,124	-	-	-	-	80,124
	(6,573,628)	(20,307,922)	-	678,553	(652,810)	(26,855,807)
Cash flows from investing activities						
Investment purchases	(23,621,692)	-	-	-	-	(23,621,692)
Investment sales	21,300,841	-	-	-	-	21,300,841
Proceeds from earnings on investments	1,272,855	25,243	2,138	-	35,336	1,335,572
Net cash provided (used) by investing activities	(1,047,996)	25,243	2,138	-	35,336	(985,279)
Net increase (decrease) in cash and cash equivalents	6,711,286	(20,092,250)	(8,407)	678,553	193,311	(12,517,507)
Cash and cash equivalents, beginning of year	42,331,991	38,668,588	88,232	3,760,112	1,478,779	86,327,702
Cash and cash equivalents, end of year	\$ 49,043,277	\$ 18,576,338	\$ 79,825	\$ 4,438,665	\$ 1,672,090	\$ 73,810,195

See accompanying Notes to Financial Statements.

Statement of Cash Flows
Proprietary Funds

Year ended September 30, 2019

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline	Northern Integrated Supply Project	Hydropower	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	(\$ 12,877,857)	(\$ 1,576,494)	(\$ 757,926)	\$ -	\$ 477,577	(\$ 14,734,700)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	2,061,595	1,675,296	743,305	-	287,228	4,767,424
Nonoperating	2,159,429	103	-	-	-	2,159,532
(Increase) decrease in current assets						
Receivables	(1,985,258)	(58,321)	-	-	(117,084)	(2,160,663)
Due from other funds	271,933	-	-	-	-	271,933
Advances	(198,957)	-	-	-	(23,000)	(221,957)
Other current assets	(73,522)	-	-	-	-	(73,522)
Increase (decrease) in current liabilities						
Accounts payable and accrued liabilities	1,281,199	-	59	-	11,237	1,292,495
Due to other funds	-	149,845	4,017	-	45,548	199,410
Compensated absences	58,675	-	-	-	-	58,675
Increase (decrease) in Pension Plan-related items						
Net pension liability	5,366,239	-	-	-	-	5,366,239
Deferred outflows of resources	(2,482,087)	-	-	-	-	(2,482,087)
Deferred inflows of resources	(2,131,556)	-	-	-	-	(2,131,556)
Adjustments	4,327,690	1,766,923	747,381	-	203,929	7,045,923
Net cash provided by (used in) operating activities	(\$ 8,550,167)	\$ 190,429	(\$ 10,545)	\$ -	\$ 681,506	(\$ 7,688,777)
Non-cash activities						
Change in value of investments	\$ 788,006	\$ -	\$ -	\$ -	\$ -	\$ 788,006
Reconciliation of capital contributions						
Capital contributions	\$ 200,786	\$ 30,129,097	\$ -	\$ 9,140,278	\$ -	\$ 39,470,161
2018 capital contributions received	-	5,970,585	-	-	-	5,970,585
2019 capital contributions receivable	(200,786)	-	-	(2,955)	-	(203,741)
Capital contributions previously recognized as unearned revenue	-	(28,965,269)	-	-	-	(28,965,269)
Return of capital contributions disbursed in fiscal year 2019	-	(369,663)	-	-	-	(369,663)
Cash flows from capital contributions	\$ -	\$ 6,764,750	\$ -	\$ 9,137,323	\$ -	\$ 15,902,073

See accompanying Notes to Financial Statements.

Statement of Fiduciary Net Position
Fiduciary Fund Pension Trust Fund

December 31, 2018

	Pension Plan⁽¹⁾
Assets	
Cash and cash equivalents	\$ 1,610,398
Investments	
Domestic equities	11,915,538
Mutual funds	
Fixed income	14,127,124
International equities	2,279,264
Liquid low correlated hedge	3,769,842
Emerging markets equities	1,730,530
	<u>33,822,298</u>
Due from Northern Water	<u>4,484</u>
Assets	35,437,180
Liabilities	<u>-</u>
Net position restricted for pension	<u>\$ 35,437,180</u>

⁽¹⁾ Closed to new employees effective January 1, 2003.

See accompanying Notes to Financial Statements.

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

Year ended December 31, 2018

	Pension Plan⁽¹⁾
Additions	
Employer contributions	<u>\$ 2,533,926</u>
Investment earnings	
Net depreciation in fair value of investments	(3,482,681)
Interest and dividends	<u>1,450,835</u>
Investment losses	(2,031,846)
Investment expenses	<u>(86,500)</u>
Investment losses including expenses	<u>(2,118,346)</u>
Additions to Plan assets	415,580
Deductions	
Benefits payments	<u>(4,808,193)</u>
Decrease in net position	(4,392,613)
Net position, beginning of year (restated)⁽²⁾	<u>39,829,793</u>
Net position, end of year	<u>\$ 35,437,180</u>

⁽¹⁾ Closed to new employees effective January 1, 2003.

⁽²⁾ See Note 17.

See accompanying Notes to Financial Statements.

Notes to Financial Statements

September 30, 2019

1 Summary of Significant Accounting Policies

Financial Reporting Entity

Northern Water was organized September 20, 1937, as a quasi-municipal entity and political subdivision of the State of Colorado. Northern Water is governed by a 12-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within Northern Water boundaries. Board members are appointed to four-year terms, which are staggered so 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 Enterprise Fund. The Building Corporation is a legally separate entity but is, in substance, part of the District Enterprise Fund's operations. Separate financial statements for the Building Corporation are not issued.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

GASB Statement No. 34 sets forth minimum criteria for the determination of major and nonmajor funds. All of the Northern Water business-type enterprise funds met this criteria at September 30, 2019,

with the exception of the Pleasant Valley Pipeline Project Enterprise Fund. Northern Water management has elected to report this fund as a major fund.

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

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

- The District Enterprise Fund accounts for the operating activities of the C-BT Project, engineering programs, environmental and administrative support services.
- Southern Water Supply Project Enterprise Fund accounts for the activities of the SWSP pipeline and pump station system and the SWSP II project, which is under construction.
- The Pleasant Valley Pipeline Project Enterprise Fund accounts for the activities of the PVP project.
- The Northern Integrated Supply Project Enterprise Fund accounts for the project activities of NISP. The project is in the permitting and design stage.
- The Hydropower Enterprise Fund accounts for the activities of the Robert V. Trout (Trout) and Granby hydropower facilities.
- The Pension Plan Fund accounts for the activities of the Northern Water Group Pension Plan. Since January 1, 2003, the Pension Plan has been closed to new participants. As a fiduciary fund pension trust fund, the Pension Plan reports net position restricted for pensions and, therefore, is not available to support Northern Water operations. The reporting focus of the Pension Plan is on net position and changes in net position and employs accounting principles similar to the proprietary enterprise funds described above. As further described in Note 16, the financial statements of the Pension Plan are reported using the economic resources measurement focus and the accrual basis of accounting.

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

Notes to Financial Statements (continued)

September 30, 2019

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

Cash and Cash Equivalents, Unrestricted and Restricted

Cash and cash equivalents are considered to be cash deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are held in the Colorado Statewide Investment Pool (CSIP), a local government investment pool. The State Securities Commissioner administers and enforces State statutes governing the CSIP. CSIP seeks to maintain a stable net asset value of \$1.00 per share. Cash equivalents are reported at amortized cost, which is not considered significantly different from fair value. There are no limitations or restriction on withdrawal. The weighted average maturity of the liquid and term portfolios is 39 days and 50 days with ratings of AAAM and AAAF, respectively. Certain balances are classified as restricted on the Statement of Net Position because their use is limited by either contractual obligations or debt covenants (Note 8).

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

Investments, Unrestricted and Restricted

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

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

- U.S. Treasury Obligations guaranteed by the U.S. Government
- Federal Agency and Instrumentality Securities, including those issued by or fully guaranteed by federal agencies or U.S. government-sponsored enterprises
- Time Certificates of Deposit in FDIC-insured state or nationally chartered banks or savings banks
- Negotiable Certificates of Deposit issued by any bank organized and operating within the United States
- Corporate Bonds issued by a corporation or bank organized and operating within the United States and denominated in U.S. dollars

- Municipal Bonds representing general and revenue obligations of or under the authority of any state in the United States or any political subdivision of such a government entity
- Commercial Paper where the issuer's commercial paper program's size exceeds \$200 million
- Bankers Acceptances issued by FDIC-insured state or national banks with combined capital and surplus of at least \$250 million
- Repurchase Agreements collateralized by U.S. Treasury Obligations and Federal Agency Instrumentality Securities
- Local Government Investment Pools (LGIPS) authorized under Colorado state statute
- Money Market Mutual Funds registered under the Investment Company Act of 1940 and authorized under Colorado state statute

Receivables

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

Due To/From Other Funds

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

Other Current Assets

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

Capital Assets

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

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

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

Notes to Financial Statements (continued)

September 30, 2019

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

Estimated Liability for Medical Claims

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

Unearned Revenue

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

Compensated Absences

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

Long-term Debt

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

Net Position

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

Revenues and Expenses

C-BT Project Operations Costs

Northern Water reimburses Reclamation 50 percent of the operations costs incurred by Reclamation on those multipurpose project features not maintained by Northern Water. Similarly, Reclamation reimburses Northern Water 50 percent of the operations costs incurred by Northern Water for multipurpose features, contingent on appropriations being made. In accordance with Northern Water's contract with Reclamation, Northern Water makes estimated advance payments to Reclamation for its share of operations costs as described above. Reclamation reimbursements to Northern Water and Northern Water

reimbursements to Reclamation are reflected as operating revenues from charges for services and operating expenses for operations, respectively, on the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Energy Revenue

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

Property and Specific Ownership Taxes

Northern Water collects a voter-approved 1.00 mill levy tax on real property located within Northern Water boundaries. This tax is levied by the respective eight county treasurers in December of each year and attached as an enforceable property lien on January 1 of the following year. The county treasurers are responsible for collecting the assessments and remitting them to Northern Water. Property and specific ownership tax revenue is reported as nonoperating revenues on the accompanying financial statements.

Intergovernmental Grants

In 2019 Hydropower received an incentive payment from the U.S. Department of Energy based on energy production from the Trout hydropower facility. This amount has been reflected as intergovernmental grant revenue.

2 Stewardship, Compliance and Accountability

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

Article X, Section 20, of the Colorado Constitution contains limitations on the ability of state and local governmental entities to increase taxes, revenues and spending and to enter into multiple fiscal year debt, direct and indirect, or other financial obligations. However, these limitations do not apply to "enterprises" as defined in the constitutional provision. Northern Water's Southern Water Supply Project Water Activity Enterprise, Pleasant Valley Pipeline Project Water Activity Enterprise, Northern Integrated Supply Project Water Activity Enterprise and the Hydropower Water Activity Enterprise have been established as "water activity enterprises" in accordance with Colorado statutes and, as "enterprises," are excluded from the application of these constitutional restrictions. Northern Water believes that the District Enterprise Fund is in compliance with these limitations.

Budgetary Information

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

- Annual principal debt repayments are budgeted as nonoperating expense uses.
- Depreciation is not budgeted.
- Capital expenditures are treated as nonoperating expense uses and are not reduced by retainage.
- Interfund loan principal payments are budgeted by the District Enterprise Fund and Hydropower as nonoperating revenue sources and expense uses, respectively.

Notes to Financial Statements (continued)

September 30, 2019

- Pension Plan expense is budgeted as contributions rather than the actuarially-determined expense.
- Supplemental Pension Plan contributions are budgeted on an amortized basis over eight years.
- Capital project funding is budgeted in the year amounts are due and are not reduced by amounts recognized as unearned revenue for GAAP.
- Year-end payroll accruals are not budgeted.

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

- January - Key goals and objectives are formulated
- February - Major budget assumptions are identified
- April - Final budget recommendations made by division directors
- May and June - Budget officers appointed by the Board and budget reports prepared
- July - Budget delivered to the Board
- August - Public hearing held and budget adopted by the Board
- September - Budget filed with the Colorado State Division of Local Government

The level of control (level at which expenses may not exceed appropriations) is maintained at the department, capital outlay and debt service levels. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose. Material purchase orders that would result in an overrun of available funds are not released until additional appropriations are made available. Management is authorized to transfer budgeted amounts between departments; however, any revisions that exceed the appropriated balances must be approved by the Board. Unused appropriations lapse at the end of each fiscal year. The overall objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

Notes to Financial Statements (continued)

September 30, 2019

3 Cash and Cash Equivalents

As of September 30, 2019, Northern Water had the following cash and cash equivalents:

Fund	Current		Noncurrent	Cash and Cash Equivalents
	Unrestricted	Restricted	Restricted	
District Enterprise Fund				
Deposits	\$ 40,663,913	\$ -	\$ -	\$ 40,663,913
Local Government Investment Pool/Money Market Funds	7,799,153	30,217	549,994	8,379,364
Southern Water Supply Project				
Local Government Investment Pool/Money Market Funds	1,548,580	17,027,758	-	18,576,338
Pleasant Valley Pipeline Project				
Local Government Investment Pool/Money Market Funds	79,825	-	-	79,825
Northern Integrated Supply Project				
Local Government Investment Pool/Money Market Funds	4,438,665	-	-	4,438,665
Hydropower				
Deposits	105,656	-	-	105,656
Local Government Investment Pool/Money Market Funds	1,046,733	-	519,701	1,566,434
Cash and cash equivalents	\$ 55,682,525	\$ 17,057,975	\$ 1,069,695	\$ 73,810,195

4 Investments

As of September 30, 2019, the Northern Water District Enterprise Fund had the following investments:

Investment Type	Current	Noncurrent	Investments
	Unrestricted	Restricted	
U.S. Government Securities	\$ 15,742,056	\$ 1,662,206	\$ 17,404,262
Federal Agency Securities	3,672,649	-	3,672,649
Federal Agency Collateralized Mortgage Obligations	2,790,699	-	2,790,699
Negotiable Certificates of Deposit	3,268,984	-	3,268,984
Supranationals	2,538,675	-	2,538,675
Municipal Obligations	2,585,681	-	2,585,681
Corporate Notes	3,573,550	-	3,573,550
Investments	\$ 34,172,294	\$ 1,662,206	\$ 35,834,500

Notes to Financial Statements (continued)

September 30, 2019

Investment balances at September 30, 2019, by fair value level were as follows:

Investment Type	Fair Value	Level 1	Level 2
U.S. Government Securities	\$ 17,404,262	\$ 17,404,262	\$ -
Federal Agency Securities	3,672,649	-	3,672,649
Federal Agency Collateralized Mortgage Obligations	2,790,699	-	2,790,699
Negotiable Certificates of Deposit	3,268,984	-	3,268,984
Supranationals	2,538,675	-	2,538,675
Municipal Obligations	2,585,681	-	2,585,681
Corporate Notes	3,573,550	-	3,573,550
Investments	\$ 35,834,500	\$ 17,404,262	\$ 18,430,238

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	Maximum Maturity Restrictions
U.S. Treasury Obligations	100%	100%	N/A	5 years
Federal Agency and Instrumentality Securities	85%	35%	AA ⁻⁽¹⁾	5 years
Negotiable Certificates of Deposit	35%	5%	⁻⁽¹⁾⁽²⁾	3 years
Time Certificates of Deposit	5%	1%	N/A	1 year
Corporate Bonds	35%	5%	AA ⁻⁽¹⁾	3 years
Municipal Bonds				
Colorado Issuer	35%	5%	A ⁻⁽¹⁾	5 years
Non-Colorado Issuer	35%	5%	AA ⁻⁽¹⁾	5 years
School District Certificates of Participation	35%	5%	A ⁽¹⁾	5 years
Commercial Paper	35%	5%	A-1 ⁽¹⁾⁽³⁾	270 days
Bankers Acceptances	35%	5%	A-1 ⁽¹⁾⁽³⁾	180 days
Repurchase Agreements	100%	25%	⁻⁽⁴⁾	180 days
Local Government Investment Pools	100%	100%	AAAm/AAAf	N/A
Money Market Funds ⁽⁵⁾	100%	100%	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, Commercial Paper and Bankers Acceptances. The aggregate exposure to municipal bonds may not exceed 35 percent of the portfolio and no more than 5 percent of the portfolio may be invested with a single issuer.

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

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

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

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

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

Notes to Financial Statements (continued)

September 30, 2019

As of September 30, 2019, Northern Water had investments with the following maturities:

Investment Type	Investments	Investment Maturities		
		1 - 2 years	2 - 3 years	3 - 4 years
U.S. Government Securities	\$ 17,404,262	\$ 1,046,179	\$ 7,241,457	\$ 9,116,626
Federal Agency Securities	3,672,649	-	1,617,449	2,055,200
Federal Agency Collateralized Mortgage Obligations	2,790,699	33,321	474,298	2,283,080
Negotiable Certificates of Deposit	3,268,984	1,281,132	606,136	1,381,716
Supranationals	2,538,675	-	2,047,137	491,538
Municipal Obligations	2,585,681	84,996	995,252	1,505,433
Corporate Notes	3,573,550	-	2,287,154	1,286,396
Investments	\$ 35,834,500	\$ 2,445,628	\$ 15,268,883	\$ 18,119,989

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

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Credit risk is generally considered to be the risk that a financial institution holding a deposit or an issuer of an investment will not fulfill its obligation to a depositor or investor. Credit risk can be measured in part by the assignment of a rating by a nationally-recognized statistical rating organization. Concentration of credit risk arises from the magnitude of an investment in a single issuer. As of September 30, 2019, no investments were greater than 5 percent with any one issuer.

As of September 30, 2019, Northern Water had investments with the following Standard and Poor's ratings:

Summary by Rating	Investments	Percentage
A-1	\$ 1,281,132	3.6%
A+	841,025	2.3
AA-	2,972,474	8.3
AA	1,740,558	4.9
AA+	25,170,851	70.2
AAA	3,240,202	9.0
Not rated	588,258	1.7
Investments	\$ 35,834,500	100.0%

Notes to Financial Statements (continued)

September 30, 2019

Investment Type	Investments	Percentage	Rating
U.S. Government Securities	\$ 17,404,262	48.6%	AA+
Federal Agency Securities	3,672,649	10.2	AA+
Federal Agency Collateralized Mortgage Obligations	2,790,699	7.8	AA+
Supranationals	2,538,675	7.1	AAA
Negotiable Certificates of Deposit	1,281,132	3.6	A-1
Negotiable Certificates of Deposit	690,957	1.9	A+
Negotiable Certificates of Deposit	1,296,895	3.6	AA-
Municipal Obligations	618,246	1.7	AA-
Municipal Obligations	659,527	1.8	AA
Municipal Obligations	313,450	0.9	AA+
Municipal Obligations	406,202	1.1	AAA
Municipal Obligations	588,258	1.7	Not rated
Corporate Notes	150,068	0.4	A+
Corporate Notes	1,057,333	3.0	AA-
Corporate Notes	1,081,031	3.1	AA
Corporate Notes	989,791	2.7	AA+
Corporate Notes	295,325	0.8	AAA
Investments	<u>\$ 35,834,500</u>	<u>100.0%</u>	

5 Receivables

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

	2019
Capital contributions	\$ 2,196,979
Charges for services	3,310,312
Water assessments	4,234,150
Property taxes receivable	340,286
Power revenue	289,551
Interest receivable	233,290
Other	318,378
Receivables	<u>\$ 10,922,946</u>

6 Due To/From Other Funds

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

	2019
Southern Water Supply Project	\$ 242,694
Pleasant Valley Pipeline Project	4,256
Northern Integrated Supply Project	147,087
Hydropower	73,350
Due to District Enterprise Fund	<u>\$ 467,387</u>

District Enterprise Fund balance due to the Pension Plan of \$78,284 as of September 30, 2019, is included in accounts payable and accrued liabilities.

7 Other Current Assets

Other current assets at September 30 included the following:

	2019
Prepaid expenses	\$ 149,699
Inventory	126,325
Other	13,992
Other current assets	<u>\$ 290,016</u>

Notes to Financial Statements (continued)

September 30, 2019

8 Cash and Cash Equivalents, Restricted

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

Current	2019
District Enterprise Fund	
Certificates of Participation, Base Rental	\$ 30,217
SWSP	
Eastern Pump Station	517,536
SWSP Pipeline II	16,510,222
SWSP II	17,027,758
Current cash and cash equivalents, restricted	<u>\$ 17,057,975</u>
Noncurrent	
District Enterprise Fund	
Fund I Single Purpose (Reclamation)	\$ 24,084
Fund II Multipurpose (Reclamation)	33,453
Fund IV Contingency (Reclamation)	4,410
Emergency Reserve	382,364
Hydropower Facility Removal	105,683
District Enterprise Fund	<u>549,994</u>
Hydropower	
Colorado Water Resources and Power Development Authority Debt Service	132,102
Interfund Loan Payable Debt Service	317,048
Colorado Water Conservation Board	70,551
Hydropower	<u>519,701</u>
Noncurrent cash equivalents and investments, restricted	<u>\$ 1,069,695</u>

District Enterprise Fund

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

Fund I Single Purpose (Reclamation) - Restricted for operations and maintenance costs, major repairs, extraordinary and unforeseen expenditures for the C-BT Project single-purpose water supply features in the event there are insufficient funds available for such purposes from current revenues. Funding requirements are \$600,000 with a minimum of \$100,000.

Fund II Multipurpose (Reclamation) - Restricted for operations and maintenance costs, major repairs, extraordinary and unforeseen expenditures for the C-BT Project multipurpose features in the event there are insufficient funds available for such purposes from current revenues. Funding requirements are \$800,000 with a minimum of \$150,000.

Fund IV Contingency (Reclamation) - Restricted for contingent items with a funding requirement of \$100,000.

Emergency Reserve - Restricted for declared emergencies.

Hydropower Facility Removal - Restricted for any future removal costs of the Trout hydropower facility.

SWSP

Eastern Pump Station - Restricted for construction of the pump station facility.

SWSP Pipeline II - Restricted for pipeline construction costs.

Hydropower

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

Interfund Loan Payable Debt Service - Restricted for the payment of one year's debt service requirement.

Colorado Water Conservation Board (CWCB) - Restricted for debt service in accordance with the CWCB loan agreement.

9 Investments, Restricted

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

District Enterprise Fund	2019
Fund I Single Purpose (Reclamation)	\$ 654,230
Fund II Multipurpose (Reclamation)	900,445
Fund IV Contingency (Reclamation)	107,531
Investments, restricted	<u>\$ 1,662,206</u>

See Note 8 for description of the purpose of restricted funds.

Notes to Financial Statements (continued)

September 30, 2019

10 Capital Assets

Capital asset activity for the Northern Water enterprise funds for the year ended September 30, 2019, was as follows:

	2018	Additions	Retirements/ Other	2019
District Enterprise Fund				
Non-depreciable capital assets				
Construction in progress	\$ 522,555	\$ 1,690,842	(\$ 295,877)	\$ 1,917,520
Land, perpetual easements and water rights	84,252,380	289,484	-	84,541,864
Depreciable capital assets				
Buildings and improvements	19,796,460	2,234,270	-	22,030,730
Operations equipment	5,476,107	1,128,782	(261,151)	6,343,738
Computer and office equipment	9,698,287	171,703	(511,905)	9,358,085
Capital assets	<u>119,745,789</u>	<u>5,515,081</u>	<u>(1,068,933)</u>	<u>124,191,937</u>
Less accumulated depreciation				
Buildings and improvements	(11,380,960)	(771,720)	-	(12,152,680)
Operations equipment	(4,529,724)	(420,545)	261,131	(4,689,138)
Computer and office equipment	(5,419,017)	(869,331)	511,905	(5,776,443)
Accumulated depreciation	<u>(21,329,701)</u>	<u>(2,061,596)</u>	<u>773,036</u>	<u>(22,618,261)</u>
District Enterprise Fund capital assets, net	<u>98,416,088</u>	<u>3,453,485</u>	<u>(295,897)</u>	<u>101,573,676</u>
Southern Water Supply Project				
Non-depreciable capital assets				
Construction in progress	8,999,194	34,913,941	(5,116,970)	38,796,165
Land and easements	5,232,983	-	-	5,232,983
Depreciable capital assets				
Water pipeline and equipment	70,643,074	6,509	-	70,649,583
Capital assets	<u>84,875,251</u>	<u>34,920,450</u>	<u>(5,116,970)</u>	<u>114,678,731</u>
Less accumulated depreciation				
Water pipeline and equipment	(37,777,246)	(1,675,296)	-	(39,452,542)
Southern Water Supply Project capital assets, net	<u>47,098,005</u>	<u>33,245,154</u>	<u>(5,116,970)</u>	<u>75,226,189</u>
Pleasant Valley Pipeline Project				
Non-depreciable capital assets				
Land and easements	934,330	-	-	934,330
Depreciable capital assets				
Water pipeline and equipment	29,732,205	-	-	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	(10,406,271)	(743,305)	-	(11,149,576)
Pleasant Valley Pipeline Project capital assets, net	<u>20,260,264</u>	<u>(743,305)</u>	<u>-</u>	<u>19,516,959</u>
Northern Integrated Supply Project				
Non-depreciable capital asset				
Construction in progress	30,883,491	8,498,326	-	39,381,817
Hydropower				
Hydropower plants	11,489,074	13,774	-	11,502,848
Less accumulated depreciation				
Hydropower plants	(1,252,804)	(287,228)	-	(1,540,032)
Hydropower capital assets, net	<u>10,236,270</u>	<u>(273,454)</u>	<u>-</u>	<u>9,962,816</u>
Capital assets, net	<u>\$ 206,894,118</u>	<u>\$ 44,180,206</u>	<u>(\$ 5,412,867)</u>	<u>\$ 245,661,457</u>

Notes to Financial Statements (continued)

September 30, 2019

11 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:

	2019	2018
Claims incurred	\$ 1,515,799	\$ 1,069,966
Claims paid	(1,515,799)	(1,069,966)
Adjustment to IBNR estimate	81,589	511
IBNR, beginning of year	146,708	146,197
IBNR, end of year	\$ 228,297	\$ 146,708

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

12 Compensated Absences

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

	2019	2018
Absences accrued	\$ 1,078,927	\$ 1,003,316
Absences taken	(1,020,252)	(949,933)
Compensated absences, beginning of year	900,393	847,010
Compensated absences, end of year	\$ 959,068	\$ 900,393

13 Long-term Debt, Interfund Loan Receivable/Payable and Net Pension Liability

District Enterprise Fund

Certificates of Participation, Series 2012

The Certificates of Participation Series 2012 (Certificates), 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 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 \$93,195 for the year ended September 30, 2019, and was credited against interest expense. The Certificates are subject to redemption prior to maturity on or after July 1, 2020.

Horsetooth Safety of Dams

Northern Water is obligated under its contract with Reclamation to pay a portion of the costs of the Reclamation Horsetooth Safety of Dams project. This obligation, with an original loan amount of \$4,234,399, was funded by Reclamation under Supplement No. 7 of the Repayment Contract between Northern Water and Reclamation. Annual payments of \$323,415, including interest at 5.75 percent, are due on December 31 through the year 2033.

Pole Hill Canal

Northern Water is 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 funded by Reclamation under Supplement No. 8 of the Repayment Contract between Northern Water and Reclamation. The final annual payment of \$97,937, including interest at 3.375 percent, is due January 1, 2020.

Net Pension Liability

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

Hydropower

Colorado Water Resources and Power Development Authority (CWRPDA)

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

Annual payments of \$122,313, including interest at 2.0 percent, are due September 1 through the year 2032. In accordance with the terms of the debt agreement, a restricted balance has been established for debt service payments (Note 8). In the event of default, the lender shall have the right to take any action required to collect the amounts then due. Capital assets of the Trout facility and energy revenues generated from the facility are pledged as security for the loan.

Interfund Loan Receivable/Payable

Hydropower capital financing for the Trout hydropower facility not provided by CWRPDA as described above was financed by the Northern Water District Enterprise Fund in the form of a 20-year loan to Hydropower with an original loan amount of \$4.7 million. Annual payments of \$287,437, including interest at 2.0 percent, are due on February 15 through the year 2033.

In accordance with the terms of the debt agreement, a restricted balance has been established for debt service payments (Note 8). In the event of default the lender shall have the right to take any action required to collect the amounts then due. Capital assets of the Trout facility and energy revenues generated from the facility are pledged as security for the loan. The loan is subordinated to the lien granted to secure the loan from CWRPDA.

Colorado Water Conservation Board

Hydropower has a 30-year loan agreement with the Colorado Water Conservation Board (CWCB) for an original loan amount of \$5,135,183, which was used to finance construction of the Granby hydropower facility. Annual payments of \$229,285, including interest at 2.0 percent, are due on October 1 through the year 2047.

Notes to Financial Statements (continued)

September 30, 2019

In accordance with the terms of the debt agreement, a restricted debt service balance has been established (Note 8). The balance is increased annually by one-tenth of the annual debt service through 2026. Energy revenues generated from the Granby facility are pledged as security for the loan. In the event of default, CWCB may, at its option, declare the entire outstanding principal and accrued interest amounts as immediately due and payable.

All Northern Water debt is considered to be direct borrowings under GASB 88 with the exception of the Certificates of Participation, which are classified as other debt.

Long-term debt activity for the year ended September 30, 2019, was as follows:

	2018	Additions	Reductions	2019	Amounts Due Within One Year
District Enterprise Fund					
Certificates of Participation, Series 2012	\$ 3,570,000	\$ -	(\$ 1,150,000)	\$ 2,420,000	\$ 1,190,000
Unamortized premium	284,682	-	(93,195)	191,487	-
Certificates of Participation	3,854,682	-	(1,243,195)	2,611,487	1,190,000
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,325,258	-	(132,213)	3,193,045	139,815
Pole Hill Canal	186,388	-	(91,648)	94,740	94,740
District Enterprise Fund	7,366,328	-	(1,467,056)	5,899,272	1,424,555
Hydropower					
Colorado Water Resources and Power Development Authority	1,480,756	-	(92,698)	1,388,058	94,552
Colorado Water Conservation Board	4,879,488	-	(131,696)	4,747,792	134,330
Hydropower	6,360,244	-	(224,394)	6,135,850	228,882
Long-term debt outstanding	13,726,572	-	(1,691,450)	12,035,122	\$ 1,653,437
Less: current maturities of long-term debt	(1,598,254)	(55,183)	-	(1,653,437)	
Long-term debt, net of current maturities	\$ 12,128,318	(\$ 55,183)	(\$ 1,691,450)	\$ 10,381,685	

Interfund receivable/payable activity for the year ended September 30, 2019, was as follows:

Hydropower					
Interfund loan receivable/payable	\$ 3,693,348	\$ -	(\$ 213,570)	\$ 3,479,778	\$ 217,841
Less: current maturity of interfund loan receivable/payable	(213,569)	(4,272)	-	(217,841)	
Interfund loan receivable/payable, net of current maturities	\$ 3,479,779	(\$ 4,272)	(\$ 213,570)	\$ 3,261,937	

Net pension liability activity for the year ended September 30, 2019, was as follows:

District Enterprise Fund					
Net pension liability	\$ 1,997,328	\$ 5,366,239	\$ -	\$ 7,363,567	

Notes to Financial Statements (continued)

September 30, 2019

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⁾		Hydropower ⁽²⁾		Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 1,190,000	\$ 84,900	\$ 234,555	\$ 186,798	\$ 446,723	\$ 192,312	\$ 2,335,288
2021	1,230,000	49,200	147,855	175,561	455,657	183,378	2,241,651
2022	-	-	156,356	167,060	464,770	174,265	962,451
2023	-	-	165,347	158,068	474,066	164,970	962,451
2024	-	-	174,854	148,561	483,547	155,488	962,450
2025-2029	-	-	1,037,158	579,921	2,566,727	628,450	4,812,256
2030-2034	-	-	1,371,660	245,419	2,299,365	363,749	4,280,193
2035-2039	-	-	-	-	940,839	205,589	1,146,428
2040-2044	-	-	-	-	1,038,762	107,666	1,146,428
2045-2046	-	-	-	-	445,172	13,399	458,571
Debt service	\$ 2,420,000	\$ 134,100	\$ 3,287,785	\$ 1,661,388	\$ 9,615,628	\$ 2,189,266	\$ 19,308,167

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
2020	\$ 1,871,278	\$ 464,010	\$ 2,335,288
2021	1,833,512	408,139	2,241,651
2022	621,126	341,325	962,451
2023	639,413	323,038	962,451
2024	658,401	304,049	962,450
2025-2029	3,603,885	1,208,371	4,812,256
2030-2034	3,671,025	609,168	4,280,193
2035-2039	940,839	205,589	1,146,428
2040-2044	1,038,762	107,666	1,146,428
2045-2046	445,172	13,399	458,571
Debt service	\$ 15,323,413	\$ 3,984,754	\$ 19,308,167

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

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

Notes to Financial Statements (continued)

September 30, 2019

14 Deferred Outflows and Inflows of Resources

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

	<u>2019</u>
Deferred Outflows	
Pension Plan contributions subsequent to December 31, 2018, measurement date	\$ 895,796
Pension Plan investment gains/losses	2,754,204
Pension Plan effect of assumption changes	1,534,701
Pension Plan economic/demographic gains/losses	<u>844,359</u>
Deferred outflows of resources	<u>\$ 6,029,060</u>
Deferred Inflows	
Pension Plan economic/demographic gains/losses	(\$ 7,780)
Pension Plan effect of assumption changes	(303,924)
Certificates of Participation refunding	<u>(2,220)</u>
Deferred inflows of resources	<u>(\$ 313,924)</u>

15 Money Purchase Plan

Northern Water has a defined contribution Money Purchase Plan established by the Board in 2003 to provide retirement benefits to employees not covered under the Pension Plan. The Money Purchase Plan is administered by a third-party plan administrator. At September 30, 2019, there were 97 Money Purchase Plan participants. The participants are neither permitted nor required to make contributions to the Money Purchase Plan. Plan administrative fees are paid by Northern Water.

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

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

The Board established the Money Purchase Plan and may amend its provisions and contribution requirements. Northern Water's contribution to the Money Purchase Plan for the year ended September 30, 2019, was \$435,562.

In 2019 the Board amended the Money Purchase Plan to eliminate vesting requirements and to establish a matching program whereby Northern Water makes additional contributions to the Money Purchase Plan to match employees' contributions to the Northern Water voluntary Deferred Compensation Plan up to specified maximums.

Northern Water's matching contributions will be as follows:

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

Only employees participating in the Money Purchase Plan are eligible for the Northern Water match. The Money Purchase Plan amendments will become effective January 1, 2020.

16 Pension Plan (Closed 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, 2019. The Measurement Date, the date as of which the net pension liability was determined, was December 31, 2018. The Pension Plan does not issue a stand-alone financial report.

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

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

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

At January 1, 2019, Pension Plan participants included 21 retirees receiving benefits, 42 active plan members and 4 former employees entitled to benefits but not yet eligible to receive them for a total of 67 participants.

Summary of Significant Accounting Policies

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

Pension Plan Contributions

Pension Plan contributions are approved and may be amended by the Board. Contributions are recognized when paid into the Pension Plan. Contributions are neither permitted nor required of the Pension Plan participants. Northern Water funds all Pension Plan administrative costs and investment management expenses. It is the policy of Northern Water to fund the Pension Plan based on amounts duly appropriated

Notes to Financial Statements (continued)

September 30, 2019

by the Board for the current fiscal year. That amount is typically the actuarially-determined contribution as defined by the Pension Plan's actuarial report. For the year ended December 31, 2018, Northern Water contributions to the Pension Plan amounted to \$2,533,928, which included the annual actuarially-determined contribution and a supplemental contribution of \$1,179,000.

Investment Portfolio

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

Investment Type	Concentration
Domestic equities	35%
Fixed income	38
International equities	6
Liquid low correlated hedge funds	11
Emerging markets	5
Investments	95
Cash	5
Total	<u>100%</u>

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

As of December 31, 2018, the Pension Plan had the following investments:

Investment Type	Fair Value December 31, 2018	Level 1
Domestic equities	\$ 11,915,538	\$ 11,915,538
Fixed income	14,127,124	14,127,124
International equities	2,279,264	2,279,264
Liquid low correlated hedge funds	358,616	358,616
Emerging markets	1,730,530	1,730,530
Investments at fair value	30,411,072	<u>\$ 30,411,072</u>
Investments measured at NAV		
Equity long/short hedge fund	1,652,273	
Multi-strategy hedge fund	1,758,953	
Investments	<u>\$ 33,822,298</u>	

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

The multi-strategy hedge fund invests in approximately 25

independent funds that pursue multiple strategies to diversify risk and reduce volatility including relative value, market neutral and low net equity, event-driven, and distressed and credit securities. At April 30, 2018, the date of the fund's most recent audited financial statements, the next available redemption date ranged from May 31 to December 31, 2018. Liquidity, representing the available frequency of redemption without a redemption fee, ranged from monthly to annually.

The long-term expected rate of return on Pension Plan investments was based on expected inflation, long-term real returns and volatility. The capital market assumptions listed below are from Northern Water's actuary investment consulting practice as of December 31, 2018, and assume a 20-year time horizon.

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Cash	3.0%	0.3%
Fixed income	32.0	1.8
Leveraged loans	7.0	2.8
U.S. equities - large cap	19.0	3.6
U.S. equities - small and midcap	8.0	4.1
Foreign developed equities	16.0	4.6
Emerging market equities	5.0	5.3
Liquid low correlated hedge funds	<u>10.0</u>	1.7
Total	<u>100.0%</u>	

For the Pension Plan year ended December 31, 2018, the annual money-weighted rate of return was negative 5.6 percent. The money-weighted rate of return considered the changing amounts actually invested during the period and weighted the amount of Pension Plan investments by the proportion of time they were available to earn a return during the period. External cash outflows were determined on a monthly basis and were assumed to occur at the middle of each month. External cash inflows were netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return was calculated net of investment expenses.

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Weighted average maturities for the Pension Plan's fixed income mutual funds were as follows:

Fixed Income Mutual Fund	Fair Value December 31, 2018	Weighted Average Maturity
Eaton Vance Floating Rate	\$ 2,409,121	7.5 years
Metropolitan West	5,876,053	7.5 years
Schroder Fixed Income Fund	5,841,950	8.9 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 December 31, 2018, were unrated by a nationally-recognized statistical rating organization.

Notes to Financial Statements (continued)

September 30, 2019

Concentration of credit risk arises from the magnitude of an investment in a single issuer. At December 31, 2018, no individual holdings of the Pension Plan exceeded 5 percent of total assets.

Actuarial Methods and Assumptions

Total pension liability was determined by an actuarial valuation as of the December 31, 2018, Measurement Date, using the following actuarial assumptions:

- **Inflation** - 2.5 percent
- **Salary Increases** - Based on the Northern Water step-grade pay increase program with periodic 5 percent increases at various years of service, plus an underlying wage increase of 3.5 percent
- **Cost of Living Adjustments** - 1.25 percent
- **Mortality** - Pub-2010 Healthy Employee and Retiree Mortality Tables for General Employees projected generationally using Scale MP2018 (prior valuation assumed RP-2000 Mortality Tables, projected generationally using Scale BB)
- **Investment Rate of Return** - 5.75 percent (prior valuation assumed 6.0 percent)
- **Valuation Timing** - January 1
- **Actuarial Cost Method** - Aggregate
- **Retirement Age** - Participants are assumed to retire at age 65

Changes in Net Pension Liability

Net pension liability was determined by an actuarial valuation as of the December 31, 2018, Measurement Date, calculated based on a discount rate and long-term expected rate of return of 5.75 percent. Changes in pension liability for the Pension Plan year ended December 31, 2018, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances, December 31, 2017	\$ 41,827,123	\$ 39,829,795	\$ 1,997,328
Changes for the year:			
Service cost	750,237	-	750,237
Interest on total pension liability	2,412,496	-	2,412,496
Effect of economic/demographic gains/losses	940,602	-	940,602
Effect of assumptions changes	1,678,482	-	1,678,482
Benefit payments	(4,808,193)	(4,808,193)	-
Employer contributions	-	2,533,926	(2,533,926)
Net investment income (loss)	-	(2,118,348)	2,118,348
Net changes	973,624	(4,392,615)	5,366,239
Balances, December 31, 2018	\$ 42,800,747	\$ 35,437,180	\$ 7,363,567

Fiduciary net position as a percentage of total pension liability

Covered payroll

Net pension liability as a percentage of covered payroll

82.8%

\$ 4,946,272

148.9%

Sensitivity Analysis

The following presents the net pension liability as of December 31, 2018, calculated using the discount rate of 5.75 percent, as well as what the net pension liability would have been if it were calculated using a discount rate that was 1 percentage point lower (4.75 percent) or 1 percentage point higher (6.75 percent) than the current rate.

	1 Percentage Point Decrease (4.75%)	Current Discount Rate (5.75%)	1 Percentage Point Increase (6.75%)
Total pension liability	\$ 46,642,044	\$ 42,800,747	\$ 39,457,670
Fiduciary net position	35,437,180	35,437,180	35,437,180
Net pension liability	\$ 11,204,864	\$ 7,363,567	\$ 4,020,490

Notes to Financial Statements (continued)

September 30, 2019

Pension Plan Deferred Inflows and Outflows of Resources

As of the December 31, 2018, Measurement Date deferred inflows and outflows of resources relating to the Pension Plan were as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Economic/demographic (gains)/ losses	(\$ 7,780)	\$ 844,359
Effect of assumption changes	(303,924)	1,534,701
Net difference between projected and actual earnings on investments	-	2,754,204
Northern Water contributions made subsequent to the December 31, 2018, Measurement Date	-	895,796
	<u>(\$ 311,704)</u>	<u>\$ 6,029,060</u>
Deferred inflows and outflows of resources		

Deferred outflows of resources resulting from Northern Water contributions subsequent to the December 31, 2018, Measurement Date will be recognized as a reduction in net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Years ending September 30,</u>	<u>Amounts Recognized in Pension Expense</u>
2020	\$ 1,915,210
2021	1,042,567
2022	975,601
2023	888,182
Total	<u>\$ 4,821,560</u>

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

Pension Expense

For the fiscal year ended September 30, 2019, Northern Water recognized pension expense of \$3,124,295.

17 Restatement of Pension Plan Net Position

The net position, beginning of year, of the Fiduciary Fund Pension Trust Fund has been restated to reflect the financial statements of the Pension Plan on a plan year end of December 31 basis rather than on the Northern Water fiscal year end of September 30, as previously reported. The effect of the restatement was as follows:

Net position, September 30, 2018 as previously reported	\$ 38,366,435
Increase to reflect net position as of December 31, 2017	<u>1,463,358</u>
Net position, December 31, 2017	<u>\$ 39,829,793</u>

18 Intergovernmental Transactions

Northern Water provides certain administrative, operational, engineering and environmental services to the Subdistrict. In addition, Northern Water charges the Subdistrict for the Subdistrict's use of the C-BT Project conveyance and storage system (carriage costs). Revenue from charges for services and other operating revenues on the accompanying financial statement included charges to the Subdistrict for the year ended September 30, 2019, of which carriage costs amounted to \$1,064,884. Outstanding charges of \$1,686,469 were included in receivables at September 30, 2019.

19 Risk Management

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

20 Commitments and Contingencies

SWSP has commitments under a SWSP II construction agreement amounting to approximately \$7.9 million as of September 30, 2019.

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 December 31,

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 750,237	\$ 593,304	\$ 629,104	\$ 767,076	\$ 746,409
Interest on total pension liability	2,412,496	2,481,636	2,533,835	2,479,704	2,360,109
Effect of economic/demographic gains/losses	940,602	90,073	98,744	459,807	(63,355)
Effect of assumption changes	1,678,482	(529,054)	120,176	727,550	1,178,636
Benefit payments	(4,808,193)	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Net change in pension liability	973,624	(471,053)	1,419,710	2,587,431	3,928,696
Total pension liability, beginning of year	41,827,123	42,298,176	40,878,466	38,291,035	34,362,339
Total pension liability, end of year	42,800,747	41,827,123	42,298,176	40,878,466	38,291,035
Fiduciary net position					
Employer contributions	2,533,926	2,612,183	3,315,464	1,511,622	631,338
Net investment income (loss)	(2,118,348)	4,636,518	1,611,802	(421,624)	1,091,271
Benefit payments	(4,808,193)	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Change in fiduciary net position	(4,392,615)	4,141,689	2,965,117	(756,708)	1,429,506
Fiduciary net position, beginning of year	39,829,795	35,688,106	32,722,989	33,479,697	32,050,191
Fiduciary net position, end of year	35,437,180	39,829,795	35,688,106	32,722,989	33,479,697
Net pension liability, end of year	\$ 7,363,567	\$ 1,997,328	\$ 6,610,070	\$ 8,155,477	\$ 4,811,338
Fiduciary net position as a percentage of pension liability	82.8%	95.2%	84.4%	80.0%	87.4%
Covered payroll	\$ 4,946,272	\$ 5,752,756	\$ 6,150,893	\$ 6,212,513	\$ 6,306,166
Net pension liability as a percentage of covered payroll	148.9%	34.7%	107.5%	131.3%	76.3%

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

Schedule of Employer Contributions and Money-Weighted Rate of Return⁽¹⁾

Required Supplementary Information

Fiduciary Fund Pension Trust Fund

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Employer Contribution Over Actuarially- Determined Contribution	Covered Payroll	Employer Contribution as a Percentage of Covered Payroll	Money- Weighted Rate of Return
2009	\$ 1,243,468	\$ 1,243,605	\$ 137	\$ 6,341,560	19.6%	N/A
2010	1,508,289	1,507,120	(1,169)	6,377,087	23.6	N/A
2011	1,422,852	1,751,885	329,033	6,231,513	28.1	N/A
2012	1,443,392	1,419,670	(23,722)	6,154,583	23.1	N/A
2013	1,528,902	2,609,859	1,080,957	6,311,946	41.3	N/A
2014	1,326,183	631,338	(694,845)	6,306,166	10.0	3.4%
2015	1,632,209	1,511,622	(120,587)	6,212,513	24.3	(1.3)
2016	1,607,405	3,315,464	1,708,059	6,150,893	53.9	4.9
2017	1,317,640	2,612,183	1,294,543	5,752,756	45.4	13.2
2018	1,120,983	2,533,926	1,412,943	4,946,272	51.2	(5.6)

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



Flatiron Penstocks deliver water from Pinewood Reservoir into Flatiron Reservoir.

SUPPLEMENTARY INFORMATION

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

Non-GAAP Budgetary Basis

	Year ended September 30, 2019			Year ended
	(unaudited) Budget	Actual	Variance	September 30, 2018 Actual
Operating revenue sources				
Water assessments	\$ 10,950,657	\$ 11,296,458	\$ 345,801	\$ 10,907,539
Charges for services	7,653,183	7,658,051	4,868	6,307,644
Other operating revenues	2,225,300	852,607	(1,372,693)	2,374,919
Operating revenue sources	20,829,140	19,807,116	(1,022,024)	19,590,102
Operating expense uses	(31,352,812)	(26,726,189)	4,626,623	(24,581,372)
Operating revenue sources under expense uses	(10,523,672)	(6,919,073)	3,604,599	(4,991,270)
Nonoperating revenue sources				
Property and specific ownership taxes	21,357,953	23,043,100	1,685,147	21,282,930
Earnings on investments	325,666	2,194,480	1,868,814	350,824
Intergovernmental grants	43,500	53,651	10,151	132,023
Other nonoperating revenues	1,285,275	2,104,319	819,044	1,934,800
Interfund loan receivable receipts	213,570	213,570	-	209,382
Capital contributions	-	228,437	228,437	-
Nonoperating revenue sources	23,225,964	27,837,557	4,611,593	23,909,959
Nonoperating expense uses				
Debt service	(1,702,253)	(1,682,731)	19,522	(1,677,617)
Intergovernmental subgrantee payments	(411,300)	(27,651)	383,649	(118,398)
Capital purchases and project expenditures	(3,426,750)	(5,219,202)	(1,792,452)	(1,516,288)
Other capital project expenditures	(6,341,000)	(2,257,887)	4,083,113	(2,368,517)
Supplemental Pension Plan contribution	(400,000)	(708,875)	(308,875)	(659,250)
Nonoperating expense uses	(12,281,303)	(9,896,346)	2,384,957	(6,340,070)
Nonoperating revenue sources over expense uses	10,944,661	17,941,211	6,996,550	17,569,889
Revenue sources over expense uses	\$ 420,989	11,022,138	\$ 10,601,149	12,578,619
Adjustments to reconcile budgetary basis to GAAP basis				
Interfund loan receivable principal receipts		(213,570)		(209,382)
Debt principal payments and bond-related amortization		1,469,404		1,408,440
Capital outlay		5,219,202		1,516,288
Payroll-related year end accruals		(205,483)		(115,965)
Excess of Pension Plan contributions over actuarially-determined pension plan expense		(752,595)		701,161
Other		-		(41,274)
Depreciation		(2,061,595)		(1,873,285)
Increases in net position		\$ 14,477,501		\$ 13,964,602

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

Non-GAAP Budgetary Basis

	Year ended September 30, 2019			Year ended
	(unaudited) Budget	Actual	Variance	September 30, 2018 Actual
Operating revenue sources				
Assessments	\$ 1,214,426	\$ 1,153,472	(\$ 60,954)	\$ 1,288,125
Other operating revenue	-	6,000	6,000	-
Operating revenue sources	1,214,426	1,159,472	(54,954)	1,288,125
Operating expense uses	(1,114,426)	(1,037,829)	76,597	(1,105,868)
Operating revenue sources over expense uses	100,000	121,643	21,643	182,257
Nonoperating revenue sources				
Earnings on investments	-	25,243	25,243	19,707
Use of water outlet facility	-	-	-	782,263
Other nonoperating revenues	-	23,581	23,581	8,246
Capital contributions	10,884,000	1,227,457	(9,656,543)	45,226,520
Nonoperating revenue sources	10,884,000	1,276,281	(9,607,719)	46,036,736
Nonoperating expense uses				
Participant gain on use of water outlet facility	-	-	-	(782,263)
Capital expenditures	(34,552,443)	(29,803,584)	4,748,859	(5,810,980)
Retainage	-	1,371,744	1,371,744	137,031
Other capital expenditures	-	(22,736)	(22,736)	(8,556)
Contingency appropriation	(100,000)	-	100,000	-
Nonoperating expense uses	(34,652,443)	(28,454,576)	6,197,867	(6,464,768)
Nonoperating revenue sources over (under) expense uses	(23,768,443)	(27,178,295)	(3,409,852)	39,571,968
Revenue sources over (under) expense uses	(\$ 23,668,443)	(27,056,652)	(\$ 3,388,209)	39,754,225
Adjustments to reconcile budgetary basis to GAAP basis				
Capital contributions reflected as unearned revenue		-		(38,466,498)
Unearned revenue recognized as capital contributions		28,965,269		-
Participant funding held as accrued liabilities for construction contingencies		(63,629)		(2,625,995)
Retainage		(1,371,744)		(137,031)
Capital expenditures		29,803,584		5,810,980
Depreciation		(1,675,296)		(1,659,803)
Other		(105)		(9,280)
Increases in net position		\$ 28,601,427		\$ 2,666,598

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

Non-GAAP Budgetary Basis

	Year ended September 30, 2019			Year ended
	<i>(unaudited)</i> Budget	Actual	Variance	September 30, 2018 Actual
Operating revenue sources				
Assessments	\$ 112,663	\$ 62,525	(\$ 50,138)	\$ 43,486
Operating expense uses	<u>(112,663)</u>	<u>(77,146)</u>	<u>35,517</u>	<u>(69,755)</u>
Operating revenue sources under expense uses	<u>-</u>	<u>(14,621)</u>	<u>(14,621)</u>	<u>(26,269)</u>
Nonoperating revenue sources				
Earnings on investments	-	2,138	2,138	1,699
Capital contributions	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>
Nonoperating revenue sources	80,000	2,138	(77,862)	1,699
Nonoperating expense uses				
Capital expenditures	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Nonoperating revenue sources over expense uses	<u>-</u>	<u>2,138</u>	<u>2,138</u>	<u>1,699</u>
Revenue sources under expense uses	<u>\$ -</u>	<u>(12,483)</u>	<u>(\$ 12,483)</u>	<u>(24,570)</u>
Adjustment to reconcile budgetary basis to GAAP basis				
Depreciation		<u>(743,305)</u>		<u>(743,305)</u>
Decreases in net position		<u>(\$ 755,788)</u>		<u>(\$ 767,875)</u>

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

Non-GAAP Budgetary Basis

	<u>Year ended September 30, 2019</u>			<u>Year ended</u>
	<i>(unaudited)</i> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>September 30,</u> <u>2018</u> <u>Actual</u>
Nonoperating revenue sources				
Capital contributions	\$ 25,630,000	\$ 9,140,278	(\$ 16,489,722)	\$ 8,048,519
Nonoperating expense uses				
Capital expenditures	(25,630,000)	(8,498,326)	17,131,674	(6,748,921)
Nonoperating revenue sources over expense uses	<u>\$ -</u>	<u>641,952</u>	<u>\$ 641,952</u>	1,299,598
Adjustment to reconcile budgetary basis to GAAP basis				
Capital outlay		<u>8,498,326</u>		<u>6,748,921</u>
Increases in net position		<u>\$ 9,140,278</u>		<u>\$ 8,048,519</u>

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

Non-GAAP Budgetary Basis

	Year ended September 30, 2019			Year ended
	(unaudited) Budget	Actual	Variance	September 30, 2018 Actual
Operating revenue sources				
Energy revenue	\$ 1,264,809	\$ 1,115,254	(\$ 149,555)	\$ 1,112,541
Operating expense uses	(329,281)	(350,449)	(21,168)	(311,563)
Operating revenue sources over expense uses	935,528	764,805	(170,723)	800,978
Nonoperating revenue sources				
Earnings on investments	11,611	35,259	23,648	17,828
Intergovernmental grant	-	129,279	129,279	119,635
Nonoperating revenue sources	11,611	164,538	152,927	137,463
Nonoperating expense uses				
Capital expenditures	(11,500)	(13,774)	(2,274)	-
Debt service payments				
Principal	(452,305)	(437,964)	14,341	(429,376)
Interest	(209,660)	(198,248)	11,412	(206,891)
Contingency appropriation	(50,000)	-	50,000	-
Nonoperating expense uses	(723,465)	(649,986)	73,479	(636,267)
Nonoperating revenue sources under expense uses	(711,854)	(485,448)	226,406	(498,804)
Revenue sources over expense uses	\$ 223,674	279,357	\$ 55,683	302,174
Adjustments to reconcile budgetary basis to GAAP basis				
Capital expenditures		13,774		-
Debt principal payments		437,964		429,376
Depreciation		(287,228)		(287,226)
Increases in net position		\$ 443,867		\$ 444,324

STATISTICAL SECTION

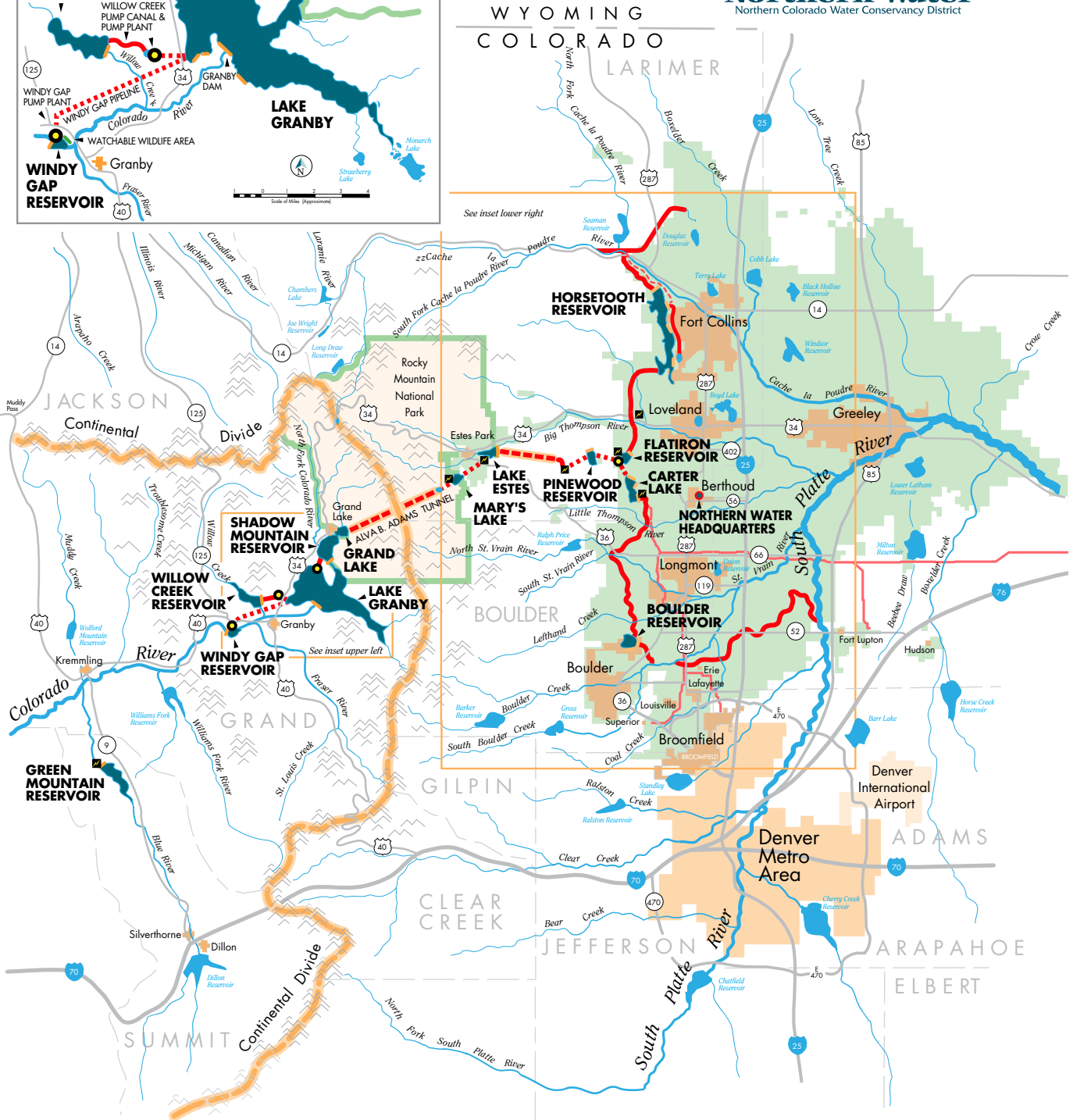
Table of Contents

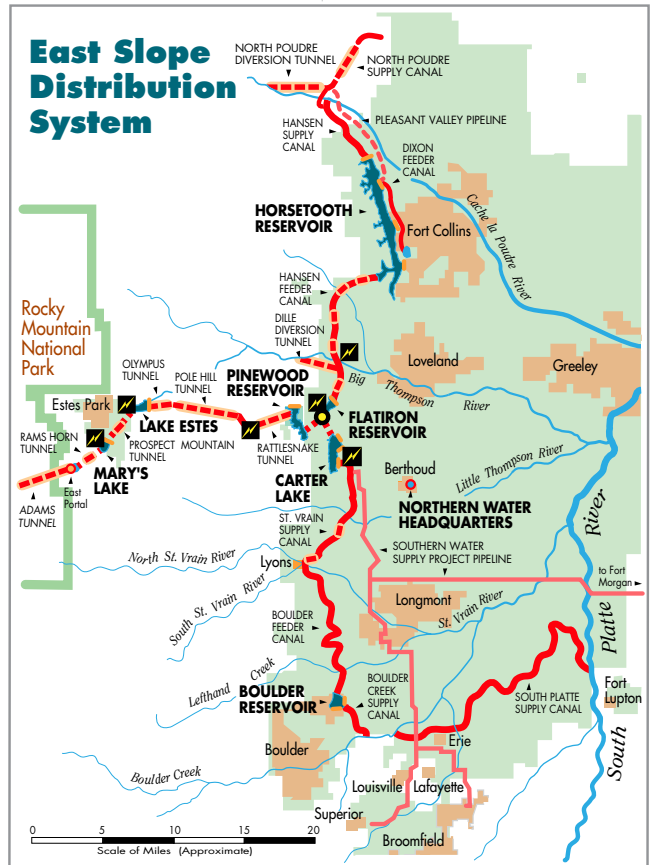
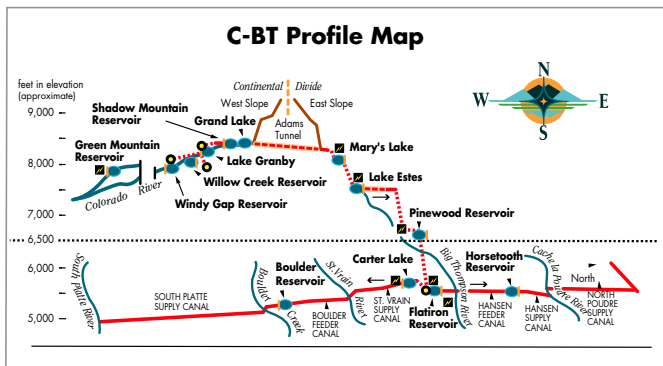
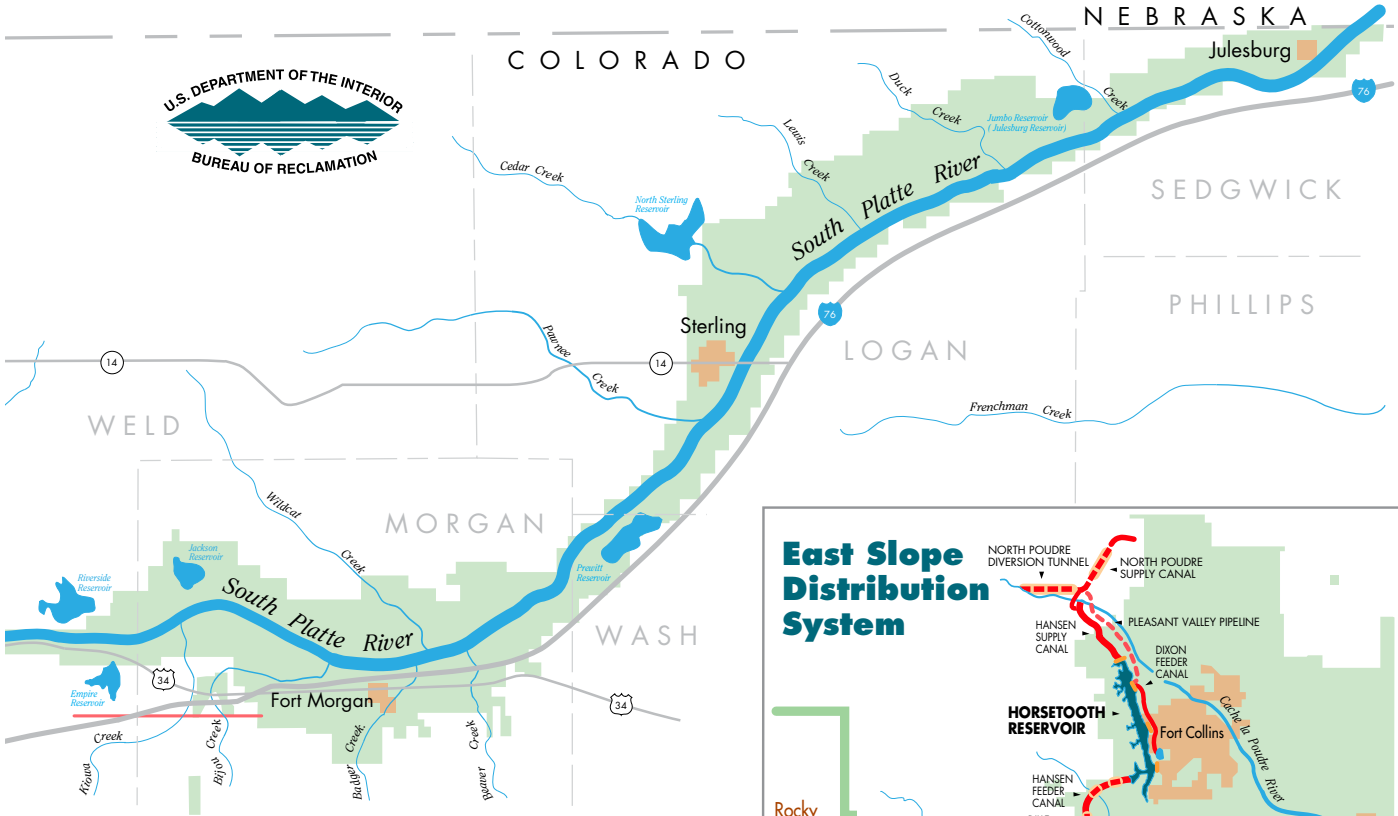
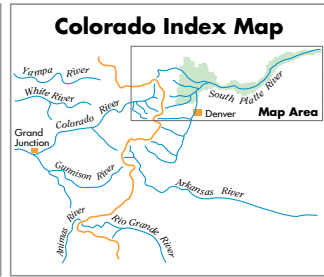
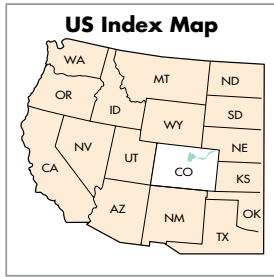
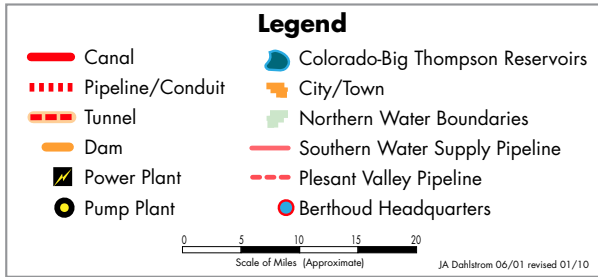
	<u>Page</u>
Northern Water Facilities, Colorado-Big Thompson Project Facilities and Northern Water Boundaries	50
Financial Trends	
<i>These schedules contain trend information to help the reader understand how Northern Water's financial performance has changed over time.</i>	
Statement of Changes in Net Position (2010 - 2019) - All Northern Water Enterprise Funds	52
Statement of Net Position by Component (2010 - 2019) - All Northern Water Enterprise Funds	54
Schedule of C-BT Project Joint Operations and Maintenance Costs (Historical) - District Enterprise Fund	57
Revenue Capacity	
<i>These schedules on assessments, charges for services, energy revenue and property taxes contain information to help the reader assess Northern Water's primary revenue sources. Since Northern Water is a regional water organization, it does not present overlapping information on property tax rates.</i>	
Assessments	
Water Assessments and Ownership by Water Allotment Contract Class and Rate (2010 - 2019) - District Enterprise Fund	58
Largest Water Allotment Contract Holders (2010 and 2019) - District Enterprise Fund	
By Acre-foot Units	60
By Water Assessment	61
Open-Rate Water Assessment Charges (Historical) - District Enterprise Fund	62
Market Prices per Acre-Foot Unit (Historical) - District Enterprise Fund	63
Charges for Services and Energy Revenue (2010 - 2019) - District and Hydropower Enterprise Funds	64
Property Taxes - District Enterprise Fund	
Property Tax Levies and Collections (2010 - 2019)	67
Assessed and Estimated Actual Value of Taxable Properties (2010 - 2019)	68
Property Tax Collections by County (2010 - 2019)	70
Largest Corporate Taxpayers by Taxable Assessed Valuation (2010 and 2019)	71
Debt Capacity	
<i>This schedule presents information to help the reader assess the affordability of Northern Water's current level of outstanding debt.</i>	
Statistics of Outstanding Debt by Type (2010 - 2019) - District and Hydropower Enterprise Funds	72
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Northern Water's financial activities take place.</i>	
Northern Water Population and Economic Statistics (2010 - 2019)	74
Largest Employers by Principal Municipalities Served by Northern Water (2010 and 2019)	76
Population of Ten Largest Municipalities in Northern Water Boundaries (2010 and 2019)	80
Operating Information	
<i>These schedules contain information about Northern Water's operations and resources to help the reader understand how Northern Water's financial information relates to the services it provides and the activities it performs.</i>	
C-BT Project Water Deliveries (Historical and 2010 - 2019) - District Enterprise Fund	82
C-BT Project Water Delivery Quotas (Historical) - District Enterprise Fund	83
Capital Assets by Northern Water Enterprise Fund (2010 - 2019)	84
Project Capacity Statistics by Northern Water Enterprise Fund	86
Northern Water Employees by Division (2010 - 2019)	89
General Information	
Northern Water Organizational and Contact Information	90



Northern Water

Colorado-Big Thompson Project Facilities and Northern Water Boundaries





Statement of Changes in Net Position (2010 - 2019)⁽¹⁾

Years ended September 30,
Unaudited

	2019	2018	2017	2016	2015
Revenues					
Operating revenues					
Assessments	\$ 12,512,455	\$ 12,239,150	\$ 11,496,339	\$ 10,113,724	\$ 8,110,867
Charges for services ⁽²⁾	6,593,167	6,307,644	5,783,834	4,701,786	4,541,473
Energy revenue ⁽³⁾	1,115,254	1,112,541	1,110,090	936,746	606,827
Other operating revenues	1,923,491	2,374,919	1,916,281	1,644,774	2,592,305
Operating revenues	<u>22,144,367</u>	<u>22,034,254</u>	<u>20,306,544</u>	<u>17,397,030</u>	<u>15,851,472</u>
Nonoperating revenues					
Property and specific ownership taxes	23,043,100	21,282,930	18,807,149	19,027,007	15,997,115
Earnings on investments	2,257,120	390,058	314,956	344,096	313,207
Intergovernmental grants	129,279	253,333	83,449	536,777	1,397,620
Other nonoperating revenues, net	2,153,900	1,941,115	390,855	262,128	487,930
Use of facilities ⁽⁴⁾	-	782,263	-	-	-
Gain (loss) on disposition of assets ⁽⁵⁾	-	-	-	-	-
Nonoperating revenues	<u>27,583,399</u>	<u>24,649,699</u>	<u>19,596,409</u>	<u>20,170,008</u>	<u>18,195,872</u>
Revenues	<u>49,727,766</u>	<u>46,683,953</u>	<u>39,902,953</u>	<u>37,567,038</u>	<u>34,047,344</u>
Expenses					
Operating expenses					
Operations	12,324,327	14,117,940	13,223,118	12,736,200	12,787,288
Administration	12,417,554	6,755,097	6,806,674	6,289,010	4,934,313
Engineering	3,713,533	7,695,271	7,102,192	5,435,991	5,497,912
Environmental Services ⁽⁶⁾	3,656,229	-	-	-	-
Depreciation	4,767,424	4,563,619	4,384,339	4,169,073	4,102,074
Operating expenses	<u>36,879,067</u>	<u>33,131,927</u>	<u>31,516,323</u>	<u>28,630,274</u>	<u>27,321,587</u>
Nonoperating expenses					
Interest expense	411,575	476,068	530,614	475,720	522,045
Intergovernmental subgrantee payments	-	118,398	113,800	454,589	1,191,100
Participant gain on use of facilities ⁽⁴⁾	-	782,263	-	-	-
Refund of contributed capital	-	371,803	-	59,672	-
Nonoperating expenses	<u>411,575</u>	<u>1,748,532</u>	<u>644,414</u>	<u>989,981</u>	<u>1,713,145</u>
Expenses	<u>37,290,642</u>	<u>34,880,459</u>	<u>32,160,737</u>	<u>29,620,255</u>	<u>29,034,732</u>
Income (loss) before contributions	<u>12,437,124</u>	<u>11,803,494</u>	<u>7,742,216</u>	<u>7,946,783</u>	<u>5,012,612</u>
Capital contributions	<u>39,470,161</u>	<u>12,552,674</u>	<u>6,528,346</u>	<u>4,400,000</u>	<u>3,542,024</u>
Changes in net position	<u>51,907,285</u>	<u>24,356,168</u>	<u>14,270,562</u>	<u>12,346,783</u>	<u>8,554,636</u>
Net position, beginning of year	<u>276,614,053</u>	<u>252,257,885</u>	<u>237,987,323</u>	<u>225,640,540</u>	<u>217,085,904</u>
Restatement ⁽⁷⁾	-	-	-	-	-
Net position, end of year	<u>\$328,521,338</u>	<u>\$ 276,614,053</u>	<u>\$ 252,257,885</u>	<u>\$ 237,987,323</u>	<u>\$ 225,640,540</u>

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

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

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

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

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

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

⁽⁷⁾ Balances reflect restatements due to implementation of GASB 67, 68 and 71 relating to pension plans and GASB 65 relating to debt issue costs in 2014 and 2013.

Statement of Changes in Net Position (2010 - 2019)(continued)⁽¹⁾

Years ended September 30,
Unaudited

	2014	2013	2012	2011	2010
Revenues					
Operating revenues					
Assessments	\$ 7,875,949	\$ 7,343,449	\$ 6,739,612	\$ 6,336,897	\$ 6,142,790
Charges for services ⁽²⁾	4,658,426	5,133,403	6,197,883	6,400,517	6,070,393
Energy revenue ⁽³⁾	480,309	625,371	484,632	-	-
Other operating revenues	1,836,432	10,622,677	1,273,387	1,174,792	1,636,640
Operating revenues	14,851,116	23,724,900	14,695,514	13,912,206	13,849,823
Nonoperating revenues					
Property and specific ownership taxes	15,569,049	15,217,883	14,614,826	14,427,014	15,242,950
Earnings on investments	208,444	196,413	91,339	150,191	203,801
Intergovernmental grants	1,962,262	-	-	-	-
Other nonoperating revenues, net	1,028,181	235,503	285,265	281,631	315,364
Use of facilities ⁽⁴⁾	-	-	-	-	-
Gain (loss) on disposition of assets ⁽⁵⁾	-	906,507	35,879	34,053	(20)
Nonoperating revenues	18,767,936	16,556,306	15,027,309	14,892,889	15,762,095
Revenues	33,619,052	40,281,206	29,722,823	28,805,095	29,611,918
Expenses					
Operating expenses					
Operations	13,358,066	13,533,921	12,054,637	11,639,603	10,746,757
Administration	6,238,623	5,485,132	9,216,199	9,315,195	8,721,734
Engineering	5,090,341	4,645,297	4,970,541	4,679,940	4,808,126
Environmental Services ⁽⁶⁾	-	-	-	-	-
Depreciation	4,149,642	3,841,086	3,997,207	4,019,615	3,983,907
Operating expenses	28,836,672	27,505,436	30,238,584	29,654,353	28,260,524
Nonoperating expenses					
Interest expense	566,912	783,119	980,401	1,019,611	1,045,104
Intergovernmental subgrantee payments	1,259,635	-	-	-	-
Participant gain on use of facilities ⁽⁴⁾	-	702,165	-	-	-
Refund of contributed capital	-	204,342	-	-	-
Nonoperating expenses	1,826,547	1,689,626	980,401	1,019,611	1,045,104
Expenses	30,663,219	29,195,062	31,218,985	30,673,964	29,305,628
Income (loss) before contributions	2,955,833	11,086,144	(1,496,162)	(1,868,869)	306,290
Capital contributions	1,890,000	1,799,304	1,003,100	1,500,000	1,630,000
Changes in net position	4,845,833	12,885,448	(493,062)	(368,869)	1,936,290
Net position, beginning of year	215,054,729	202,378,483	202,871,545	203,240,414	201,304,124
Restatement ⁽⁷⁾	(2,814,658)	(209,202)	-	-	-
Net position, end of year	\$ 217,085,904	\$ 215,054,729	\$ 202,378,483	\$ 202,871,545	\$ 203,240,414

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

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

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

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

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

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

⁽⁷⁾ Balances reflect restatements due to implementation of GASB 67, 68 and 71 relating to pension plans and GASB 65 relating to debt issue costs in 2014 and 2013.

Statement of Net Position by Component (2010 - 2019)⁽¹⁾

September 30,
Unaudited

	2019	2018	2017	2016	2015
Net position					
Net investment in capital assets	\$233,624,113	\$ 193,162,975	\$ 182,061,936	\$ 177,863,092	\$ 174,959,097
Restricted net position					
Debt service	202,653	174,967	149,684	126,010	125,505
Major repairs	2,106,516	1,970,697	2,007,139	1,993,343	1,989,621
Capital projects	3,285,800	2,420,068	2,786,161	1,959,697	1,381,990
Unrestricted net position	89,302,256	78,885,346	65,252,965	56,045,181	47,184,327
Net position	\$328,521,338	\$ 276,614,053	\$ 252,257,885	\$ 237,987,323	\$ 225,640,540

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

Statement of Net Position by Component (2010 - 2019) (continued)⁽¹⁾

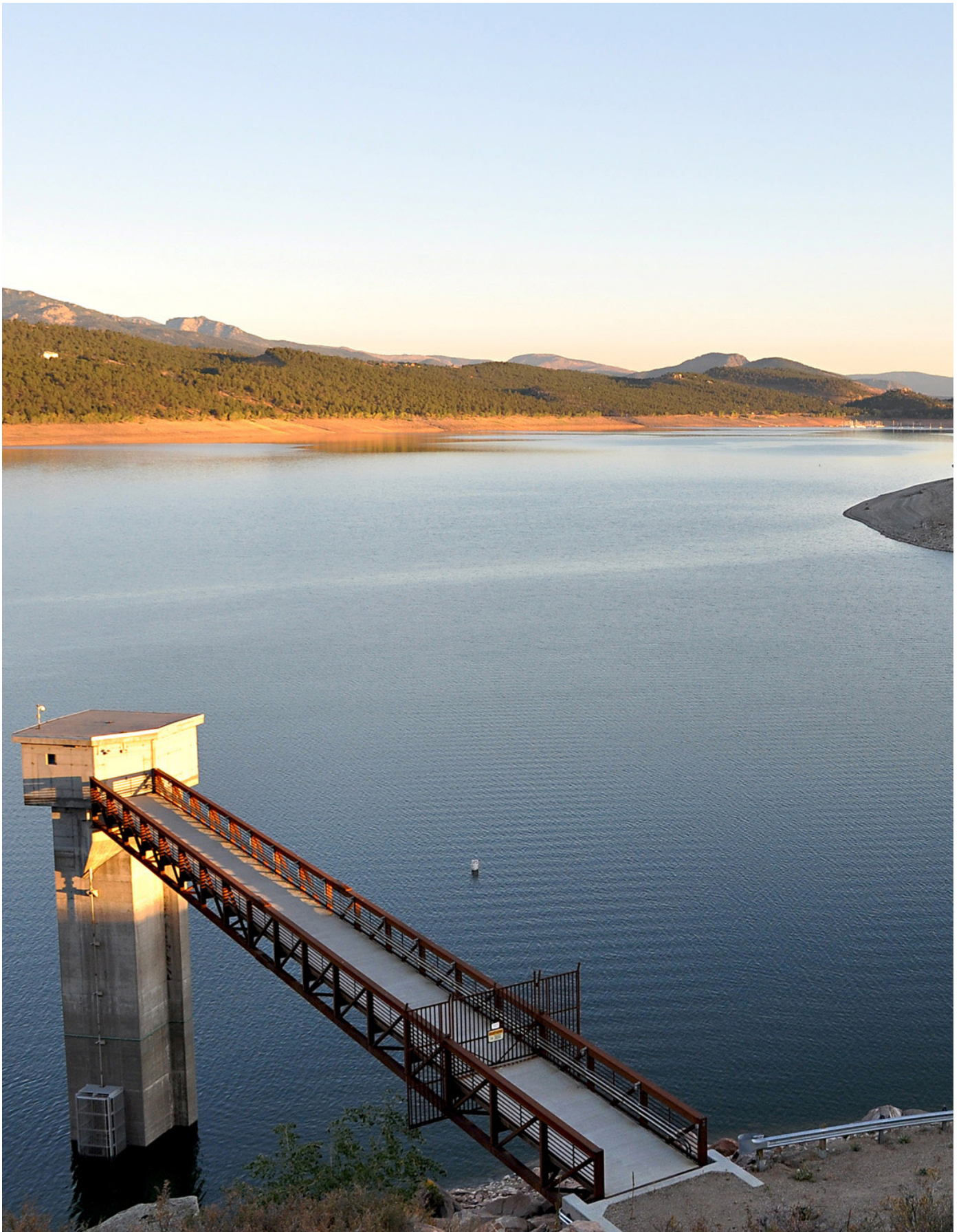
September 30,
Unaudited

	2014 ⁽²⁾	2013 ⁽³⁾	2012	2011	2010
Net position					
Net investment in capital assets	\$ 171,634,522	\$ 171,455,879	\$ 167,267,534	\$ 154,229,495	\$ 150,796,408
Restricted net position					
Debt service	125,363	425,806	-	-	-
Major repairs	1,989,049	1,988,522	1,987,672	1,987,256	1,985,832
Capital projects	840,935	1,326,539	949,872	1,148,136	907,677
Unrestricted net position	42,496,035	39,857,983	32,173,405	45,506,658	49,550,497
Net position	\$ 217,085,904	\$ 215,054,729	\$ 202,378,483	\$ 202,871,545	\$ 203,240,414

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

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

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



Carter Lake Outlet

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

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
2017	1,646,323	364,136	121,646	117,090	94,492	2,343,687
2018	1,821,433	211,291	275,053	81,732	97,879	2,427,388
2019	1,890,330	21,500	201,879	15,515	104,054	2,233,278

⁽¹⁾ Beginning 1986, the responsibilities for daily operations and maintenance of the majority 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. Increase in 2017 due to charges relating to a fiber optic connection and vegetation management on transmission lines.

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

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

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

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2010 - 2019)

District Enterprise Fund

Years ended September 30,

Unaudited

	2019	2018	2017	2016
Water Assessments				
Class B, municipal	\$ 5,064,728	\$ 4,875,560	\$ 4,689,355	\$ 4,371,754
Class C				
Domestic	2,356,342	2,259,151	2,163,133	1,795,448
Industrial	567,019	532,861	524,355	440,908
Irrigation	496,287	478,708	464,719	343,280
Multi-purpose	13,334	12,832	22,998	17,053
Class D, irrigation	714,012	691,788	660,774	506,851
Carryover	2,084,736	2,056,639	1,817,185	1,545,158
Water assessments	\$11,296,458	\$ 10,907,539	\$ 10,342,519	\$ 9,020,452
Ownership by Water Allotment Contract Class (acre-foot units)				
Class B, municipal	152,729	152,429	151,517	151,063
Class C				
Irrigation	57,063	56,754	56,490	56,615
Domestic/Industrial/Multi-purpose	66,532	66,006	65,894	64,587
Class D, Irrigation ⁽¹⁾	33,676	34,811	36,099	37,735
Acre-foot units	310,000	310,000	310,000	310,000
Ownership by Water Allotment Contract Rate (acre-foot units)				
Fixed rate	95,299	96,289	97,401	98,263
Open rate	214,701	213,711	212,599	211,737
Acre-foot units	310,000	310,000	310,000	310,000

⁽¹⁾ Includes inactive units.

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2010 - 2019)(continued)**District Enterprise Fund**

Years ended September 30,

Unaudited

	2015	2014	2013	2012	2011	2010
Water Assessments						
Class B, municipal	\$ 3,529,939	\$ 3,181,025	\$ 2,950,799	\$ 2,805,799	\$ 2,676,564	\$ 2,652,230
Class C						
Domestic	1,442,564	1,308,281	1,222,250	1,165,155	1,136,715	1,156,327
Industrial	376,939	318,286	272,712	262,864	258,328	258,328
Irrigation	262,962	249,332	249,426	245,675	251,139	237,551
Multi-purpose	14,487	19,797	18,693	18,028	17,717	17,717
Class D, irrigation	318,641	310,360	315,163	301,179	306,431	312,300
Carryover	1,224,416	1,528,117	1,209,928	968,104	744,912	869,130
Water assessments	\$ 7,169,948	\$ 6,915,198	\$ 6,238,971	\$ 5,766,804	\$ 5,391,806	\$ 5,503,583
Ownership by Water Allotment Contract Class (acre-foot units)						
Class B, municipal	150,161	149,879	149,568	148,891	148,241	146,828
Class C						
Irrigation	56,417	60,122	60,505	60,660	59,696	60,322
Domestic/Industrial/Multi-purpose	63,878	58,999	57,414	56,871	57,569	57,273
Class D, Irrigation ⁽¹⁾	39,544	41,000	42,513	43,578	44,494	45,577
Acre-foot units	310,000	310,000	310,000	310,000	310,000	310,000
Ownership by Water Allotment Contract Rate (acre-foot units)						
Fixed rate	99,311	99,862	100,406	101,286	101,497	101,810
Open rate	210,689	210,138	209,594	208,714	208,503	208,190
Acre-foot units	310,000	310,000	310,000	310,000	310,000	310,000

⁽¹⁾ Includes inactive units.

Largest Water Allotment Contract Holders by Acre-Foot Units (2010 and 2019)

District Enterprise Fund

September 30,

Unaudited

Entity	2019		2010	
	Acre-Foot Units	Percentage	Acre-Foot Units	Percentage
North Poudre Irrigation Company	40,000	12.9%	40,000	12.9%
Greeley, City of	22,812	7.4	22,539	7.3
Boulder, City of	21,000	6.8	21,264	6.9
Fort Collins, City of	18,855	6.1	18,855	6.1
Broomfield, City and County of	13,698	4.4	12,849	4.1
Fort Collins-Loveland Water District	13,024	4.2	11,741	3.8
Longmont, City of	12,713	4.1	12,710	4.1
Loveland, City of	12,190	3.9	10,864	3.5
Little Thompson Water District	10,333	3.3	9,746	3.1
Xcel Energy (Public Service Company of Colorado)	10,007	3.2	9,997	3.2
Ten largest allottees by acre-foot units	174,632	56.3	170,565	55.0
Other allottees	135,368	43.7	139,435	45.0
Acre-foot units	310,000	100.0%	310,000	100.0%

Largest Water Allotment Contract Holders by Water Assessment (2010 and 2019)

District Enterprise Fund

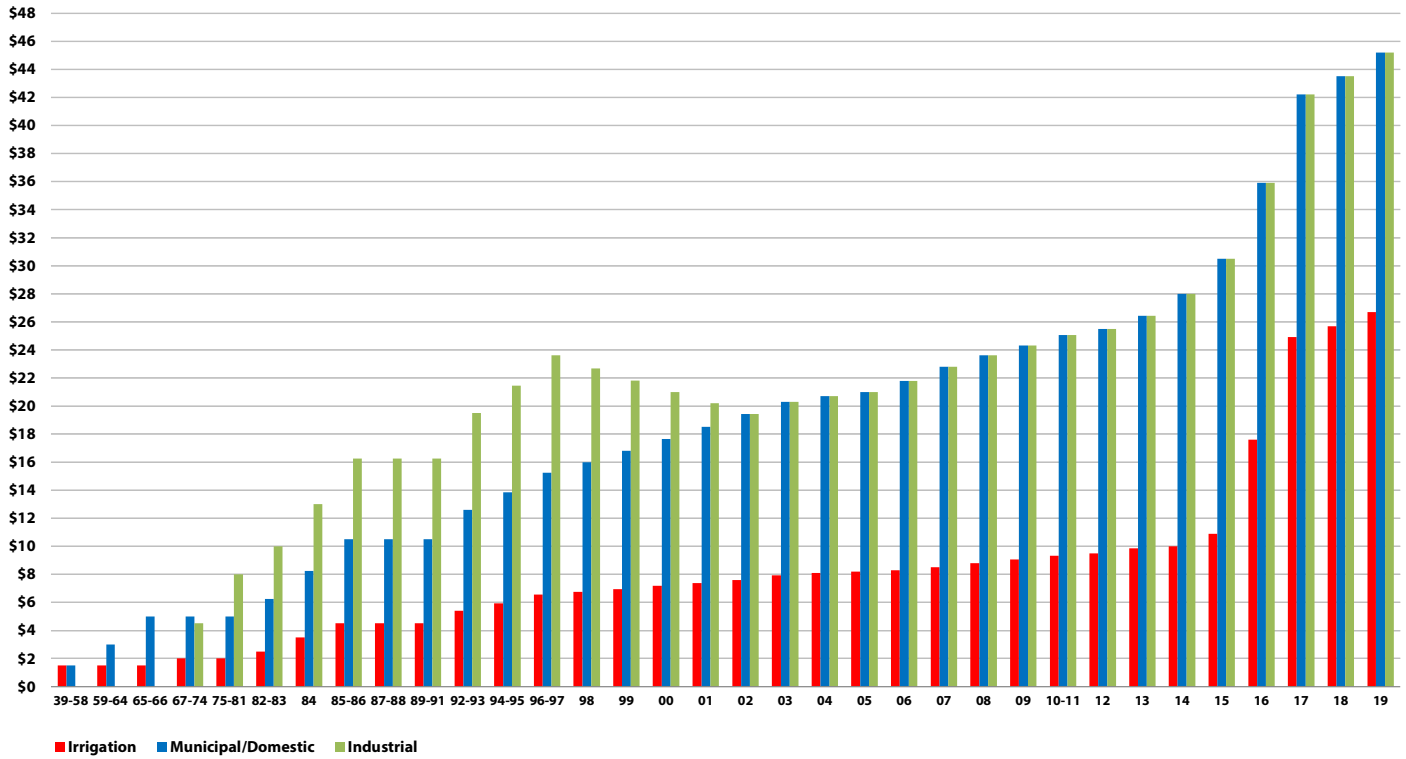
Years ended September 30,

Unaudited

Entity	2019			2010		
	Rank	Assessment	Percentage	Rank	Assessment	Percentage
Water Assessments						
Broomfield, City and County of	1	\$ 636,957	6.9%	3	\$ 327,008	7.0%
Fort Collins, City of	2	588,977	6.4	1	362,352	7.8
Fort Collins-Loveland Water District	3	588,685	6.4	5	289,794	6.3
Little Thompson Water District	4	467,052	5.1	6	252,058	5.4
Xcel Energy (Public Service Company of Colorado)	5	452,316	4.9	4	300,812	6.5
Boulder, City of	6	413,289	4.5	7	244,296	5.3
Greeley, City of	7	373,626	4.0	2	337,958	7.3
Longmont, City of	8	360,011	3.9	-	-	-
Left Hand Water District	9	332,446	3.6	9	226,397	4.9
Loveland, City of	10	330,023	3.6	10	220,595	4.7
Central Weld County Water District	-	-	-	8	230,071	5.0
Water assessments for ten largest allottees		4,543,382	49.3		2,791,341	60.2
Other allottees		4,668,340	50.7		1,843,112	39.8
C-BT Project water assessments, Classes B, C and D		9,211,722	<u>100.0%</u>		4,634,453	<u>100.0%</u>
Carryover water assessments		2,084,736			869,130	
Water assessments		<u>\$ 11,296,458</u>			<u>\$ 5,503,583</u>	

Open-Rate Water Assessment Charges (Historical)⁽¹⁾
District Enterprise Fund

September 30,
 Unaudited



2019 Open-Rate Water Assessments

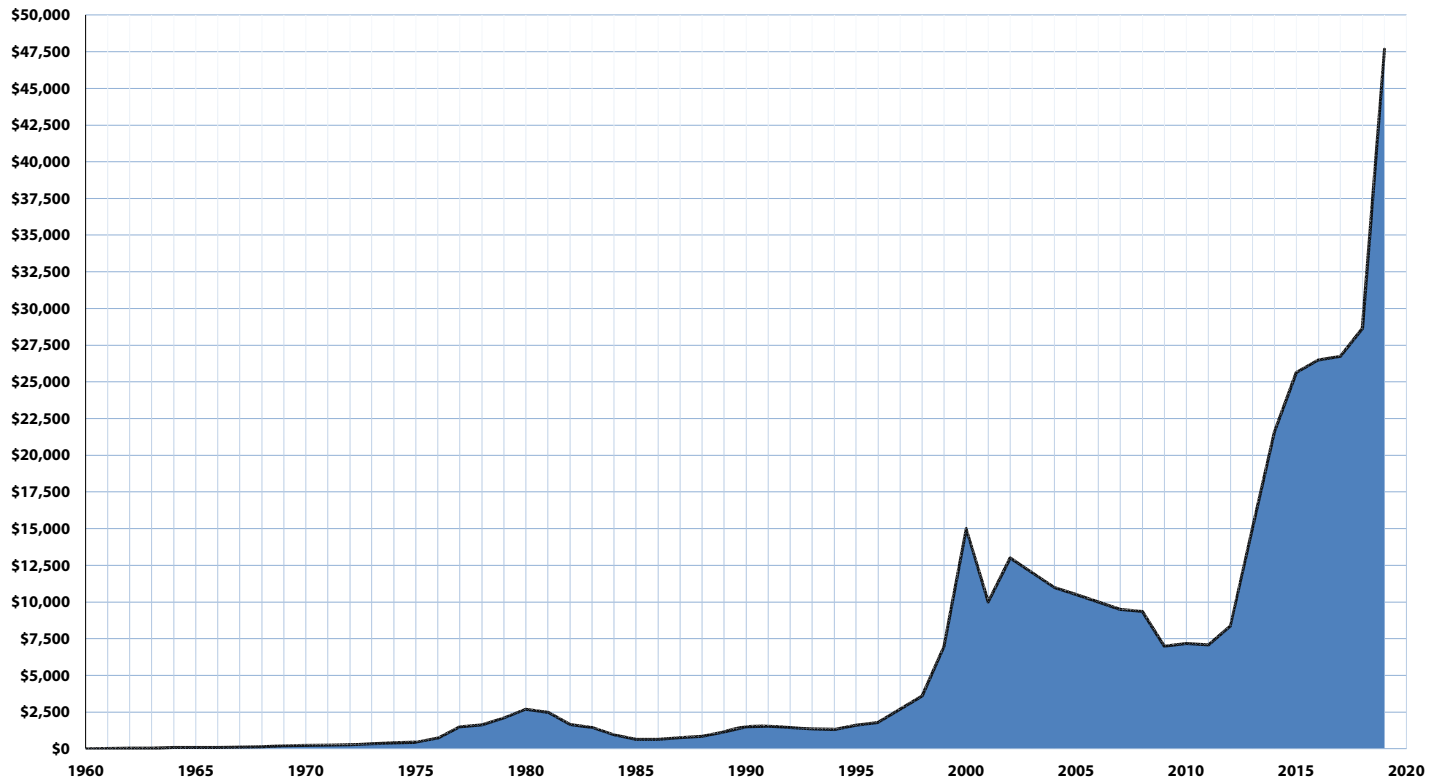
	Per Acre-Foot Unit	
Irrigation	\$	26.70
Municipal/Domestic/Industrial	\$	45.20

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

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

District Enterprise Fund

Years ended September 30,
Unaudited



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

Charges for Services and Energy Revenue (2010 - 2019)

District and Hydropower Enterprise Funds

Years ended September 30,
Unaudited

CHARGES FOR SERVICES	2019	2018	2017	2016	2015
District Enterprise Fund⁽¹⁾					
Reclamation	\$ 2,721,725	\$ 2,736,656	\$ 2,796,752	\$ 2,162,973	\$ 2,243,156
Labor, overhead and supplies	3,871,442	3,570,988	2,987,082	2,538,813	2,298,317
	\$ 6,593,167	\$ 6,307,644	\$ 5,783,834	\$ 4,701,786	\$ 4,541,473
ENERGY REVENUE AND OUTPUT					
Hydropower⁽²⁾					
Trout	\$ 785,813	\$ 760,873	\$ 798,799	\$ 750,251	\$ 606,827
Granby	329,441	351,668	311,291	186,495	-
	\$ 1,115,254	\$ 1,112,541	\$ 1,110,090	\$ 936,746	\$ 606,827
Hydropower(KWh)⁽²⁾					
Trout	8,027,000	8,213,000	9,039,000	8,078,000	6,585,000
Granby	4,698,130	5,338,000	4,921,000	2,954,000	-
	12,725,130	13,551,000	13,960,000	11,032,000	6,585,000

⁽¹⁾ Charges for services above do not reflect charges for services as shown on the Statement of Changes in Net Position (2010 - 2019) (page 52) prior to 2013, because prior to 2013 the amounts included a Northern Water Interdistrict Fund.

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

Charges for Services and Energy Revenue (2010 - 2019)(continued)
District and Hydropower Enterprise Funds

Years ended September 30,
 Unaudited

CHARGES FOR SERVICES	2014	2013	2012	2011	2010
District Enterprise Fund⁽¹⁾					
Reclamation	\$ 2,645,274	\$ 2,666,441	\$ 2,803,614	\$ 3,079,495	\$ 2,302,935
Labor, overhead and supplies	2,013,152	2,466,962	2,962,499	2,878,260	3,231,119
Charges for services	<u>\$ 4,658,426</u>	<u>5,133,403</u>	<u>5,766,113</u>	<u>\$ 5,957,755</u>	<u>\$ 5,534,054</u>
ENERGY REVENUE AND OUTPUT					
Hydropower⁽²⁾					
Trout	\$ 480,309	\$ 625,371	\$ 484,632	\$ -	\$ -
Granby	-	-	-	-	-
Hydropower	<u>\$ 480,309</u>	<u>\$ 625,371</u>	<u>\$ 484,632</u>	<u>\$ -</u>	<u>\$ -</u>
Hydropower(KWh)⁽²⁾					
Trout	5,425,000	7,303,000	3,671,000	-	-
Granby	-	-	-	-	-
Hydropower	<u>5,425,000</u>	<u>7,303,000</u>	<u>3,671,000</u>	<u>-</u>	<u>-</u>

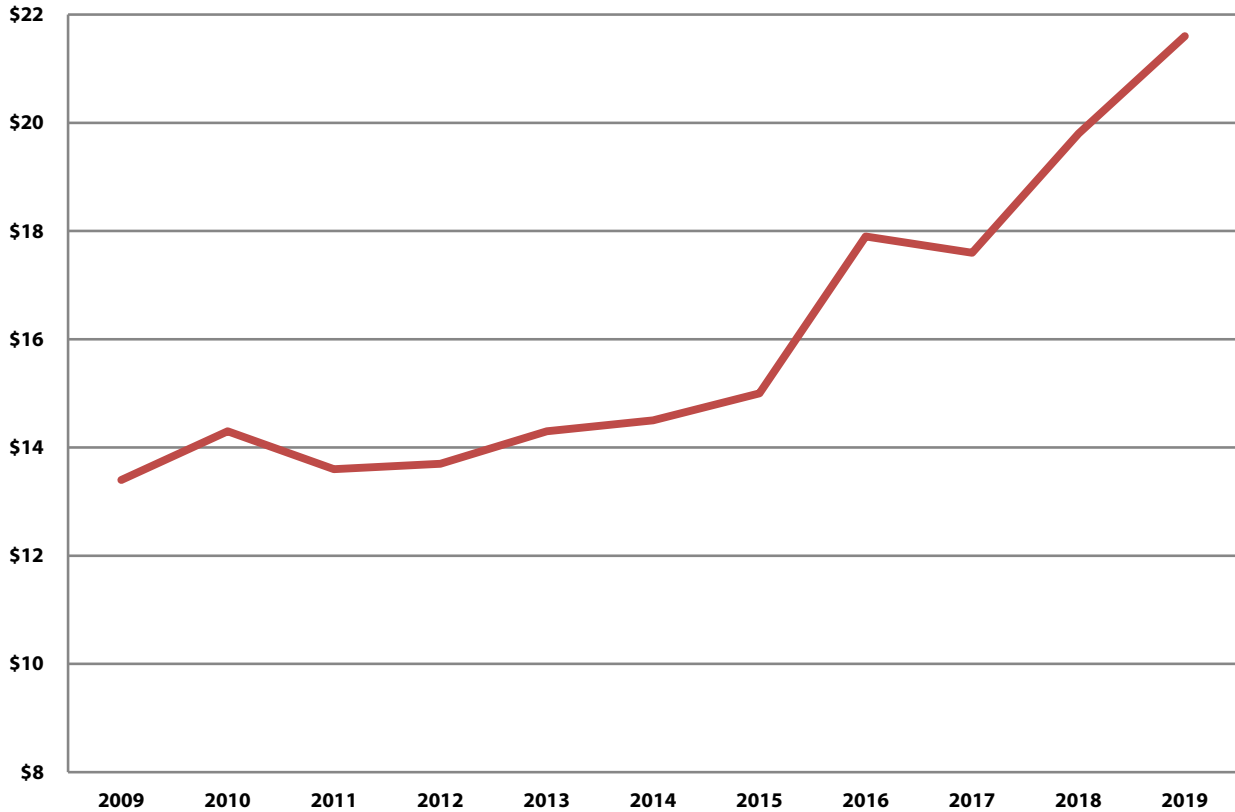


Pinewood Reservoir

Property Tax Levies and Collections (2010 - 2019)
District Enterprise Fund

Years ended September 30,
 Unaudited

Property Tax Levies (millions)



Year	Collections within the Fiscal Year of the Levy			Collections to Date		
	Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years ⁽¹⁾	Amount	Percentage of Levy
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
2017	17,645,466	17,521,665	99.3	12,735	17,534,400	99.4
2018	19,872,029	19,735,132	99.3	44,785	19,779,917	99.5
2019	21,571,402	21,231,116	98.4	212,293	21,443,409	99.4

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

Assessed and Estimated Actual Value of Taxable Properties (2010 - 2019)

District Enterprise Fund

Years ended September 30,
Unaudited (thousands)

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

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

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

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

Assessed and Estimated Actual Value of Taxable Properties (2010 - 2019)(continued)

District Enterprise Fund

Years ended September 30,
Unaudited (thousands)

	2015	2014	2013	2012	2011	2010
Assessed value						
Residential	\$ 6,281,199	\$ 6,099,667	\$ 6,074,677	\$ 5,909,508	\$ 5,929,482	\$ 6,086,297
Commercial	4,156,831	4,099,919	3,980,603	3,952,981	4,052,995	3,980,277
Industrial	827,148	778,650	774,364	771,045	823,691	905,459
Agricultural	91,905	101,879	93,038	100,511	98,188	89,250
Oil/Gas Natural Resources	2,565,815	2,193,319	2,062,585	1,699,052	1,343,270	1,931,838
Other	1,143,542	1,280,770	1,328,299	1,335,560	1,389,637	1,402,095
Assessed value of properties ⁽¹⁾	\$ 15,066,440	\$ 14,554,204	\$ 14,313,566	\$ 13,768,657	\$ 13,637,263	\$ 14,395,216
Estimated actual taxable value ⁽²⁾	\$ 109,203,469	\$ 105,782,558	\$ 104,724,999	\$ 101,340,564	\$ 101,069,535	\$ 105,112,464
Assessed value as a percentage of actual value	13.8%	13.7%	13.7%	13.6%	13.5%	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 71 are due to averaging in the above assessed valuation calculations.

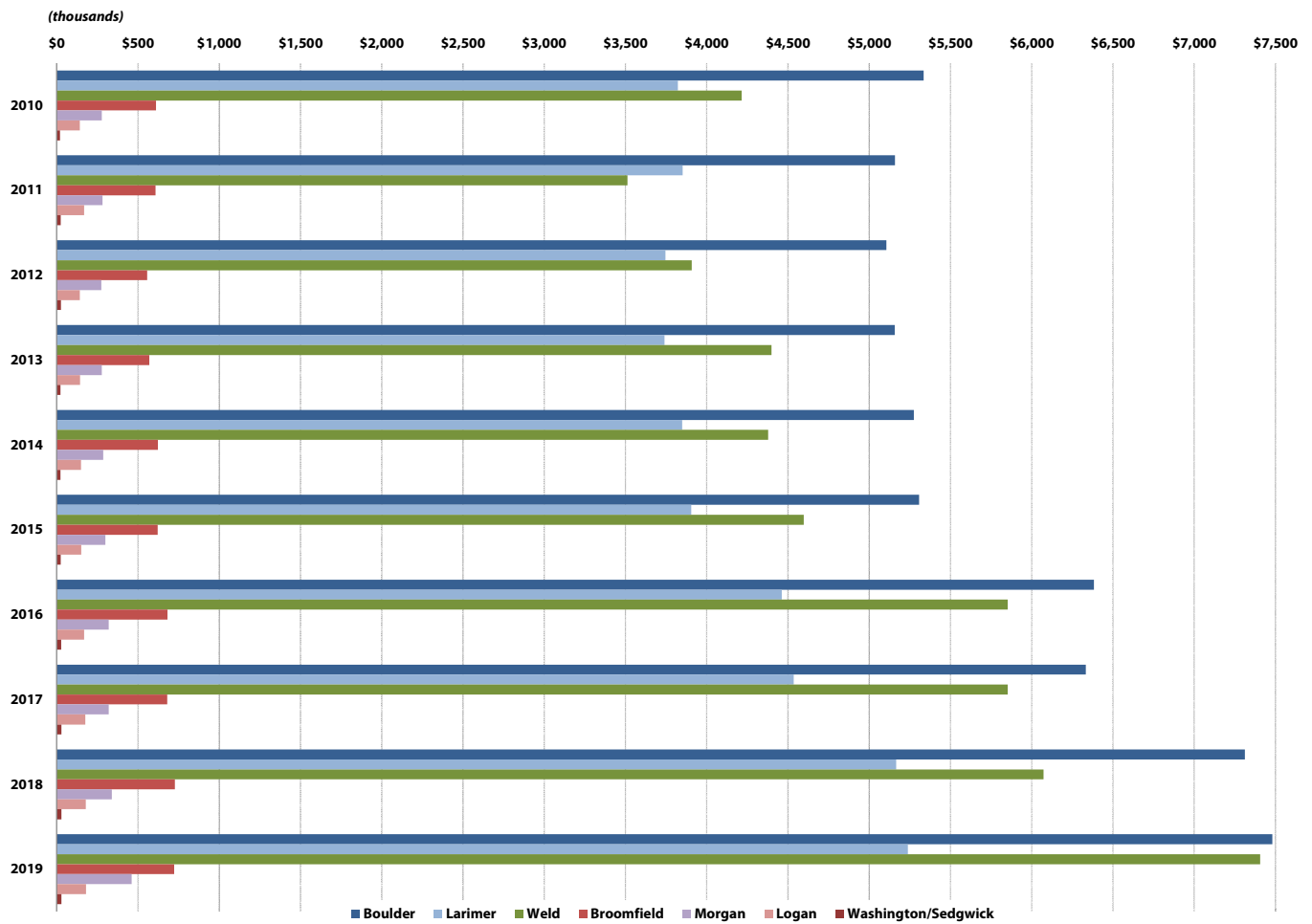
⁽²⁾ Tax rate at a maximum of 1.00 millage.

Property Tax Collections by County (2010 - 2019)

District Enterprise Fund

Years ended September 30,

Unaudited



Largest Corporate Taxpayers by Taxable Assessed Valuation (2010 and 2019)

District Enterprise Fund

Years ended September 30,
Unaudited (thousands)

Taxpayer	Rank	2019		Rank	2010 ¹⁾	
		Taxable Assessed Valuation	Percent		Taxable Assessed Valuation	Percent
Kerr-McGee Oil & Gas Onshore LP	1	\$ 844,079	3.9%	-	\$ -	- %
PDC Energy, Inc.	2	823,480	3.8	-	-	-
Extraction Oil & Gas	3	574,881	2.7	-	-	-
Xcel Energy (Public Service Company of Colorado)	4	500,047	2.3	1	169,510	1.2
Noble Energy, Inc.	5	403,870	1.9	-	-	-
SRC Energy, Inc.	6	376,716	1.7	-	-	-
Crestone Peak Resources	7	303,383	1.4	-	-	-
IBM Corporation	8	162,024	0.8	9	23,641	0.2
DCP Lucerne 2 Plant, LLC	9	160,447	0.7	-	-	-
DCP Operating, LP	10	146,374	0.7	-	-	-
Qwest	-	-	-	2	95,450	0.6
Anheuser Busch, Inc.	-	-	-	3	88,461	0.6
Flatiron Holding, LLC	-	-	-	4	45,240	0.3
Amgen	-	-	-	5	40,674	0.3
Level 3 Communications	-	-	-	6	28,180	0.2
Macherich Twenty Ninth Street, LLC	-	-	-	7	25,785	0.2
Centerra Lifestyle Center	-	-	-	8	24,928	0.2
Oracle (Sun Microsystems, Inc.)	-	-	-	10	22,074	0.1
Taxable assessed value of ten largest taxpayers		4,295,301	19.9		563,943	3.9
Taxable assessed value of other taxpayers		17,276,101	80.1		13,831,273	96.1
Taxable assessed value of all taxpayers		\$ 21,571,402	100.0%		\$ 14,395,216	100.0%

Source: In 2019, data taken from the counties' top taxpayers within Northern Water boundaries.

Statistics of Outstanding Debt by Type (2010 - 2019)

District and Hydropower Enterprise Funds

September 30,
Unaudited

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

⁽¹⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 74.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 74.

⁽³⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 74.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 68.

Statistics of Outstanding Debt by Type (2010 - 2019)(continued)

District and Hydropower Enterprise Funds

September 30,

Unaudited

	2015	2014	2013	2012	2011	2010
District Enterprise Fund						
Certificates of Participation ⁽¹⁾	\$ 6,780,000	\$ 7,790,000	\$ 8,770,000	\$ 13,380,000	\$ 14,275,000	\$ 15,135,000
Unamortized premium ⁽²⁾	554,433	641,169	753,450	86,074	93,520	100,614
Certificates of Participation	7,334,433	8,431,169	9,523,450	13,466,074	14,368,500	15,235,614
Contracts Payable to Reclamation						
Horsetooth Safety of Dams	3,680,307	3,786,026	3,885,997	3,980,532	4,069,927	4,154,461
Pole Hill Canal	443,762	524,014	601,646	676,744	749,389	-
District Enterprise Fund	11,458,502	12,741,209	14,011,093	18,123,350	19,187,816	19,390,075
Hydropower						
Colorado Water Resources and Power Development Authority	1,748,088	1,833,727	1,917,687	2,000,000	1,082,825	-
Colorado Water Conservation Board	2,033,958	-	-	-	-	-
Hydropower	3,782,046	1,833,727	1,917,687	2,000,000	1,082,825	-
Outstanding debt	\$ 15,240,548	\$ 14,574,936	\$ 15,928,780	\$ 20,123,350	\$ 20,270,641	\$ -
District Enterprise Fund Outstanding Debt						
Per capita ⁽³⁾	\$ 13	\$ 15	\$ 16	\$ 21	\$ 23	\$ 23
Percentage of personal income ⁽⁴⁾	.03%	.04%	.04%	.06%	.06%	.07%
District Enterprise Fund Contracts Payable to Reclamation						
Per capita ⁽⁵⁾	\$ 5	\$ 5	\$ 5	\$ 5	\$ 6	\$ 5
Percentage of estimated actual value of taxable properties ⁽⁶⁾	-	-	-	-	-	-

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

⁽²⁾ 2014 balances revised to reflect deferred gain on refunding as a deferred inflow of resources in accordance with GASB 65.

⁽³⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 74.

⁽⁴⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 74.

⁽⁵⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 74.

⁽⁶⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 68.

Northern Water Population and Economic Statistics (2010 - 2019)⁽¹⁾

September 30,
Unaudited

	2019	2018	2017	2016	2015
Population in Northern Water Boundaries⁽²⁾	1,000,013	982,678	959,455	922,233	893,145
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 69,239	\$ 66,415 ⁽⁴⁾	\$ 63,707 ⁽⁴⁾	\$ 60,220 ⁽⁴⁾	\$ 58,552
Larimer County	56,846	53,497	52,059	50,410	48,730
Weld County	44,080	42,701	42,787	27,047	31,657
Personal Income (000s)⁽³⁾					
Boulder County	\$ 21,939,604	\$ 20,528,122	\$ 19,232,516	\$ 18,369,741	\$ 17,042,764
Larimer County	19,553,660	18,401,684	17,699,696	16,830,336	15,823,069
Weld County	12,500,000	11,200,000	10,600,000	10,740,000	8,350,000
Unemployment Rate⁽³⁾					
Boulder County	2.7%	2.6%	2.2%	2.9%	3.7%
Larimer County	2.7	2.3	2.8	3.4	4.3
Weld County	2.7	3.4	3.8	3.8	3.9

⁽¹⁾ The population in Boulder, Larimer and Weld Counties represents more than 90 percent of the total estimated population within Northern Water boundaries.

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

⁽³⁾ Data taken from the counties' most recent CAFRs.

⁽⁴⁾ Restated in county CAFR.

Northern Water Population and Economic Statistics (2010 - 2019)(continued)⁽¹⁾

September 30,
Unaudited

	2014	2013	2012	2011	2010
Population in Northern Water Boundaries⁽²⁾	878,100	859,913	858,565	842,494	842,447
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 56,940	\$ 51,893	\$ 53,352	\$ 50,095	\$ 49,543
Larimer County	46,610	45,775	44,179	38,546	37,655
Weld County	29,986	25,233	27,186	28,503	27,788
Personal Income (000s)⁽³⁾					
Boulder County	\$ 16,417,561	\$ 15,535,659	\$ 15,758,416	\$ 14,786,545	\$ 14,525,373
Larimer County	14,756,959	14,234,423	13,486,391	11,583,959	11,235,574
Weld County	8,350,000	7,760,000	6,930,000	7,070,000	7,380,000
Unemployment Rate⁽³⁾					
Boulder County	4.4%	5.4%	6.1%	6.7%	5.7%
Larimer County	5.8	6.6	7.1	7.6	6.3
Weld County	6.7	8.7	9.1	9.8	8.2

⁽¹⁾ The population in Boulder, Larimer and Weld Counties represents more than 90 percent of the total estimated population within Northern Water boundaries.

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

⁽³⁾ Data taken from the counties' most recent CAFRs.

⁽⁴⁾ Restated in county CAFR.

Largest Employers by Principal Municipalities Served by Northern Water (2010 and 2019)

September 30,

Unaudited

Boulder, City of⁽¹⁾

Employers	2019			2010 ⁽²⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	6,463	3.5%	1	6,827	4.1%
St. Vrain Valley School District ⁽³⁾	2	4,661	2.5	5	3,238	1.9
Boulder Valley School District	3	4,200	2.3	2	4,200	2.5
Boulder County	4	2,008	1.1	-	-	-
Ball Corporation	5	1,600	0.9	6	3,100	1.9
IBM Corporation	6	1,400	0.8	3	3,400	2.0
Boulder, City of	7	1,351	0.7	-	-	-
Seagate Technology, LLC	8	1,300	0.7	-	-	-
National Center for Atmospheric Research (NCAR)	9	1,187	0.6	-	-	-
National Oceanic & Atmospheric Administration (NOAA)	10	867	0.5	-	-	-
Sun Microsystems	-	-	-	4	3,300	2.0
Colorado, State of	-	-	-	7	2,881	1.8
Boulder Community Hospital ⁽⁴⁾	-	-	-	8	2,200	1.3
Level 3 Communications	-	-	-	9	2,016	1.2
Covidien	-	-	-	10	1,750	1.0
Top ten principal employers		25,037	13.6%		32,912	19.7%
Employees ⁽⁵⁾		184,096			167,066	

Source: Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

⁽¹⁾ The City of Boulder lists the largest employers in Boulder and Broomfield Counties. Employment information specific to the City of Boulder is not available for the years presented. Broomfield County, as an employer, has been excluded.

⁽²⁾ Data taken from the Northern Water 2010 CAFR.

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

⁽⁴⁾ Information not available for 2019.

⁽⁵⁾ Calculated based on number of employees for largest employers and percentage employment.

Largest Employers by Principal Municipalities Served by Northern Water (2010 and 2019)(continued)

September 30,
Unaudited

Fort Collins, City of

Employers	2019			2010 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Colorado State University	1	7,200	7.0%	1	6,755	7.7%
Poudre R-1 School District	2	4,500	4.4	2	3,929	4.5
UC Health Poudre Valley Hospital	3	4,100	4.0	3	2,832	3.2
Fort Collins, City of	4	2,200	2.1	5	1,795	2.1
Larimer County	5	1,700	1.6	4	1,975	2.3
Broadcom (Avago)	6	1,500	1.5	9	656	0.8
Woodward, Inc.	7	1,300	1.3	8	994	1.1
Otter Products, LLC.	8	1,000	1.0	-	-	-
U.S. Department of Agriculture	9	740	0.6	-	-	-
Tolmar, Inc.	10	650	0.6	-	-	-
Hewlett Packard	-	-	-	6	1,524	1.8
Center Partners	-	-	-	7	1,081	1.2
Anheuser-Busch	-	-	-	10	609	0.7
Top ten principal employers		24,890	24.1%		22,150	25.4%
Employees ⁽²⁾		103,278			87,205	

Broomfield, City and County of⁽³⁾

Employers	2019			2010 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
CenturyLink (formerly Level 3 Communications)	1	2,360	6.3%	1	2,016	7.3%
Oracle America (formerly Sun Microsystems)	2	2,000	5.2	2	1,900	6.8
SCL Health Care	3	1,200	3.2	-	-	-
Hunter Douglas Window Fashions Division	4	980	2.6	3	787	2.8
Broomfield, City and County of	5	795	2.1	5	581	2.1
Vail Resorts, Inc.	6	740	1.9	-	-	-
TSYS (formerly TransFirst Holdings)	7	580	1.5	-	-	-
Danone Wave Foods (formerly Whitewave Foods)	8	570	1.5	8	385	1.4
Broadcom (Brocade Communications Systems)	9	500	1.3	9	300	1.1
Vmware	10	470	1.2	-	-	-
Ball Corporation	-	-	-	4	659	2.4
Sandoz, Inc.	-	-	-	6	550	2.0
MWH Global	-	-	-	7	430	1.5
Staples/Corporate Express	-	-	-	10	300	1.1
Top ten principal employers		10,195	26.8%		7,908	28.5%
Employees ⁽²⁾		38,107			27,798	-

⁽¹⁾ Data taken from the Northern Water 2010 CAFR.

⁽²⁾ Calculated based on number of employees for largest employers and percentage employment.

⁽³⁾ Data provided for the entire City and County of Broomfield, only a portion of which is within Northern Water boundaries.

Largest Employers by Principal Municipalities Served by Northern Water (2010 and 2019)(continued)

September 30,
Unaudited

Longmont, City of

Employers	2019			2010 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St. Vrain Valley School District ⁽²⁾	1	3,543	6.7%	1	4,876	11.3%
Longmont, City of	2	1,625	3.1	4	814	1.9
Seagate Technology	3	1,436	2.7	3	1,160	2.7
Longmont United Hospital	4	671	1.3	2	1,282	2.9
West Safety Services Division	5	598	1.1	-	-	-
UC Health Longs Peak Hospital	6	540	1.0	-	-	-
Federal Aviation Administration	7	484	0.9	7	540	1.3
McLane Western	8	460	0.9	9	425	1.0
Circle Graphics, Inc.	9	400	0.8	-	-	-
Crocs	10	345	0.6	-	-	-
Intrado	-	-	-	5	762	1.8
Amgen	-	-	-	6	645	1.5
DigitalGlobe	-	-	-	8	437	1.0
Butterball, LLC (Longmont Foods)	-	-	-	10	404	0.8
Top ten principal employers		10,102	19.1%		11,345	26.2%
Employees ⁽³⁾		52,890			43,302	

Greeley, City of

Employers	2019			2010 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
JBS Swift & Company	1	4,590	9.2%	1	3,600	4.6%
Banner Health Care (formerly North Colorado Medical Center)	2	3,560	7.1	2	2,700	3.4
Greeley/Evans School District Six	3	2,200	4.4	3	2,400	3.0
University of Northern Colorado ⁽⁴⁾	4	1,900	3.8	4	1,701	1.8
Weld County	5	1,615	3.2	5	1,490	1.9
State Farm Insurance Companies	6	1,200	2.4	7	1,310	1.8
Greeley, City of	7	900	1.8	8	1,160	1.5
TeleTech Services	8	620	1.2	-	-	-
Noble Energy	9	500	1.0	-	-	-
Leprino Foods	10	450	0.9	-	-	-
U.S. Government	-	-	-	6	1,400	1.8
Wal-Mart Supercenter	-	-	-	9	1,015	1.4
Aims Community College	-	-	-	10	874	1.2
Top ten principal employers		17,535	35.0%		17,650	22.4%
Employees ⁽³⁾		50,070			78,795	

Source: Data taken or calculated from the cities' most recent CAFRs unless otherwise indicated.

⁽¹⁾ Data taken from the Northern Water 2010 CAFR.

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

⁽³⁾ Calculated based on number of employees for largest employers and percentage employment.

⁽⁴⁾ Initially reported as State of Colorado.

Largest Employers by Principal Municipalities Served by Northern Water (2010 and 2019)(continued)

September 30,

Unaudited

Loveland, City of

Employers	2019			2010 ⁽¹⁾		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	2,479	4.9%	1	2,113	6.4%
Medical Center of the Rockies	2	1,621	3.2	4	1,100	3.4
Wal-Mart Distribution Center	3	1,226	2.4	5	1,020	3.1
Nutrein/Crop Production Services	4	900	1.8	-	-	-
Loveland, City of	5	833	1.6	7	692	2.1
Hach Company	6	800	1.6	3	1,200	3.7
McKee Medical Center	7	577	1.1	6	950	2.9
Pinnacle Agriculture Holdings, LLC	8	200	0.4	-	-	-
The Eye Laser Center of Northern Colorado	8	200	0.4	-	-	-
North Shore Health and Rehab	10	154	0.4	-	-	-
Promenade Shops at Centerra	-	-	-	2	1,927	5.9
Group Publishing	-	-	-	8	311	1.0
Wal-Mart Supercenter	-	-	-	9	307	0.9
Kroll Factual Data	-	-	-	10	292	0.9
Top ten principal employers		8,990	17.8%		9,912	30.3%
Employees ⁽²⁾		50,540			32,740	



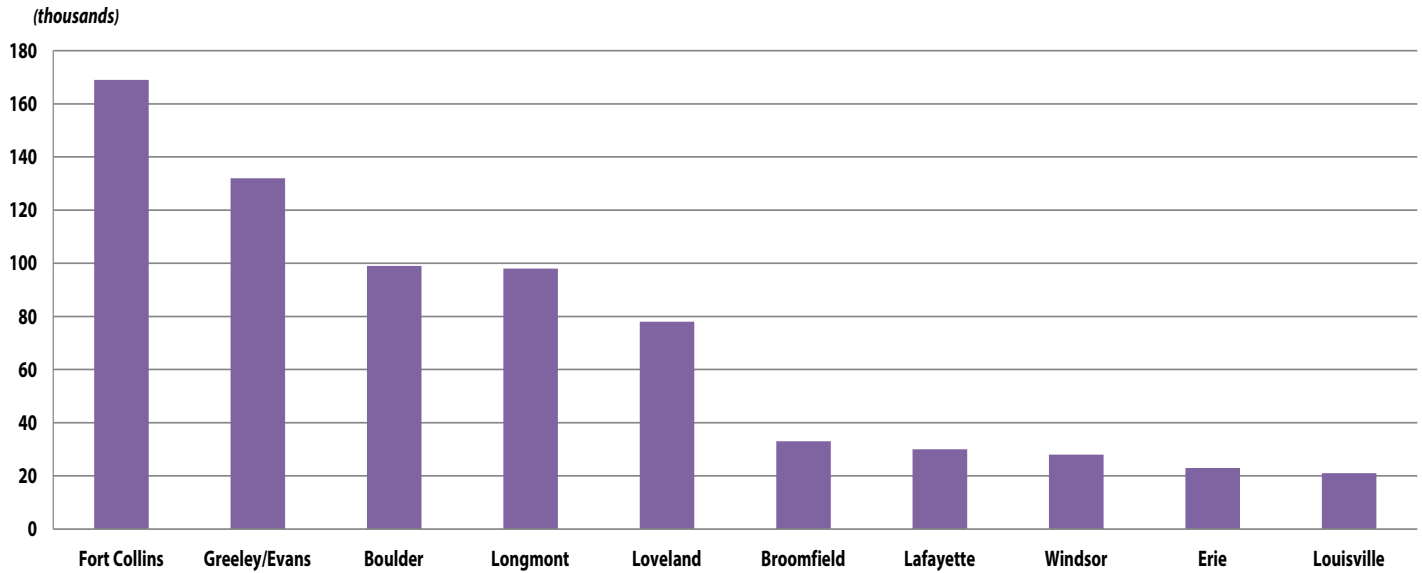
The North Boulder Recreation Center was one of 12 landscape projects across Boulder, Larimer and Weld counties that received funding support from a Northern Water new grant program.

⁽¹⁾ Data taken from the Northern Water 2010 CAFR.

⁽²⁾ Calculated based on number of employees for largest employers and percentage employment.

Population of Ten Largest Municipalities in Northern Water Boundaries (2010 and 2019)

September 30, 2019
Unaudited



Municipalities ⁽¹⁾	2019		2010 ⁽³⁾	
	Population ⁽²⁾	Percentage	Population	Percentage
Fort Collins, City of	168,623	16.8%	140,087	16.6%
Greeley/Evans, Cities of	132,297	13.2	112,138	13.3
Boulder, City of	99,442	10.0	102,210	12.1
Longmont, City of	98,347	9.8	86,035	10.2
Loveland, City of	78,300	7.8	66,132	7.9
Broomfield, City and County of	33,165	3.3	24,703	2.9
Lafayette, City of	29,965	3.0	26,200	3.1
Windsor, Town of	28,054	2.8	18,722	2.3
Erie, Town of	22,780	2.3	16,402	1.9
Louisville, City of	20,532	2.1	19,480	2.3
Population of ten largest municipalities in Northern Water boundaries	711,508	71.1	612,109	72.6
Other municipalities and unincorporated areas	288,508	28.9	230,338	27.4
Estimated population within Northern Water boundaries	1,000,013	100.0%	842,447	100.0%

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

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

⁽³⁾ Data taken from the Northern Water 2010 CAFR.



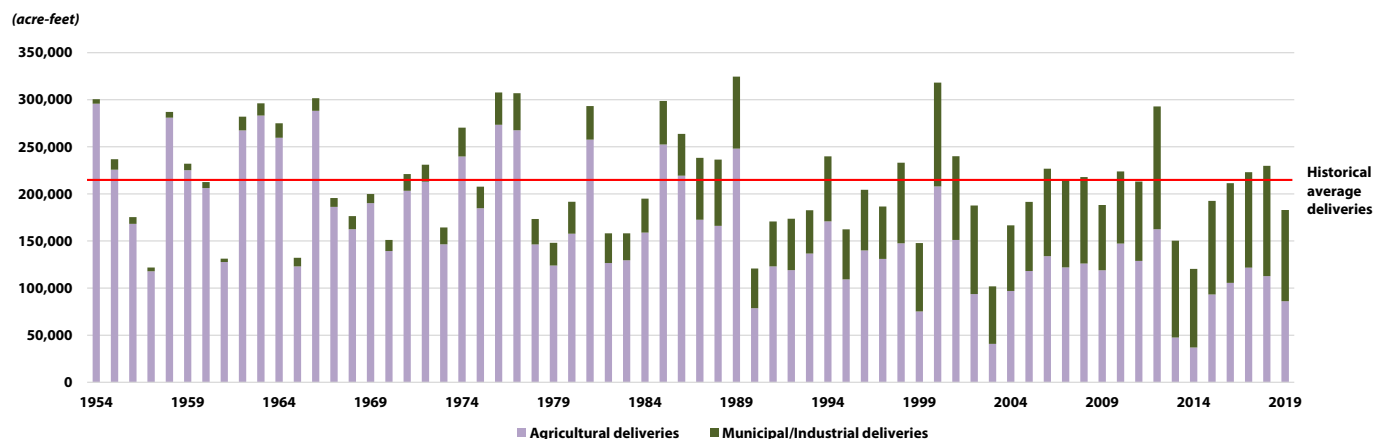
Hansen Supply Canal delivers water from Horsetooth Reservoir into the Poudre River.

C-BT Project Water Deliveries (Historical and 2010 - 2019)⁽¹⁾

District Enterprise Fund

Years ended September 30,

Unaudited



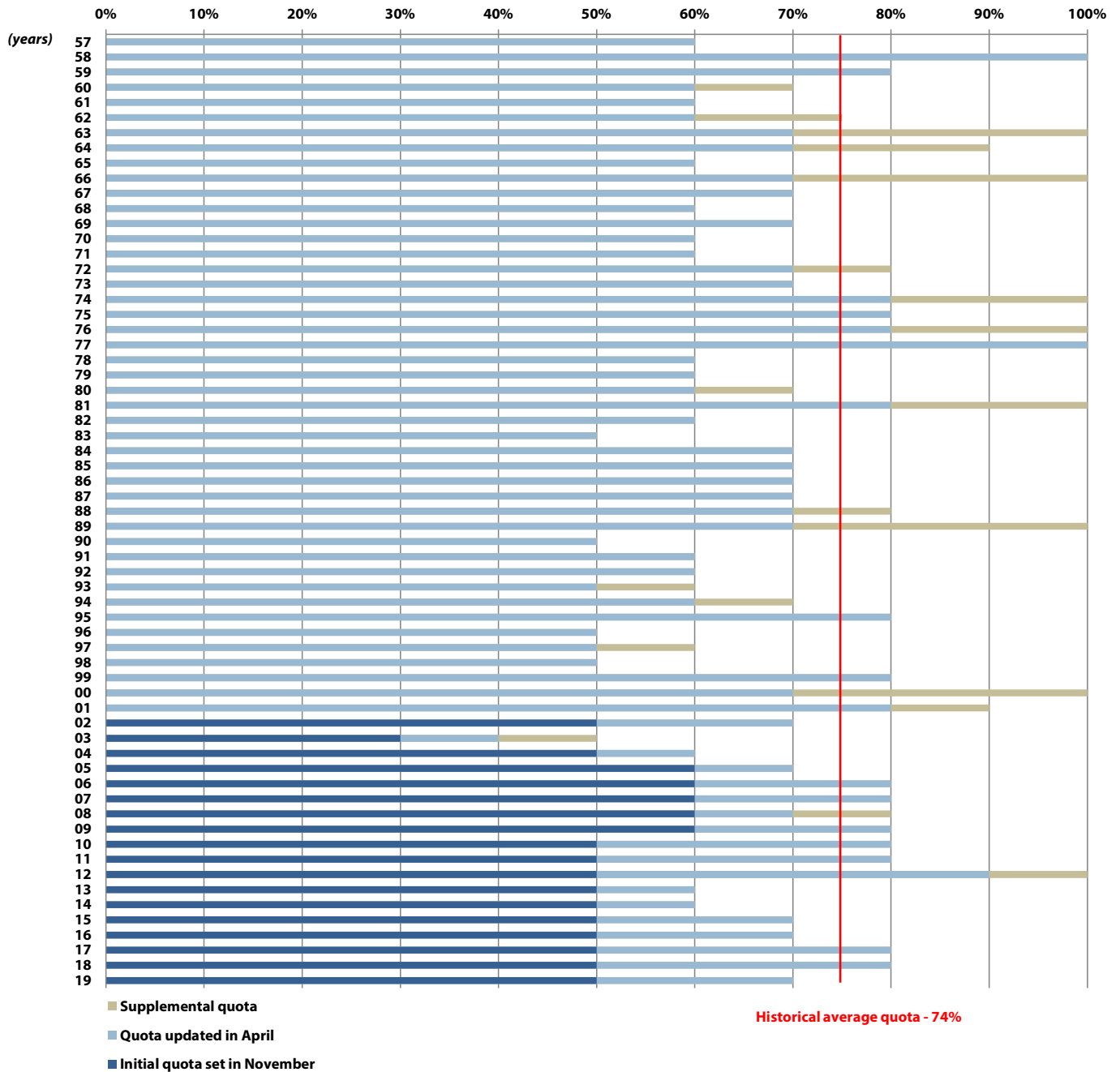
Year	Agricultural		Municipal/Industrial		Water Deliveries
	Deliveries	Percentage	Deliveries	Percentage	
2010	147,223	65.8%	76,641	34.2%	223,864
2011	128,912	60.5	84,265	39.5	213,177
2012	162,554	55.5	130,361	44.5	292,915
2013	47,646	31.7	102,708	68.3	150,354
2014	36,991	30.7	83,512	69.3	120,503
2015	93,211	48.4	99,345	51.6	192,556
2016	105,576	49.9	105,854	50.1	211,428
2017	121,802	54.6	101,307	45.4	223,108
2018	112,785	49.1	116,984	50.9	229,770
2019	86,166	47.1	96,739	52.9	182,905
Historical average from 1954	162,431	76.3%	50,559	23.7%	212,990

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

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

District Enterprise Fund

Years ended September 30,
Unaudited



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

Capital Assets by Northern Water Enterprise Fund (2010 - 2019)

September 30,

Unaudited

	2019	2018	2017	2016	2015
District Enterprise Fund					
Non-depreciable capital assets					
Land, perpetual easements and water rights	\$ 84,541,864	\$ 84,252,380	\$ 81,911,417	\$ 81,996,315	\$ 81,997,293
Construction in progress	1,917,520	522,555	2,701,458	2,668,200	2,031,625
Depreciable capital assets					
Buildings and improvements	22,030,730	19,796,460	19,428,994	19,340,433	18,654,537
Operations equipment	6,343,738	5,476,107	5,472,775	5,370,649	5,440,607
Computer and office equipment	9,358,085	9,698,287	10,055,588	9,382,832	8,555,986
Capital assets	124,191,937	119,745,789	119,570,232	118,758,429	116,680,048
Less accumulated depreciation					
Buildings and improvements	(12,152,680)	(11,380,960)	(10,622,714)	(9,865,172)	(9,123,419)
Operations equipment	(4,689,138)	(4,529,724)	(5,030,052)	(5,033,544)	(5,094,729)
Computer and office equipment	(5,776,443)	(5,419,017)	(5,113,699)	(4,694,811)	(4,240,138)
Accumulated depreciation	(22,618,261)	(21,329,701)	(20,766,465)	(19,593,527)	(18,458,286)
District Enterprise Fund capital assets, net	101,573,676	98,416,088	98,803,767	99,164,902	98,221,762
Southern Water Supply Project					
Non-depreciable capital assets					
Land, easements and water rights ⁽¹⁾	5,232,983	5,232,983	5,232,983	5,232,983	5,232,983
Construction in progress	38,796,165	8,999,194	3,857,236	2,189,374	1,750,024
Depreciable capital assets					
Water pipeline and equipment	70,649,583	70,643,074	69,983,333	69,983,357	70,003,210
Capital assets	114,678,731	84,875,251	79,073,552	77,405,714	76,986,217
Less accumulated depreciation					
Water pipeline and equipment	(39,452,542)	(37,777,246)	(36,117,443)	(34,461,533)	(32,824,079)
SWSP capital assets, net	75,226,189	47,098,005	42,956,109	42,944,181	44,162,138
Pleasant Valley Pipeline Project					
Non-depreciable capital assets					
Land and easements	934,330	934,330	934,330	934,330	934,330
Depreciable assets					
Water pipeline and equipment	29,732,205	29,732,205	29,732,205	29,732,205	29,732,205
Capital assets	30,666,535	30,666,535	30,666,535	30,666,535	30,666,535
Less accumulated depreciation					
Water pipeline and equipment	(11,149,576)	(10,406,271)	(9,662,966)	(8,919,661)	(8,176,356)
PVP capital assets, net	19,516,959	20,260,264	21,003,569	21,746,874	22,490,179
Northern Integrated Supply Project					
Non-depreciable capital asset					
Construction in progress	39,381,817	30,883,491	24,134,570	20,139,477	16,737,711
Hydropower⁽²⁾					
Non-depreciable capital assets					
Construction in progress	-	-	-	-	2,830,289
Depreciable capital assets					
Hydropower plants	11,502,848	11,489,074	11,489,074	11,489,074	6,278,945
Capital assets	11,502,848	11,489,074	11,489,074	11,489,074	9,109,234
Less accumulated depreciation					
Hydropower plants and appurtenances	(1,540,032)	(1,252,804)	(965,578)	(678,352)	(521,378)
Hydropower capital assets, net	9,962,816	10,236,270	10,523,496	10,810,722	8,587,856
Capital assets, net	\$245,661,457	\$ 206,894,118	\$ 197,421,511	\$ 194,806,156	\$ 190,199,646

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

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

Capital Assets by Northern Water Enterprise Fund (2010 - 2019)(continued)

September 30,
Unaudited

District Enterprise Fund	2014	2013	2012	2011	2010
District Enterprise Fund					
Non-depreciable capital assets					
Land, perpetual easements and water rights	\$ 82,027,587	\$ 81,829,055	\$ 78,931,481	\$ 69,311,486	\$ 66,458,165
Construction in progress	283,363	54,526	3,140,242	1,547,231	1,598,488
Depreciable capital assets					
Buildings and improvements	18,594,598	18,732,858	18,732,858	18,721,544	18,721,544
Operations equipment	5,371,761	5,419,499	5,343,262	5,234,578	5,097,270
Computer and office equipment	8,172,229	8,040,845	3,055,626	3,421,254	3,208,332
Capital assets	<u>114,449,538</u>	<u>114,076,783</u>	<u>109,203,469</u>	<u>98,236,093</u>	<u>95,083,799</u>
Less accumulated depreciation					
Buildings and improvements	(8,396,388)	(7,790,187)	(6,977,380)	(6,122,579)	(5,265,105)
Operations equipment	(5,079,024)	(5,071,837)	(5,001,649)	(4,912,530)	(4,814,833)
Computer and office equipment	(3,605,688)	(2,973,089)	(2,707,585)	(3,027,395)	(2,674,394)
Accumulated depreciation	<u>(17,081,100)</u>	<u>(15,835,113)</u>	<u>(14,686,614)</u>	<u>(14,062,504)</u>	<u>(12,754,332)</u>
District Enterprise Fund capital assets, net	<u>97,368,438</u>	<u>98,241,670</u>	<u>94,516,855</u>	<u>84,173,589</u>	<u>82,329,467</u>
Southern Water Supply Project					
Non-depreciable capital assets					
Land, easements and water rights ⁽¹⁾	5,232,983	5,232,983	-	-	-
Construction in progress	1,607,625	1,113,518	850,649	811,089	680,473
Depreciable capital assets					
Water pipeline and equipment	<u>69,526,213</u>	<u>69,499,494</u>	<u>74,732,477</u>	<u>74,742,404</u>	<u>74,735,178</u>
Capital assets	<u>76,366,821</u>	<u>75,845,995</u>	<u>75,583,126</u>	<u>75,553,493</u>	<u>75,415,651</u>
Less accumulated depreciation					
Water pipeline and equipment	<u>(31,164,625)</u>	<u>(29,519,078)</u>	<u>(27,871,845)</u>	<u>(26,013,426)</u>	<u>(24,141,257)</u>
SWSP capital assets, net	<u>45,202,196</u>	<u>46,326,917</u>	<u>47,711,281</u>	<u>49,540,067</u>	<u>51,274,394</u>
Pleasant Valley Pipeline Project					
Non-depreciable capital assets					
Land and easements	934,330	934,330	934,330	934,330	934,330
Depreciable assets					
Water pipeline and equipment	<u>29,732,205</u>	<u>29,739,846</u>	<u>29,732,205</u>	<u>29,732,205</u>	<u>29,732,205</u>
Capital assets	<u>30,666,535</u>	<u>30,674,176</u>	<u>30,666,535</u>	<u>30,666,535</u>	<u>30,666,535</u>
Less accumulated depreciation					
Water pipeline and equipment	<u>(7,433,051)</u>	<u>(6,690,510)</u>	<u>(5,946,441)</u>	<u>(5,203,136)</u>	<u>(4,459,831)</u>
PVP capital assets, net	<u>23,233,484</u>	<u>23,983,666</u>	<u>24,720,094</u>	<u>25,463,399</u>	<u>26,206,704</u>
Northern Integrated Supply Project					
Non-depreciable capital asset					
Construction in progress	<u>14,490,801</u>	<u>12,733,803</u>	<u>11,326,978</u>	<u>10,159,460</u>	<u>9,029,413</u>
Hydropower⁽²⁾					
Non-depreciable capital assets					
Construction in progress	-	-	-	2,255,182	-
Depreciable capital assets					
Hydropower plants	<u>6,278,945</u>	<u>6,278,945</u>	<u>6,219,195</u>	-	-
Capital assets	<u>6,278,945</u>	<u>6,278,945</u>	<u>6,219,195</u>	<u>2,255,182</u>	-
Less accumulated depreciation					
Hydropower plants and appurtunances	<u>(364,405)</u>	<u>(207,431)</u>	<u>(51,827)</u>	-	-
Hydropower capital assets, net	<u>5,914,540</u>	<u>6,071,514</u>	<u>6,167,368</u>	<u>2,255,182</u>	-
Capital assets, net	<u>\$ 186,209,459</u>	<u>\$ 187,357,570</u>	<u>\$ 184,442,576</u>	<u>\$ 171,591,697</u>	<u>\$ 168,839,978</u>

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

⁽²⁾ Trout and Granby Hydropower facilities became operational 2012 and 2016, respectively.

Project Capacity Statistics by Northern Water Enterprise Fund

September 30, 2019

Unaudited

Northern Water

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

- 130 miles of water conveyance
- 12 storage reservoirs
- 6 hydro electric power plants⁽²⁾
- 700 miles of transmission lines

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 ⁽³⁾	Total
West Slope			
Grand Lake ⁽⁴⁾	4.5	N/A	68,600
Green Mountain ⁽²⁾	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>

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

In addition, Northern Water operates three pump stations:

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

⁽³⁾ Active capacity is the amount of water that can be stored and later released for beneficial purposes. In most reservoirs, some amount of the stored water cannot be evacuated due to the placement of outlet works. The water that cannot be evacuated is sometimes called "dead storage."

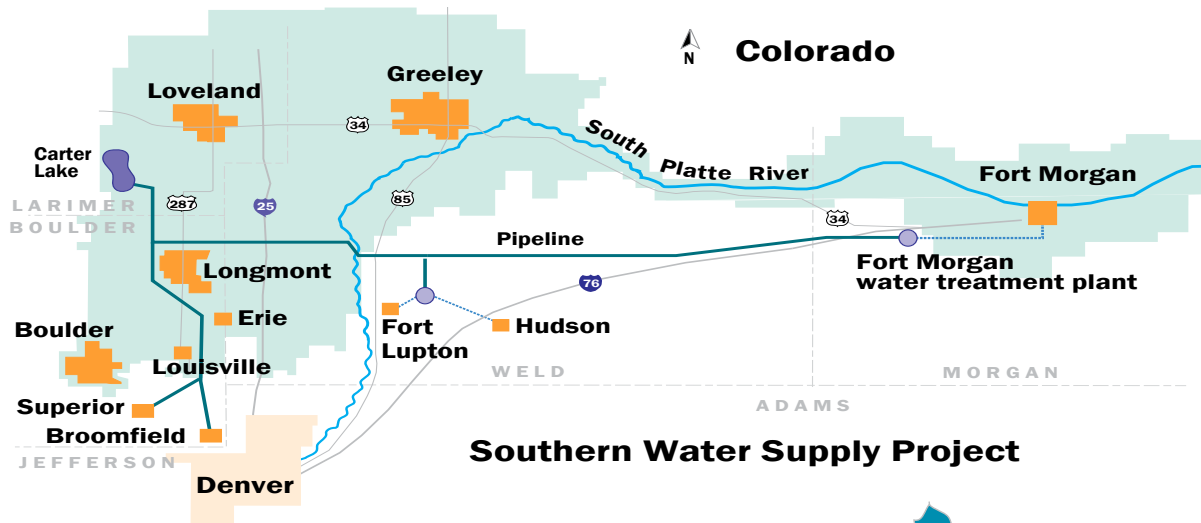
⁽⁴⁾ Natural lake.

Project Capacity Statistics by Northern Water Enterprise Fund (continued)

September 30, 2019
Unaudited

Southern Water Supply Project

Water Conveyance	Capacity (cfs)	Length (miles)	Pump Stations	Capacity (cfs)	Rated Lift (feet)	Installed Capacity (horsepower)
Broomfield	93.1	34	Broomfield	24	110	550
Louisville/Superior	13.2	8	West Longmont	41	310	2,000
Fort Morgan	11.0	42	Louisville/Superior	9	340	600
Fort Lupton/Hudson	9.6	29				
			Pump stations	74	760	3,150
Water conveyance		113				



Southern Water Supply Project II (under construction)

Water Conveyance	Capacity (cfs)	Length (miles)
Southern Water Supply Project Pipeline II	50	20.6

Eastern Pump Station (under construction)

Pump Station	Capacity (cfs)	Rated Lift (feet)	Installed Capacity (horsepower)
Eastern Pump Station	33.6	653	3,500



Project Capacity Statistics by Northern Water Enterprise Fund (continued)

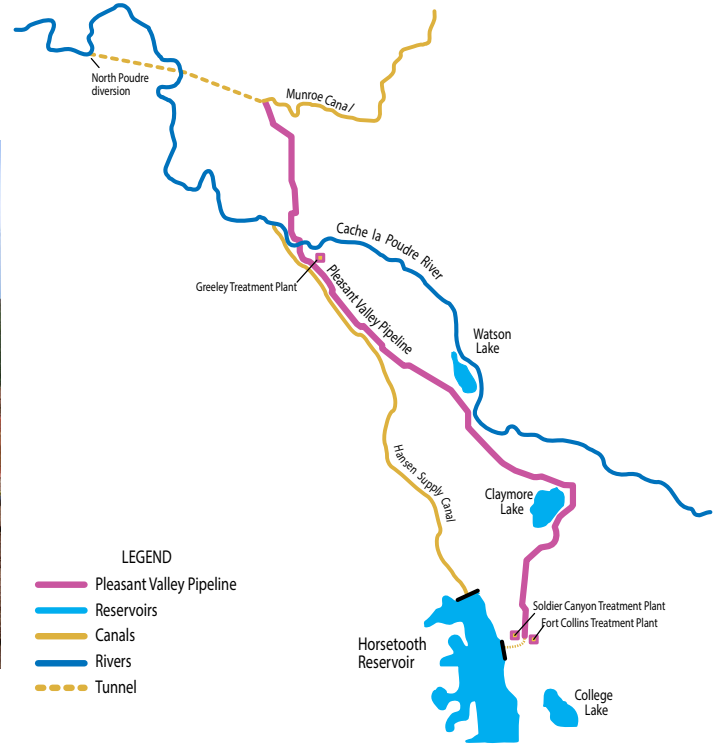
September 30, 2019
Unaudited

Pleasant Valley Pipeline Project

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



Construction of Pleasant Valley Pipeline



Hydropower

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



Robert V. Trout Hydropower Plant below Carter Lake in Larimer County



Granby Hydropower Plant below Lake Granby in Grand County

Northern Water Employees by Division (2010 - 2019)⁽¹⁾

September 30,
Unaudited

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Management	6	5	4	4	5	5	5	5	5	5
Public Information Officer	1	1	-	-	-	-	-	-	-	-
Human Resources	2	2	-	-	-	-	-	-	-	-
Policy Advisors	2	4	-	-	-	-	-	-	-	-
Operations Division										
Collection Systems	15	14	15	15	17	18	18	19	19	19
Distribution Systems	17	15	16	19	19	18	18	17	17	17
Facilities and Equipment	10	11	10	9	9	9	10	10	10	10
Capital Improvements	1	2	-	-	-	-	-	-	-	-
Instrumentation Control and Electrical Engineering	4	5	5	5	5	5	5	5	5	5
Safety Officer	1	1	1	1	1	-	-	-	-	-
Operations Division	48	48	47	49	51	50	51	51	51	51
Engineering Division										
Project Management	8	7	7	5	5	4	4	3	3	3
Water Resources	3	7	4	4	4	4	4	4	4	4
Real Estate/Emergency and Security	6	5	2	2	2	1	1	2	2	2
Engineering Division	17	19	13	11	11	9	9	9	9	9
Environmental Services Division										
Water Quality	6	6	5	4	3	3	3	3	3	2
Water Efficiency	4	4	-	-	-	-	-	-	-	-
Field Services	8	8	8	7	6	6	6	5	5	5
Environmental Planning	1	-	-	-	-	-	-	-	-	-
Environmental Services Division	19	18	13	11	9	9	9	8	8	7
Administration Division										
Financial Services	8	6	6	6	6	6	6	5	5	5
Communications	6	4	7	6	7	8	8	9	9	9
Contracts	3	3	-	-	-	-	-	-	-	-
Information Technology	11	10	9	9	10	11	11	11	11	11
Water Scheduling	4	1	1	1	1	1	-	-	-	-
Records and Administrative Services	7	6	7	7	7	8	8	8	8	8
Administration Division	39	30	30	29	31	34	33	33	33	33
Full-time regular employees	134	127	107	104	107	107	107	106	106	105

⁽¹⁾ Statistics as of September 30, 2019. Certain changes were implemented as of October 1, 2019, as reflected on the organizational chart on page vi.

Northern Water Organizational and Contact Information

September 30, 2019
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.

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