



Annual Comprehensive Financial Report

For the Year Ended September 30, 2023

Northern Colorado Water Conservancy District | Berthoud, Colorado

Annual Comprehensive Financial Report

Year ended September 30, 2023

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Berthoud, Colorado



Issued by:

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



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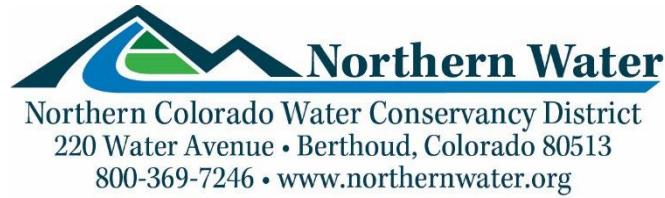
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INTRODUCTION

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



April 2, 2024

To the Residents and Board of Directors of the Northern Colorado Water Conservancy District,

We are pleased to transmit the Annual Comprehensive Financial Report of the Northern Colorado Water Conservancy District (Northern Water) for the year ended September 30, 2023.

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

Plante & Moran, PLLC (Plante Moran), a certified public accounting and consulting firm, has issued unmodified opinions on the Northern Water financial statements for the year ended September 30, 2023. The independent auditors' report is located on page 21.

Management's Discussion and Analysis, located on page 24, provides a narrative introduction, overview and analysis of the basic financial statements. Management's Discussion and Analysis complements, and should be read in conjunction with, this letter of transmittal.

Profile of Northern Water

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



Crews construct the inlet structure to the Granby Pump Plant, later renamed to Farr Pump Plant, in September 1948.

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

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

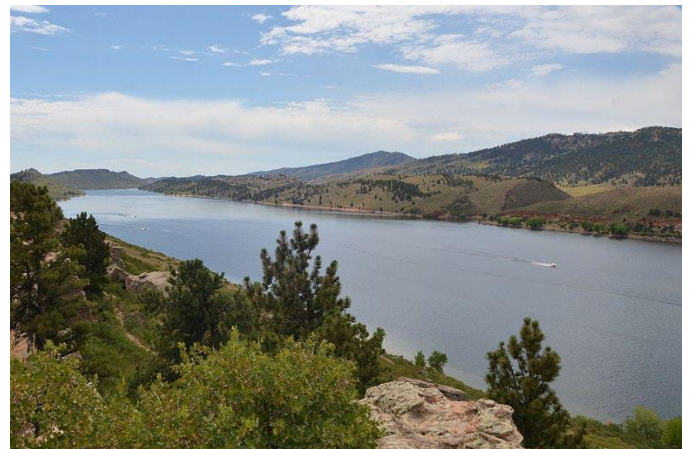
- Solution-oriented service
- Regional cooperation
- Collaborative, proactive and progressive leadership
- Water resources conservation
- Environmental stewardship
- Personal and corporate ethical integrity and professionalism

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

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

Northern Water

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



Horsetooth Reservoir

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

Southern Water Supply Project Enterprise Fund

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

Pleasant Valley Pipeline Project Enterprise Fund

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

Northern Integrated Supply Project Enterprise Fund

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

Northern Water Hydropower Enterprise Fund

The Northern Water Hydropower Enterprise Fund (Hydropower) was established to construct and operate small hydropower plants. Hydropower currently owns and operates the Robert V. Trout Hydropower Plant at Carter Lake and the Granby Hydropower Plant at Lake Granby. The two plants became operational in 2012 and 2016, respectively, and, combined, generated almost 12.95 million kWh of energy in 2023. Energy is sold to local electric utilities. Construction of the plants was funded through debt and interfund financing. Revenue from energy sales provides all operating and debt service cash requirements.

Highlights

District Enterprise Fund

- Like other states in the Colorado River Basin, Colorado was fortunate to receive above-average precipitation and water supplies in 2023. A string of winter storms brought much-needed moisture to locations throughout the Colorado River Basin and its tributaries, providing the region with a reprieve after three years of below-normal conditions and allowing key reservoirs to recover marginally from lower levels in 2021 and 2022. Perhaps more important, a wet spring and early summer in Northeastern Colorado suppressed some demand for supplemental water from the Colorado-Big Thompson Project and filled local reservoirs. This culminated with the highest recorded level of water storage in the project's history on July 10, 2023. A record 803,291 acre-feet of water was stored in the project's reservoirs.
- On the policy front, the Colorado General Assembly passed legislation to create a Colorado River Drought Task Force. The task force met starting in July to provide recommendations to the General Assembly for "programs to assist in addressing drought in the Colorado River Basin and the state's interstate commitments related to the Colorado River and its tributaries." Recommendations from the task force were provided in a report to the Colorado General Assembly late in 2023.
- Northern Water's ongoing Campus Development Project continued to transform the Berthoud headquarters in 2023. Phase II of the project progressed with the expansion of Building A, the main administration building. Considerable progress was made on the new wing which will be the future home to departments within the Environmental Services division and the Finance and Administration divisions. To tie in the existing 20-year-old building to the new wing, crews worked to renovate and rebuild offices, conference rooms, the boardroom and the main entrance. Phase II is anticipated to be completed in June 2024.
- The Northern Water Willow Creek Campus near Granby received a LEED (Leadership in Energy and Environmental Design) Silver certification in September 2023 for its environmentally sustainable design and construction. LEED is a globally recognized symbol of sustainability achievement and leadership.
- In 2023, Northern Water continued its partnership with Grand County and others in the Natural Resources Conservation Service Emergency Watershed Protection program, U.S. Forest Service stream restoration, road protection, stabilization projects and Colorado Water



Northern Water's Willow Creek Campus in Granby

Conservation Board grant programs to implement watershed restoration efforts in areas impacted by the East Troublesome Fire.

- Northern Water initiated a new Source Water Protection Program to further safeguard the high-quality water that comes from the watersheds that supply water to the Colorado-Big Thompson and Windy Gap projects, as well as the Northern Integrated Supply Project. This will be part of a state and nationwide effort to protect water sources, designed to help public water systems take preventative measures to keep their sources of drinking water free from potential contaminants.
- Northern Water awarded approximately \$275,000 in grants to 16 new water saving projects through its Water-Efficient Landscape Grant Program. With the 2023 funding, Northern Water has now contributed nearly \$850,000 in grants over the past five years to 63 projects.

Northern Integrated Supply Project

- In 2023, NISP invested almost \$1.3 million in land acquisitions and easements to secure acreage for future project development sites.
- On January 5, 2023, the Northern Water Board of Directors accepted the Section 404 Permit proffered by the U.S. Army Corps of Engineers for the long-awaited Northern Integrated Supply Project. The federal permit for the project was 20 years in the making, and it includes the mitigation measures and enhancements that will be required as the project gets built and operations are under way. These measures are being incorporated into the final design of project components such as Glade Reservoir, the pipeline conveyance system, river diversions and the relocation of U.S. Highway 287. With the permit in possession, final design, field investigations, land acquisitions and environmental compliance work progressed throughout 2023, and will continue into 2024.

Hydropower Enterprise Fund

- In 2023, Hydropower Enterprise received \$502,053 from the Department of Energy for the 242 Hydroelectric Production Incentive program.

MAJOR ACTIVITIES AND INITIATIVES

Northern Water

Emergency Watershed Protection Program

In October 2020, Grand County was devastated by the East Troublesome Fire that burned almost 200,000 acres before it was contained six weeks later. A significant portion of the burn area was located above the C-BT Project's West Slope Collection System in the Upper Colorado River Basin. Northern Water has provided a leadership role for portions of the post-fire watershed restoration effort. Northern Water has partnered with Grand County to co-sponsor and collaborate with the Three Lakes Watershed Association, the Middle Park Conservation District, and the Colorado River Water Conservation District and others to implement the Natural Resources Conservation Service Emergency Watershed Protection (EWP) program recovery effort for areas impacted by the fire. Implementation of the EWP program reached approximately 350 landowners and the work was completed by multiple contractors and consultants.



An aerial view shows the burned areas in Grand County from the East Troublesome Fire in 2020.

The EWP program's purpose is to implement watershed protection projects that mitigate risks to life and property caused by sudden watershed impairments such as post-fire flooding, sediment loading and debris flows. Watershed protection is vital to Northern Water to help maintain high quality water supplies and minimize changes in operations or damage to C-BT facilities that could occur from increased sediment and debris and degraded water quality. Using funds through the EWP program, matched with money from the Colorado Water Conservation Board, Northern Water and Grand County have worked to develop projects to mitigate hillslope erosion, install debris booms to protect key water infrastructures,

manage increased sediment load and preemptively remove debris. Seeding and mulching to mitigate increased post-fire hillslope erosion was applied to approximately 5,200 acres. As of September 30, 2023, approximately \$33.4 million had been invested in the watershed protection effort and grant reimbursements of \$31.9 million had been requested. The program extended through September 2023 with continued efforts on hillslope erosion, sediment management and general flood protection practices. The activities have been audited through Northern Water's single audit, as described on page 12.

Campus Development Project

With growth to both present operations, as well as anticipated needs for projects currently under construction or in final permitting, Northern Water launched its Campus Development Project in 2021 with groundbreaking for both the Berthoud headquarters campus expansion and a new West Slope campus. At the Berthoud headquarters, Phase I of the project concluded in the fall of 2022 and included a new operations building, fleet maintenance space, and additional parking. On the West Slope, the new Willow Creek campus, located just south of the Willow Creek Pump Plant, opened in September 2022 and accommodates Northern Water's West Slope employees by replacing the existing office, control center and shop facilities at the Farr and Windy Gap pump plants.



An aerial view of the Northern Water Berthoud headquarters in 2023.

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

Northern Integrated Supply Project Enterprise Fund

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

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

In 2023, NISP continued design and permitting efforts. After having received its State 401 Water Quality Certification from the State of Colorado and a Larimer County 1041 Land Use Permit for construction of Glade Reservoir in 2020, NISP received its federal Clean Water Act Section 404 Record of Decision in December 2022 and its Section 404 Permit proffered by the U.S. Army Corps of Engineers in January 2023. Additional permitting with local jurisdictions is ongoing.

Local Economy

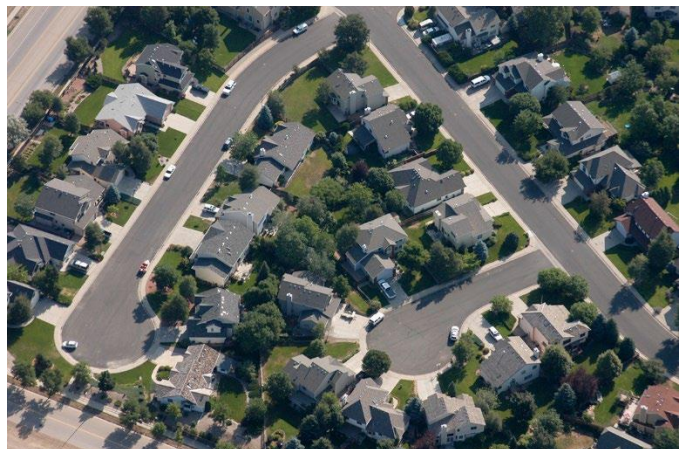
The Colorado Economic & Revenue Forecast, published in December 2023 by the Colorado Legislative Council Staff provides an economic overview of the state of Colorado. Most of the data in this section comes from this source, which is not Northern Water's data or commentary. The forecast includes analysis of two of the major regions within Northern Water District boundaries: the Metro Denver Region and the Northern Region. The Metro Denver Region includes Boulder and Broomfield counties. It has the largest share of the state's population and more than 60 percent of the state's workers. Leisure and hospitality are key economic sectors. The Northern Region consists of Larimer and Weld counties. Larimer

County has a diverse economy that continues to outperform the state, fueled largely by population growth. Weld County economics are driven primarily by energy and agriculture.

The U.S. and Colorado economies exceeded expectations in 2023 with low unemployment rates, robust consumer spending, and softening inflation. This forecast anticipates that economic growth will slow in 2024 as the lagged impacts of higher interest rates continue to take effect and consumer activity slows due to weakening household finances. Risk of an upcoming recession is still present, but incoming data indicate that a recession is becoming less likely. Tight monetary policy continues to be a risk for economic activity moving forward, but consistent disinflation and a healthy labor market signal that monetary policy has, thus far, successfully walked the line between being too aggressive and not aggressive enough. Household balance sheets have weakened, showing low rates of personal saving, which is expected to weaken consumer spending in 2024. Finances may be improved by rebounding real incomes and wages. Employment growth has slowed to more sustainable levels compared to 2022, but has slowed more for Colorado than the nation, pending upcoming data revisions. Inflation has slowed substantially and is expected to continue to fall throughout the forecast period, but remain above 2.0 percent. Inflation remains higher in Colorado than the nation as housing costs continue to exert more upward pressure.

Assessed Values

A forecast for assessed values – the amount of property values that are subject to taxation at local mill levies – begins on page 61. This forecast incorporates the changes under Senate Bill 23B-001 that was passed by the General Assembly during the November 2023 special session. Assessed values are estimated to have increased 24.6 percent in property tax year 2023. Legislative adjustments dampened the spike in assessed values, but increases still exceeded those in prior reassessment cycles. In 2024, assessed values are expected to grow 6.9 percent under current law as temporary reductions through lower assessment rates and value adjustments expire. Legislative adjustments are expected to offset a significant decrease in oil and gas valuation and weaker building activity. More pronounced in lower value areas of the state, the expiration of a \$55,000 residential value adjustment under SB 23B-001 could contribute to significant and rapid, double-digit increases in residential assessed value for many areas under current law. In the 2025 reassessment year, weaker market conditions following peak prices captured in the 2023 reassessment cycle will contribute to a slow 1.9 percent increase in projected assessed values. Moderate building activity will contribute to a projected 0.8 percent increase in the 2026 intervening year.



Home values continue to climb throughout Northern Water boundaries.

Labor

Labor markets in Colorado and the nation show signs of cooling, with slower job growth and nominal wage growth alongside low but rising unemployment rates. A slowing labor market is consistent with a soft landing as the effects of tight monetary policy slow economic activity. Near-term employment growth is expected to continue to slow for both Colorado and the nation. The impacts of the slowdown are expected to continue to be uneven, with unemployment rates, wage growth, and job growth varying significantly across workers and industries. Additionally, expected revisions to nonfarm employment data muddy the picture of the state's job market.

- U.S. nonfarm employment is expected to end 2023 with 2.2 percent growth and to slow to 1.4 percent in 2024. The U.S. unemployment rate is expected to average 3.7 percent in 2023, before increasing to 4.0 percent in 2024.
- In Colorado, employment growth is expected to decelerate throughout the forecast period, with increases of 2.3 percent in 2023 and 1.5 percent in 2024. The Colorado unemployment rate is expected to average 3.0 percent in 2023, before rising to 3.3 percent in 2024.

Energy

Oil and gas prices forecast to remain below summer 2022 peak through 2025. Oil and gas prices have decreased significantly since peaking in mid-2022. Although up from \$70.25 in June 2023, the average monthly oil price in October 2023 (\$85.64) remained 25.4 percent lower than its peak in June 2022. Natural gas prices have also risen over the past six months, but were 66.1 percent lower than their August 2022 peak in October. In 2023, the price per barrel of West Texas Intermediate crude is expected to average \$79.65 per barrel, a 16.0 percent decline from the 2022 average, and the Henry Hub spot price is expected to decline by 58.0 percent to \$2.67 per million British thermal units (BTU). The price outlook for oil in 2023 was revised up slightly as prices over the fall were higher than anticipated, perhaps suggesting a larger-than-anticipated impact of voluntary OPEC production cuts over the latter half of the year. The oil price outlook for 2024 and 2025 was also revised higher based on the latest report from the Energy Information Administration (EIA), which attributes upward revisions to modest declines in inventories, increased risk of supply disruptions, and the expectation that OPEC producers will voluntarily keep production lower than stated production targets. The forecast now anticipates oil prices will grow by about 12.0 percent in 2024 and average about \$89, before a contraction in 2025 to around \$82. The higher price outlook is expected to support more U.S. oil production in addition to gains from improved well productivity.

Natural gas production continues to increase in the United State while declining in Colorado. A large contributor to national growth has been gas produced from oil wells, which has increased with rising oil production. The influx of supply has dampened prices and continues to weigh on the outlook. Additionally, warmer temperatures over the winter of 2024 compared with last year are expected to reduce demand for residential heating. Both effects are expected to contribute to larger-than-average inventories through 2024 and ease price pressure. Prices are expected to grow modestly in 2024 to \$3.26, a slight upward revision from the last forecast. Prices are expected to rise by about 7.0 percent in 2025 and average about \$3.50.

Retail gasoline prices trend lower with lower oil prices, but refinery outages moderated decreases in 2023. In November, the average price of a gallon of regular gasoline in the United States was down 11.6 percent year-to-date compared to the same period in 2022, and remained well below the peak in June 2022. In 2023, gasoline prices have fallen by a smaller percentage than oil prices due to summer and fall refinery outages. By year end, prices are expected to average \$3.55 for the year. In 2024, the Energy Information Administration anticipates higher crude oil prices will contribute to a higher price of gasoline, but will be offset somewhat by smaller wholesale margins. The average price is expected rise just 1.7 percent to \$3.61, an upward revision from the last forecast. Retail regular gasoline prices have averaged about 2.0 percent higher in Colorado than the United States in 2023 due in part to outages at the Suncor Refinery in the first half of the year. Historically, prices in Colorado have been lower than the nation, on average.

Personal Income

Personal income growth has remained steady, continuing to grow at a healthy pace in both Colorado and the nation. Personal income measures the aggregate amount of income received by individuals and households from wages and salaries, business ownership, investments, and other sources. Personal income influences state revenue streams such as household contributions to income tax revenue, and foreshadows consumer spending and contributions to sales tax receipts.

Agriculture

The outlook for the U.S. agricultural economy generally remains positive, with persistent headwinds dampening farm income in 2023 following multiple years of strong growth. Higher interest costs and falling commodity prices have contributed to softening farm finances, but impacts are tempered for producers more dependent on cattle production. Measures of financial stress have worsened in the Federal Reserve's Tenth District, which includes Colorado, but balance sheets and farm loan performance continue to be bolstered by multiple years of strong incomes.

Agricultural prices remain elevated, but continue falling. A nationwide index of agricultural prices declined by 5.0 percent in the second quarter of 2023, but remains well above recent historical averages. Price declines in major commodities, including broilers, corn, and soybeans, more than offset price increases in cattle and hogs in the third quarter. A rebound in Colorado crop production last year placed downward pressure on corn and wheat prices, while declining beef cow

herds continue to push cattle prices up. Nationwide, farmgate prices for cattle and wholesale beef were up 29.0 percent and 27.0 percent, respectively, in October 2023 compared to a year prior.

Farm income declined in 2023, with thinner profit margins for major commodities. After multiple years of strong growth, U.S. farm income moderated in 2023, as commodity prices softened and production costs remained elevated. While strong cattle prices boosted margins for many ranches and feedlots, crop producers face weakening profit opportunities. Farm loan repayment rates declined in the Tenth District in the third quarter, as interest rates on agricultural loans reached a 15-year high. Softening farm finances along with weather volatility remain key risks for producers, but several



Irrigation system in a field.

years of strong farm finances continue to support credit conditions and agricultural real estate values in the region. Food price inflation continues to exceed historical average rates. Food price inflation continues to ease, down to 3.3 percent in October 2023 compared to 9.9 percent in 2022, but remains above the 20-year historical average of 2.8 percent. Prices for eggs, fresh vegetables, fish and seafood, and dairy products were lower in October 2023 compared with the year prior. Beef and veal prices have risen each month in 2023, and were 8.9 percent higher in October 2023 than a year ago. While egg prices are 22 percent below their October 2022 level, highly pathogenic avian influenza (HPAI) was again detected in commercial egg layers in November 2023 for the first time since December 2022, raising concerns for renewed egg price inflation due to the outbreak. Overall food price inflation is expected to average 5.8 percent in 2023, with food-at home prices increasing 5.2 percent and food-away-from-home prices increasing 7.1 percent. Food price inflation is expected to decelerate but not decline in 2024, falling to a near-historical average rate of 2.9 percent.

Water Year 2023

For the first time since 2019, Colorado was drought free in July 2023 according to the U.S. Drought Monitor. The Drought Severity and Coverage Index has increased since July, as some areas of drought have returned. As of mid-November, 48.0 percent of land in Colorado was not experiencing any drought or abnormally dry conditions. Drought has worsened in the southwest mountain and San Luis Valley regions, while abnormally dry areas have returned to the eastern plains. The area of moderate to exceptional drought has expanded from 15.0 percent in mid-August to 27.0 percent in mid-November, but conditions remain improved compared to recent years.

When the 2023 water year began in November 2022, water storage in C-BT Project reservoirs was 116.0 percent of average. This followed a 2022 water year with generally near to above average precipitation on the west slope and below average precipitation in much of the Front Range.

The water year began with near average snow accumulation through October and November. December brought below average temperatures and above average precipitation, the highlight being the week of December 27, 2022, through January 3, 2023, which brought snowpack gains of 300.0 percent to 400.0 percent of average, and boosted the total snowpack on both sides of the divide up to well above average. In January, temperatures were generally below average and precipitation was above average. The below average temperatures continued through February, March and April, though the precipitation was more variable. On April 1, 2023, statewide snowpack was 137.0 percent of average, snowpack in the South Platte River's northern tributaries was 116.0 percent of average and Upper Colorado River Basin snowpack was 114.0 percent of average. April brought below average precipitation and some fear about the strength of the water year during a crucial month for water management decisions as the healthy snowpack began to diminish somewhat.

At the April 2023 Northern Water Board meeting, Directors issued a 70.0 percent C-BT Project quota allocation, nearly equivalent to the long-term average quota. Board members discussed the combination of this year's above-average snowpack and streamflow projections contrasted against the lowest East Slope non-C-BT reservoir levels since 2013 and below-average soil moisture readings throughout much of the district.

Water Assessments

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

Year	Irrigation	Municipal/Industrial
2024	\$33.00	\$53.60
2023	\$30.60	\$50.55
2022	\$29.00	\$49.10

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

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

Single Audit

In conformity with the provisions of the Uniform Grant Guidance, Northern Water was required to undergo a single audit relating to the Natural Resources Conservation Services, U.S. Forest Service and Bureau of Land Management grants for the fire recovery program. Information related to this Single Audit included the schedule of expenditures of federal awards, findings and questioned costs, and the independent auditors' reports on internal control and compliance with applicable laws and regulations. This information is available as a separate document.

Financial Policies

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

AWARDS AND ACKNOWLEDGEMENTS

Annual Comprehensive Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Northern Water for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. Northern Water has received this award each year since 1987. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized report, the contents of which must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the Northern Water ACFR for the year ended September 30, 2023, continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility.

Annual Budget

Northern Water also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2022. To qualify for this award, the Northern Water budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

Both the ACFR and annual budget are available at northernwater.org/finance.

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

Kristyn Persichitte-Unrein, CGFM
Financial Services Department Manager

Kathy Jo Price, CPP
Accounting Supervisor

Jim Nicholson, CPA
Senior Accountant

Bernice Rupp
Payroll Administrator

Myles Baker, MBA/MS
Senior Financial Analyst

Shawn Cyr
Senior Financial Analyst

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

Sincerely,

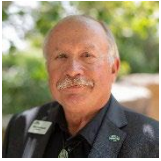
Sander A. Blackburn, MBA
Director of Finance and Administration, Northern Water

Gerald A. Gibbens, P.E.
Director of Operations and Board Treasurer, Northern Water

Bradley D. Wind, P.E.
General Manager and Board Secretary, Northern Water

BOARD OF DIRECTORS AND OFFICERS

The 13-member Board is responsible for establishing policy and strategic direction. Directors from the eight counties within Northern Water boundaries are appointed to four-year terms by district court judges. Three Board seats are up for appointment every year. When directors' terms expire, they continue to serve until the judge reappoints or replaces them. Board officers are elected by the Board at its annual organizational meeting each October. The Board holds its public meetings twice a month.



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



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



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



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



Sue Ellen Harrison
Legal and Legislative Committee Chair
Boulder County
Sept. 28, 2009 – Sept. 28, 2026
✓



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



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



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



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



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



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



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



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

Northern Water District Officers:

Secretary Brad Wind, General Manager
Treasurer Gerald Gibbens, Director of Operations
The General Manager is appointed by and serves at the pleasure of the Board.
The Secretary and Treasurer are the same for the Municipal Subdistrict.

Committees:

Audit *
Finance and Benefits ♦
Legal and Legislative ✓

BOARD COMMITTEES



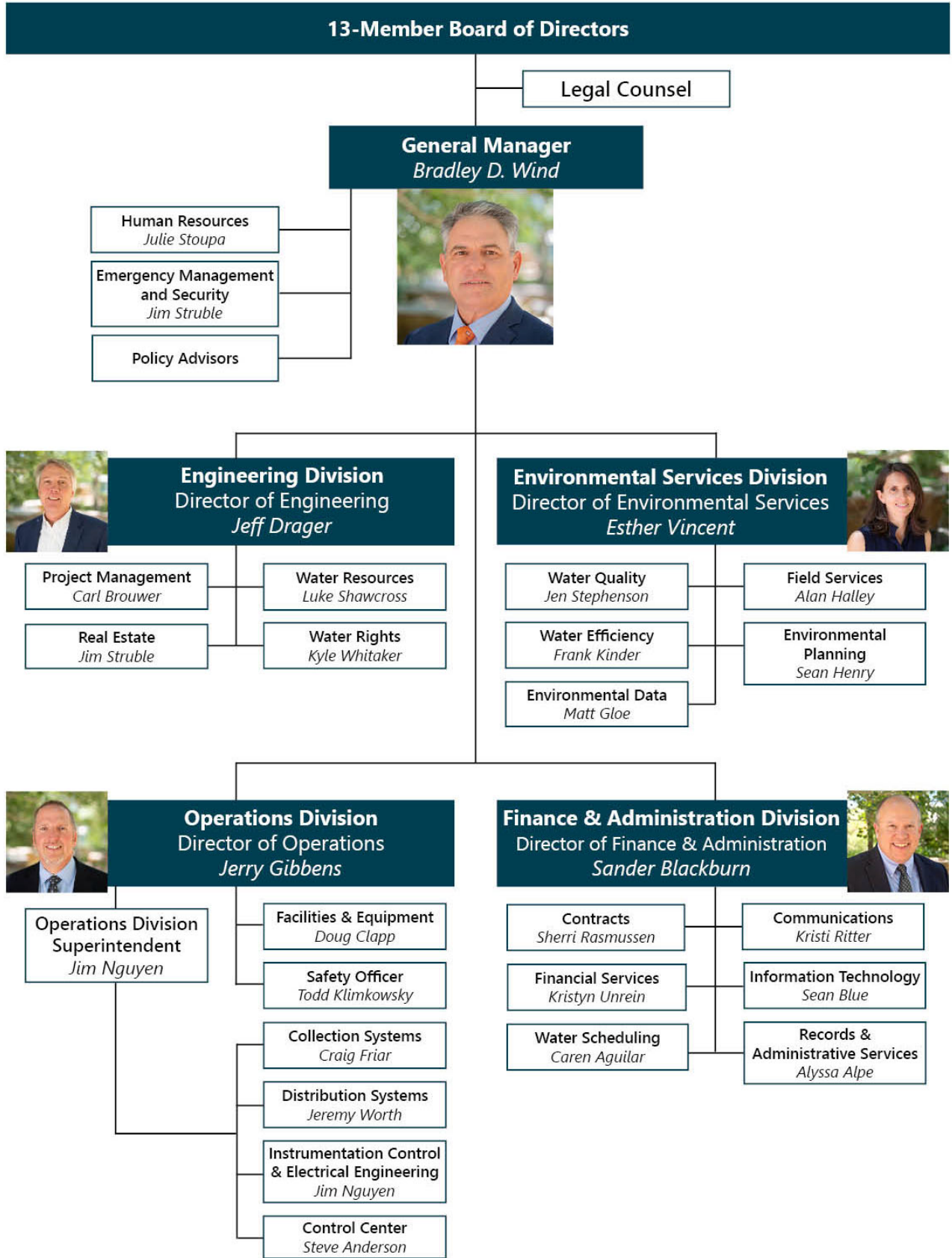
Northern Water has three standing committees tasked with the detailed study of specialized topics: the Audit Committee, the Finance and Benefits Committee and the Legal and Legislative Committee. The chair of each committee reports on the committee's activities and, depending on the subject matter, may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

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

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

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

ORGANIZATIONAL CHART



CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Northern Colorado Water Conservancy District

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL

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

INDEPENDENT AUDITORS' REPORT



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

Independent Auditor's Report

To the Board of Directors
Northern Colorado Water Conservancy District

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the District as of September 30, 2023 and the respective changes in its financial position and, where applicable, its flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
Northern Colorado Water Conservancy District

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended September 30, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as identified in the table of contents, for the year ended September 30, 2023 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended September 30, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2023.

To the Board of Directors
Northern Colorado Water Conservancy District

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended September 30, 2022 (not presented herein) and have issued our report thereon dated June 19, 2023, which contained unmodified opinions on the respective financial statements of each major fund and the aggregate remaining fund information. The summarized comparative other supplementary information for the year ended September 30, 2022 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the summarized comparative other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended September 30, 2022.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



April 2, 2024



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, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis presents a narrative overview of the financial activities of Northern Water for the fiscal year ended September 30, 2023. It should be considered in conjunction with the additional information furnished in the Transmittal Letter (page 6).

Overview of the Financial Statements

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

The enterprise fund financial statements include the following:

- Statement of Net Position – reports Northern Water's current and noncurrent assets, deferred inflows and outflows of resources, current and noncurrent liabilities. The difference between assets and deferred outflows and liabilities and deferred inflows is reported as net position (page 39).
- 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 41).
- Statement of Cash Flows – reports Northern Water's cash flows from operating, noncapital financing, capital and related financing, and investing activities (page 42).
- Statements of Fiduciary Net Position and Changes in Fiduciary Net Position – report the net position restricted for the pension and the increase in net position for the year (page 44). The net position of the Pension Plan is not reflected as part of the Northern Water net position because the Pension Plan resources are not available to support Northern Water operations. Required information concerning Northern Water's net pension asset and contributions to the Pension Plan can be found in the Required Supplementary Information (page 74).
- Notes to Financial Statements – provide further explanations and details that are essential to a full understanding of the information provided in the financial statements described above (page 46).

Financial Analysis – Statement of Net Position⁽¹⁾

(condensed)

September 30,

	\$000s		
	2023	2022	Change
Assets			
Cash, cash equivalents and investments, unrestricted	\$ 130,363	\$ 118,469	\$ 11,894
Cash, cash equivalents and investments, restricted	28,816	54,432	(25,616)
Receivables	8,144	29,306	(21,162)
Other current/noncurrent assets	2,175	2,939	(764)
Related party receivable	17,292	2,957	14,335
Due from other funds	2,146	-	2,146
Interfund loan receivable	2,346	2,582	(236)
Capital assets, net of accumulated depreciation	421,257	370,444	50,813
Assets	<u>\$ 612,539</u>	<u>\$ 581,129</u>	<u>\$ 31,410</u>
Deferred outflows of resources related to Pension Plan	<u>\$ 5,902</u>	<u>\$ 3,623</u>	<u>\$ 2,279</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 13,088	\$ 17,295	\$ 4,207
Unearned revenue	-	-	-
Other current liabilities	6,846	7,478	632
Long-term debt, net of current maturities	102,547	105,279	2,732
Interfund loan payable, net of current maturity	2,346	2,582	236
Net pension (asset) liability	9,187	254	(8,933)
Liabilities	<u>\$ 134,014</u>	<u>\$ 132,888</u>	<u>\$ (1,126)</u>
Deferred inflows of resources related to Pension Plan	<u>\$ -</u>	<u>\$ 4,035</u>	<u>\$ 4,035</u>
Net position			
Net investment in capital assets	\$ 334,633	\$ 305,412	\$ 29,221
Restricted net position			
Major repairs	1,930	1,912	18
Capital projects	5,840	3,261	2,579
Debt service	267	253	14
Restricted net position	<u>8,037</u>	<u>5,426</u>	<u>2,611</u>
Unrestricted net position	<u>141,757</u>	<u>136,991</u>	<u>4,766</u>
Net position	<u>\$ 484,427</u>	<u>\$ 447,829</u>	<u>\$ 36,598</u>

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

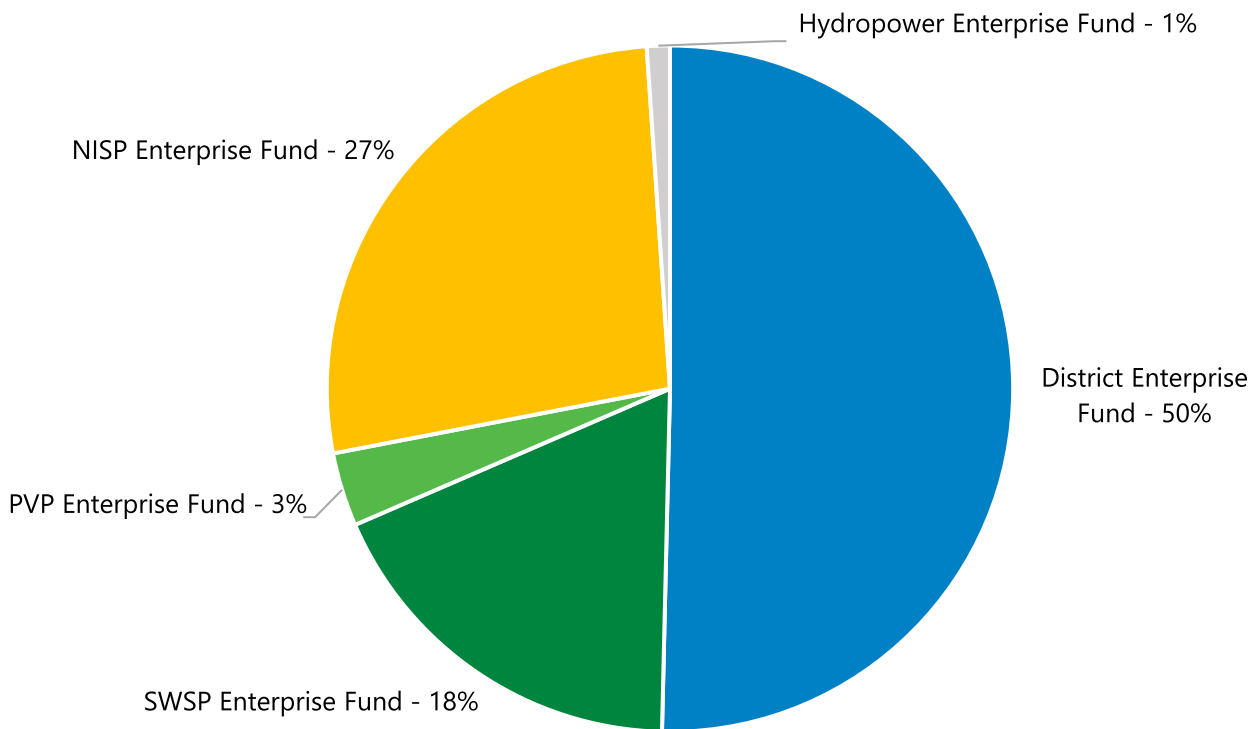
Financial Analysis – Changes in Net Position⁽¹⁾

September 30,

	\$000s		
	2023	2022	Change
Income before contributions	\$ 13,121	\$ 6,845	\$ 6,276
Capital contributions	23,477	19,221	4,256
Changes in net position	36,598	26,066	10,532
Net position, beginning of year	447,829	421,763	26,066
Net position, end of year	<u>\$ 484,427</u>	<u>\$ 447,829</u>	<u>\$ 36,598</u>

	\$000s		
	2023	2022	Change
District Enterprise Fund	\$ 243,974	\$ 230,387	\$ 13,587
Southern Water Supply Project	87,848	89,610	(1,762)
Pleasant Valley Pipeline Project	16,829	17,398	(569)
Northern Integrated Supply Project	130,524	106,128	24,396
Northern Water Hydropower	5,252	4,306	946
Changes in net position	<u>\$ 484,427</u>	<u>\$ 447,829</u>	<u>\$ 36,598</u>

Net Position by Enterprise Fund September 30, 2023



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

Financial Analysis – Changes in Net Position (continued)

District Enterprise Fund

The District Enterprise Fund had a net position of \$243.9 million at year end. Approximately 47.6 percent of this balance, \$116.0 million, reflected the District's investment in capital assets, net of related debt. Unrestricted cash and investment balances and trade receivables primarily made up the remainder of the balance.

Southern Water Supply Project

SWSP net investment in capital assets comprised the majority of its \$87.8 million net position at September 30, 2023. Net position decreased slightly in 2023 reflecting the current year depreciation on capital assets.

Pleasant Valley Pipeline Project

PVP net investment in capital assets comprise the majority of its \$16.8 million net position at September 30, 2023. Net position decreased slightly in 2023 reflecting the current year depreciation on capital assets.

Northern Integrated Supply Project

Net position for NISP increased \$24.4 million in 2023 reflecting an increase of \$25.8 million in net investment in capital assets offset by a \$1.5 million decrease in net position restricted for capital projects. Net investment in capital assets increased due to additional capital project costs. Net position restricted for capital projects decreased due to the use of restricted cash for property acquisitions.

Northern Water Hydropower

Hydropower net position of \$5.2 million consisted primarily of its net investment in the hydropower plants. Net position increased reflecting positive operating income and cash flows.

Financial Analysis – Revenues⁽¹⁾

(condensed)

Years ended September 30,

Operating and nonoperating revenues were as follows:

	\$000s		
	2023	2022	Change
Operating revenues			
Assessments	\$ 17,116	\$ 14,812	\$ 2,304
Charges for services	7,490	7,552	(62)
Energy revenue	1,245	1,467	(222)
Other operating revenues	5,891	2,874	3,017
Operating revenues	31,742	26,705	5,037
Nonoperating revenues			
Property and specific ownership taxes	30,330	26,764	3,566
Intergovernmental grants	6,714	27,915	(21,201)
Earnings on investments	6,792	(1,633)	8,425
Other nonoperating revenues	395	863	(468)
Nonoperating revenues	44,231	53,909	(9,678)
Revenues	\$ 75,973	\$ 80,614	\$ (4,641)

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

	\$000s		
	2023	2022	Change
Assessments	\$ 13,007	\$ 12,272	\$ 735
Charges for services	7,490	7,552	(62)
Property and specific ownership taxes	30,330	26,764	3,566
Intergovernmental grant revenue	6,212	27,576	(21,364)
Earnings on investments	5,280	(1,663)	6,943
Other revenues	6,280	3,537	2,743
District Enterprise Fund revenues	\$ 68,599	\$ 76,038	\$ (7,439)

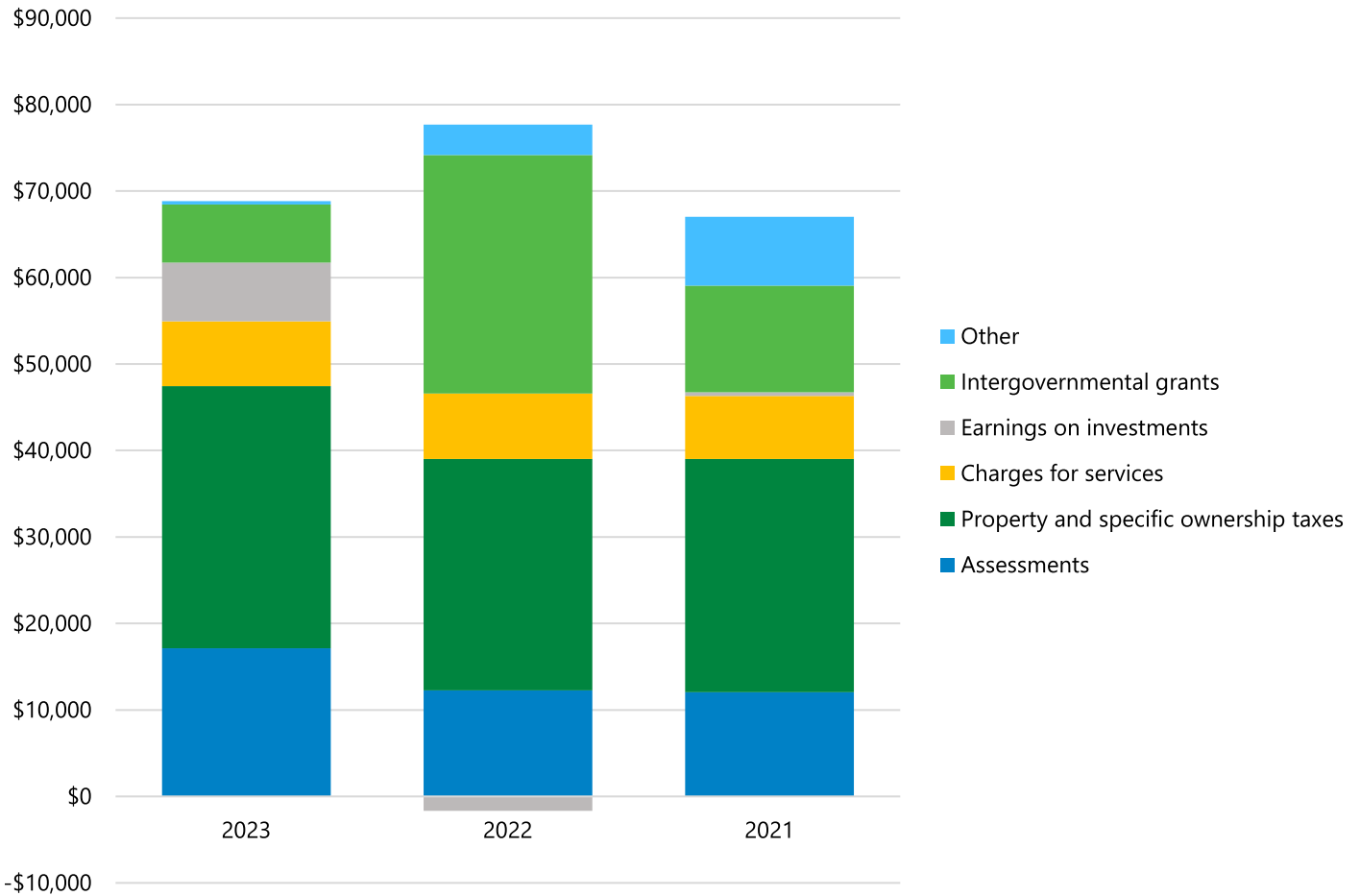
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Financial Analysis – Revenues (continued)

(condensed)

Years ended September 30,

Revenues for District Enterprise Fund



District Enterprise Fund operating revenues consist primarily of water assessments from allottees and charges for services. District annual water assessments are based on units held and independent of actual water deliveries. The 2023 water assessment open rates increased 2.9 percent from \$49.10 to \$50.55 per acre-foot unit for municipal/industrial users and 5.5 percent from \$29.00 to \$30.60 for agricultural users. In addition, District Enterprise Fund assessments included approximately \$2.5 million and \$2.3 million, in 2023 and 2022, respectively, from its Carryover Program, a program whereby allottees may carry over allotted but undelivered water from one year to the next as a hedge against drought and low runoff. The terms and limitations of the program are specified in the Northern Water Annual Carryover Program rule.

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

In 2023, nonoperating revenues included property taxes, intergovernmental grant revenue, earnings on investments and other nonoperating revenues.

Northern Water collects a voter-approved 1 mill levy tax on real property located within its boundaries. The counties of Weld, Boulder, Larimer and Broomfield account for the majority of property tax revenue.

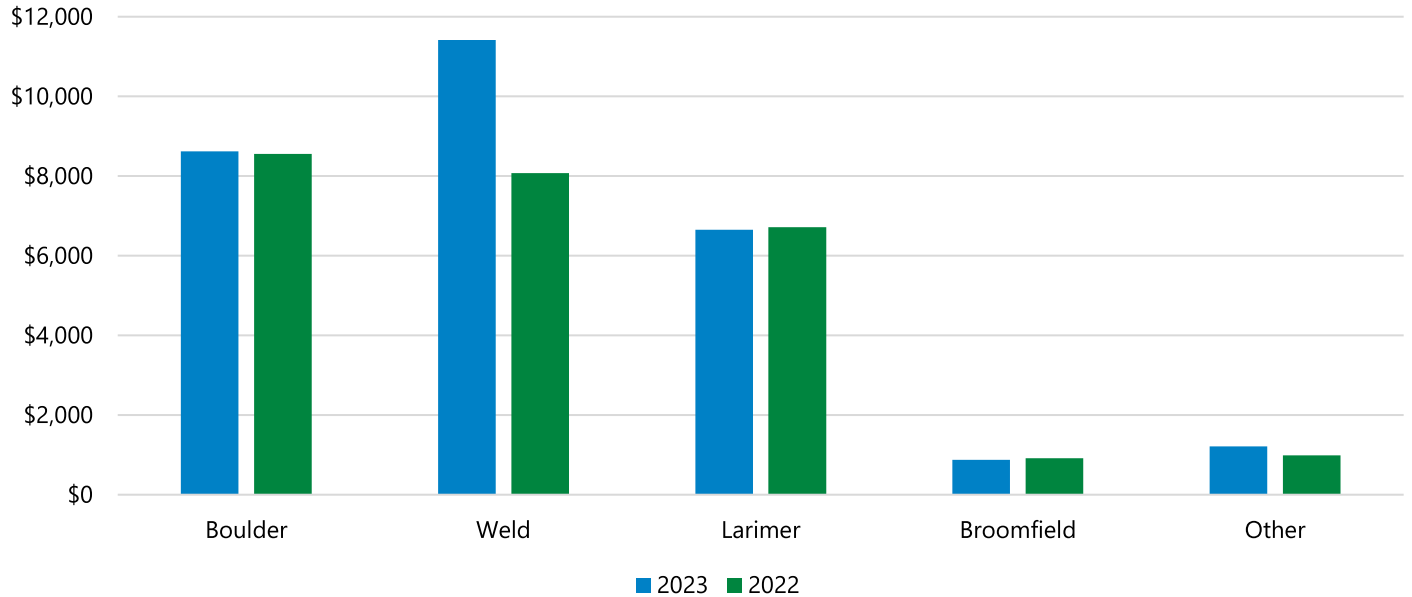
Financial Analysis – Revenues (continued)

(condensed)

Years ended September 30,

Property tax revenue remained substantially the same at \$30.3 million in 2023 and \$26.7 million in 2022. The large Weld County increase from 2022 to 2023 was due to an increase in oil and gas values resulting from lower oil and gas market prices.

Property Tax Revenue by County



In 2021, Northern Water sponsored the Natural Resources Conservation Service (NRCS) Emergency Watershed Protection program to implement emergency watershed protection projects to mitigate post-fire risks and watershed impairments. Funds were also received from U.S. Forest Service through a participating agreement. As a sponsor, Northern Water partnered with other entities impacted by the East Troublesome Fire to ensure the effective implementation of emergency watershed restoration recovery efforts. In addition to the NRCS grant, Northern Water received \$12.7 million in grants through the Colorado Water Conservation Board and Bureau of Land Management through their Colorado Watershed Restoration, Forest Restoration, Wildfire Risk Management, and Forests and Woodlands Resource Management Programs. Grant revenue requested for reimbursement under these grants amounted to approximately \$17.5 million from 2021 through 2023 combined and was reflected as intergovernmental grant revenue in the financial statements annually. The NRCS grant expired on June 30, 2023.

Earnings on investments increased in 2023 by \$7.2 million from 2022 earnings due to significant upturns in the investment markets.

Other nonoperating revenue of \$394,982 consisted primarily of \$235,758 from sale of disposed assets, \$45,000 from non-profit grant revenues, and \$43,000 from rebates on the UMB purchase card program.

Other Enterprise Funds

SWSP and PVP revenues consisted of annual assessments from their respective participants and were generally consistent between 2023 and 2022. NISP had no operating revenue.

Hydropower energy revenue, reflecting power charges earned based on energy produced from the hydropower plants, decreased between 2023 and 2022 by approximately \$271,000. In 2023 Hydropower received a \$502,053 in incentive payments from the U.S. Department of Energy based on energy production from the Granby and Trout hydropower plants. This amount was included in intergovernmental nonoperating revenue.

Financial Analysis – Expenses⁽¹⁾

(condensed)

Years ended September 30,

Operating and nonoperating expenses were as follows:

	\$000s		
	2023	2022	Change
Operating expenses			
Operations	\$ 11,627	\$ 12,235	\$ (608)
Engineering	6,682	7,852	(1,170)
Environmental Services	5,769	5,141	628
Administration	17,852	8,991	8,861
Depreciation	7,401	6,759	642
Operating expenses	<u>49,331</u>	<u>40,978</u>	<u>8,353</u>
Nonoperating expenses			
Interest expense	3,383	2,210	1,173
Bond issuance costs	-	331	(331)
Other nonoperating expenses	6,219	30,249	(24,030)
Nonoperating expenses	<u>9,602</u>	<u>32,790</u>	<u>(23,188)</u>
Expenses	<u>\$ 58,933</u>	<u>\$ 73,768</u>	<u>\$ (14,835)</u>

Operating expenses for the District Enterprise Fund were as follows:

	\$000s		
	2023	2022	Change
Operations	\$ 10,193	\$ 10,468	\$ (275)
Engineering	6,325	7,205	(880)
Environmental Services	5,768	5,139	629
Administration	16,402	8,716	7,686
Depreciation	3,197	2,810	387
District Enterprise Fund	<u>\$ 41,885</u>	<u>\$ 34,338</u>	<u>\$ 7,547</u>

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

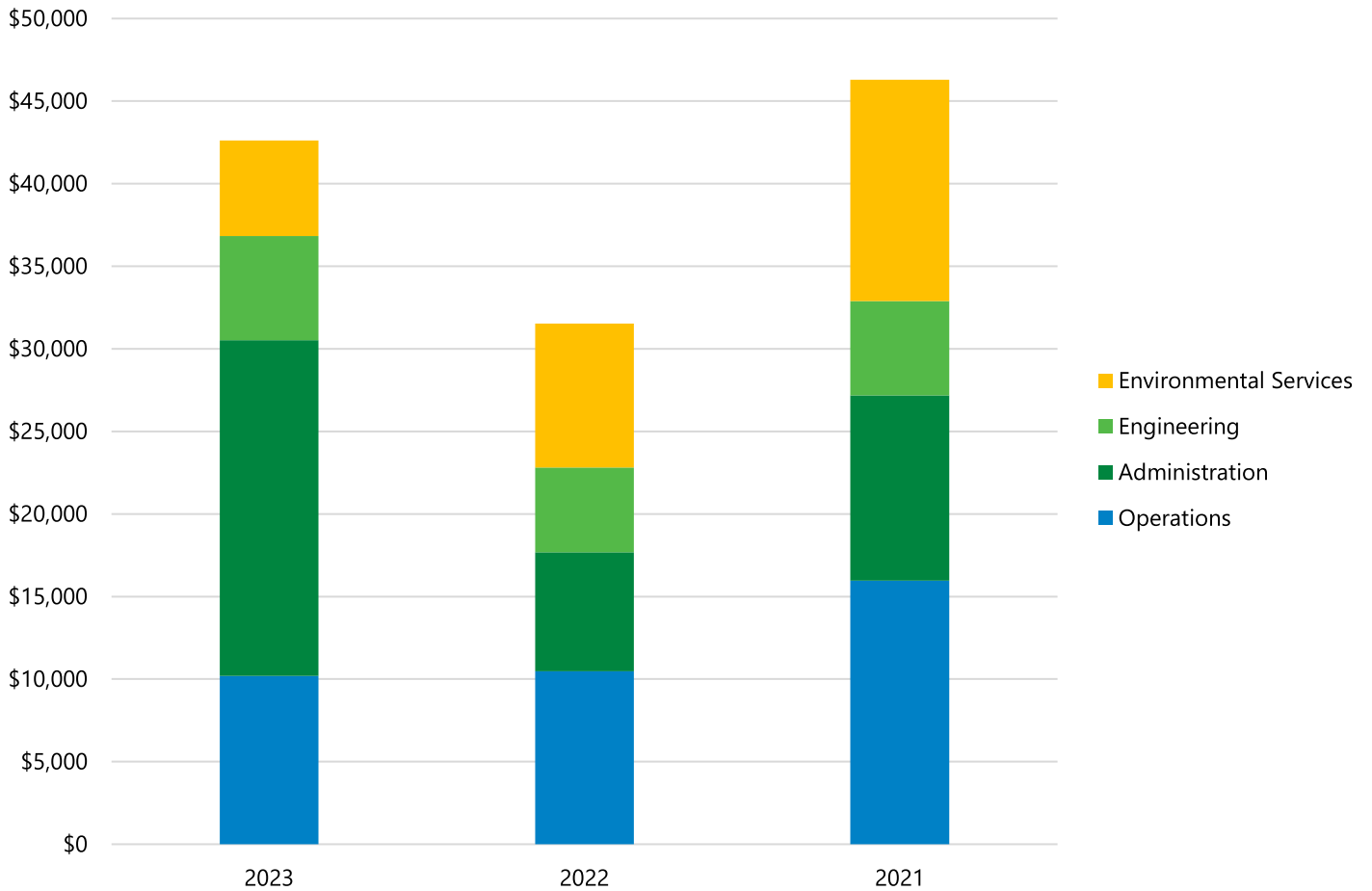
Financial Analysis – Expenses (continued)

(condensed)

Years ended September 30,

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

Operating Expenses for the District Enterprise Fund by Division



District Enterprise Fund total operating expenses increased approximately \$8.3 million from \$34.3 million in 2022 to \$49.3 million in 2023, or 20.5 percent. Administration and Operations incurred the majority of these costs at \$21.7 million and \$11.6 million, respectively.

The increase in expenses for the Administration division was due to increased labor from additional wage and pension expenses. There was also a lower amount of the wages allocated in FY 2022 due to a reduced burden rate from FY 2022 to FY 2023. In addition, minor equipment costs rose due mainly to purchases for radios, security equipment, and alarms in FY 2023, a 64% increase in materials costs, a 13% increase in service costs (due mainly to additional Financial Services, Information Technology, legal, and other service cost), and an increase in travel expenses by 85% due mainly to lodging expense increases following the low/no travel expenses experienced during COVID-19.

Operating expenses for SWSP increased in 2023 from \$5.0 million to \$5.7 million. There were no operating expenses for NISP because that enterprise fund is in the design and permitting phase. Nonoperating expenses consisted primarily of interest expense for Hydropower.

Financial Analysis – Capital Assets, Net⁽¹⁾

(condensed)

September 30,

	\$000s		
	2023	2022	Change
Construction in progress	\$ 142,105	\$ 153,645	\$ (11,540)
Land, easements and water rights	94,990	94,500	490
Water pipelines and equipment	160,264	159,508	756
Hydropower plants	11,503	11,503	-
Operations equipment	10,792	9,168	1,624
Buildings and improvements	86,634	23,559	63,075
Computer and office equipment	14,243	11,096	3,147
Capital assets	520,531	462,979	57,552
Less accumulated depreciation	(99,274)	(92,535)	(6,739)
Capital assets, net of depreciation	\$ 421,257	\$ 370,444	\$ 50,813
District Enterprise Fund			
Construction in progress	\$ 28,638	\$ 66,050	\$ (37,412)
Land, easements and water rights	88,823	88,332	491
Operations equipment	4,121	2,810	1,311
Water pipeline and equipment	180	90	90
Buildings and improvements	70,702	8,755	61,947
Computer and office equipment	4,959	2,734	2,225
Capital assets, net of depreciation	197,423	168,771	28,652
Southern Water Supply Project			
Construction in progress	173	132	41
Land, easements and water rights	5,233	5,233	-
Operations equipment	-	41	(41)
Water pipeline and equipment	79,703	82,360	(2,657)
Capital assets, net of depreciation	85,109	87,766	(2,657)
Pleasant Valley Pipeline			
Land, easements and water rights	934	934	-
Water pipeline and equipment	15,687	16,413	(726)
Capital assets, net of depreciation	16,621	17,347	(726)
Northern Integrated Pipeline Project			
Construction in progress	113,288	87,457	25,831
Northern Water Hydropower			
Hydropower plants	8,816	9,104	(288)
Capital assets, net of depreciation	8,816	9,104	(288)
Total capital assets, net of depreciation	\$ 421,257	\$ 370,445	\$ 50,812

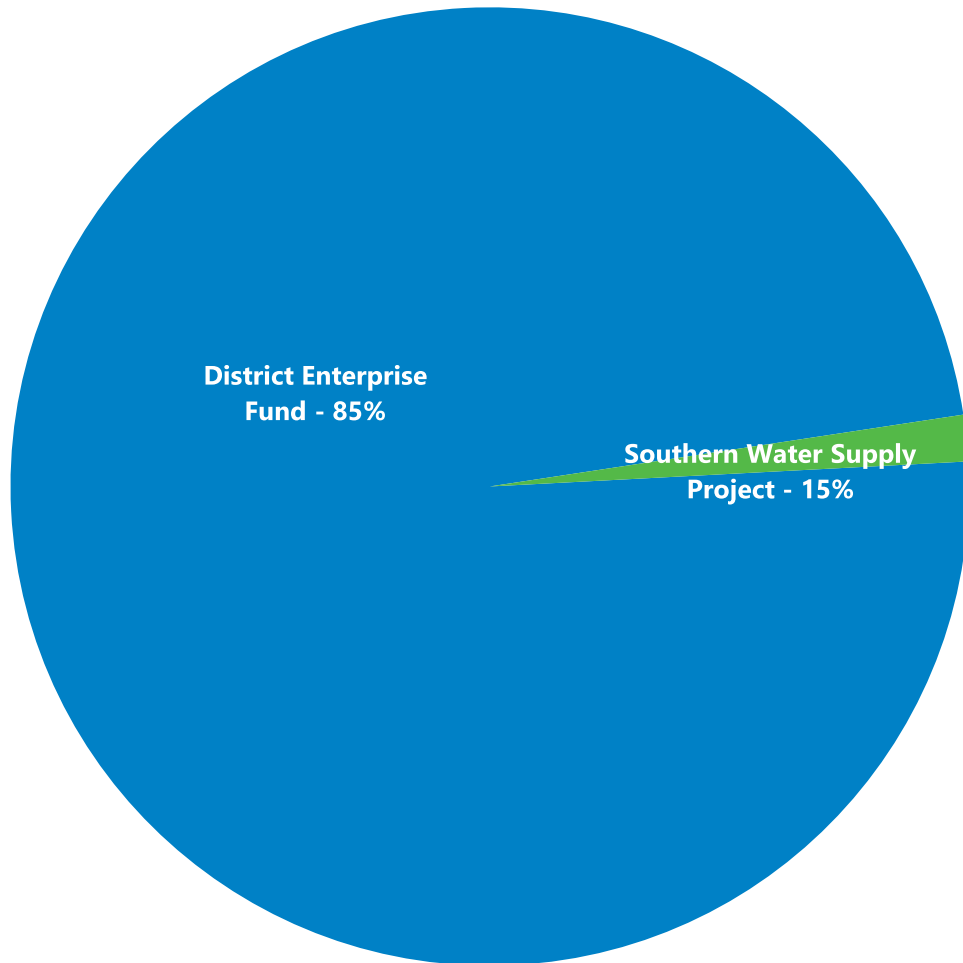
⁽¹⁾ Balances reflect all Northern Water's enterprise funds combined unless otherwise indicated.

Capital Assets, Net (continued)

(condensed)

September 30,

2023 Capital Additions



District Enterprise Fund

District capital assets, net of depreciation, increased almost \$29.0 million from \$169.0 million in 2022 to \$197.0 million in 2023 primarily due to construction of the Campus Development Project. Project costs are included in construction in progress at September 30, 2023.

Southern Water Supply Project

SWSP capital assets, net of depreciation, decreased almost \$2.0 million from \$87.7 million in 2022 to \$85.5 million in 2023.

Northern Integrated Supply Project

NISP costs cumulative since inception of the project amounted to \$113.3 million at September 30, 2023. The \$25.8 million invested in 2023 included land acquisition costs, mitigation and enhancement efforts, and ongoing permitting and design costs.

Other Enterprise Funds

Other enterprise funds had no significant capital asset activity.

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

Financial Analysis – Debt Administration

(condensed)

September 30,

	\$000s		
	2023	2022	Change
District Enterprise Fund			
Certificates of Participation, Series 2021	\$ 59,919	\$ 61,473	\$ (1,554)
Certificates of Participation, Series 2022	36,689	37,280	(591)
Horsetooth Safety of Dams	2,584	2,749	(165)
District Enterprise Fund debt	99,192	101,502	(2,310)
Northern Water Hydropower			
Colorado Water Resources and Power Development Authority	998	1,099	(101)
Colorado Water Conservation Board	4,194	4,336	(142)
Hydropower	5,192	5,435	(243)
District Enterprise and Northern Water Hydropower long-term debt	104,384	106,937	(2,553)
Less current maturities of long-term debt	(1,838)	(1,658)	(180)
Long-term debt, net of current maturities	\$ 102,546	\$ 105,279	\$ (2,733)
Interfund loan			
District Enterprise Fund/Hydropower interfund loan	\$ 2,582	\$ 2,813	\$ (231)
Less current maturities of long-term debt	(236)	(231)	(5)
Long-term debt, net of current maturities	\$ 2,346	\$ 2,582	\$ (236)

Financial Analysis - Debt Administration (continued)

(condensed)

September 30,

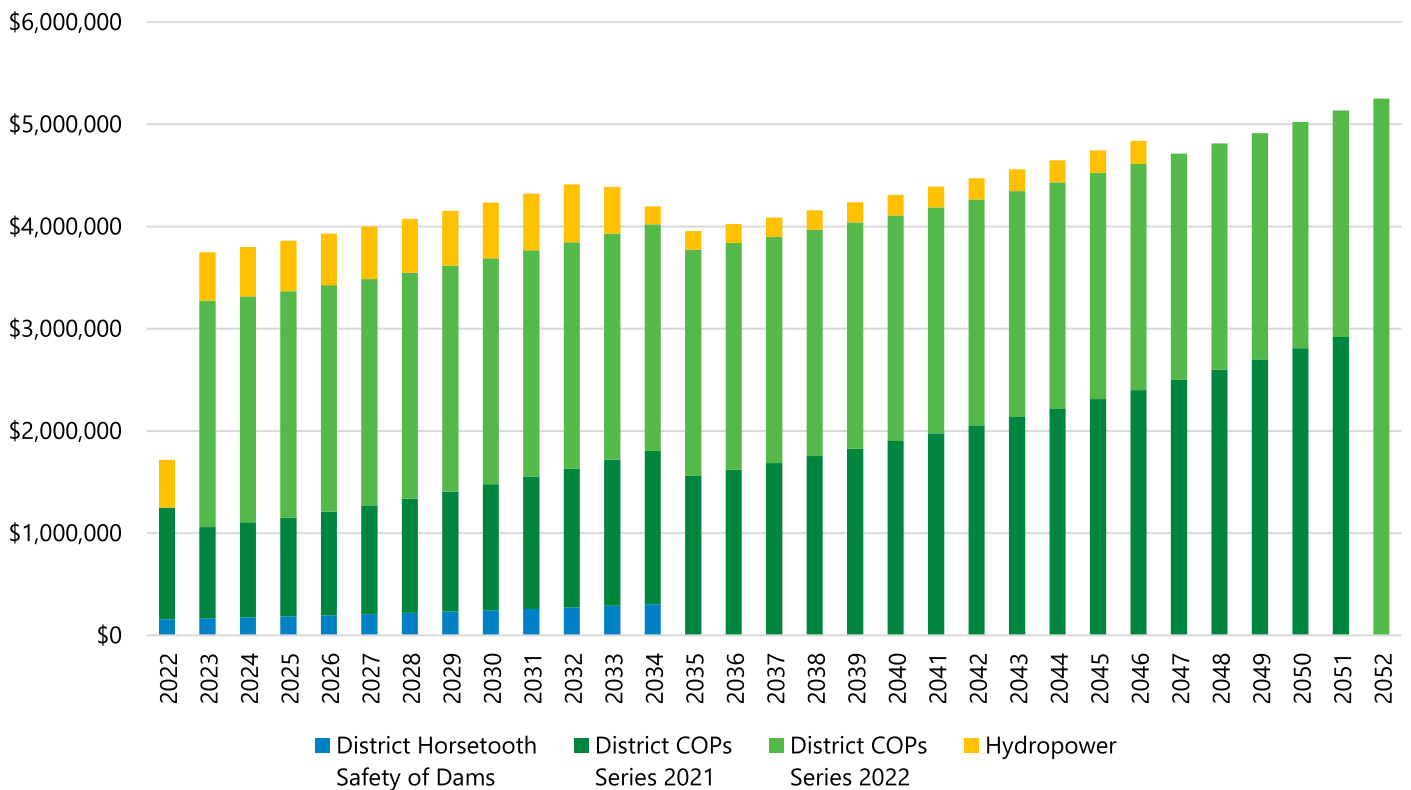
In 2021, Northern Water issued the 2021 Certificates to fund the initial phase of its Campus Development Project. The 2021 Certificates represent undivided proportionate interests in Base Rentals and other revenues under an annually renewable lease purchase agreement between the trustee for the 2021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

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

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

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

Long Term Debt Maturities



Financial Contact

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



BASIC FINANCIAL STATEMENTS

Statement of Net Position – Proprietary Funds

September 30, 2023

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
ASSETS						
Current assets						
Cash and cash equivalents						
Unrestricted (Note 3)	\$52,774,691	\$3,763,099	\$ 251,143	\$15,576,821	\$ 3,062,530	\$ 75,428,284
Restricted (Note 3)	-	341,504	-	5,521,822	-	5,863,326
Investments						
Unrestricted (Note 4)	54,934,323	-	-	-	-	54,934,323
Restricted (Note 4)	-	-	-	-	-	-
Receivables (Note 5)	7,404,818	-	-	2,646	736,562	8,144,026
Related party receivable (Note 18)	17,292,602	-	-	-	-	17,292,602
Due from other funds (Note 6)	2,146,348	-	-	-	-	2,146,348
Advances	17,054	-	-	14,135	32,835	64,024
Other current assets (Note 7)	1,875,206	-	-	-	-	1,875,206
Current maturity of interfund loan (Note 13)	235,798	-	-	-	-	235,798
Current assets	136,680,840	4,104,603	251,143	21,115,424	3,831,927	165,983,937
Noncurrent assets						
Cash equivalents, restricted (Notes 3 and 8)	17,338,868	-	-	-	608,721	17,947,589
Investments, restricted (Notes 4 and 9)	5,004,984	-	-	-	-	5,004,984
Interfund loan receivable (Note 13)	2,346,125	-	-	-	-	2,346,125
Capital assets, net of accumulated depreciation (Note 10)	197,423,275	85,108,465	16,621,371	113,287,802	8,815,819	421,256,732
Noncurrent assets	222,113,252	85,108,465	16,621,371	113,287,802	9,424,540	446,555,430
Assets	\$358,794,092	\$89,213,068	\$ 16,872,514	\$134,403,226	\$ 13,256,467	\$ 612,539,367
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSION PLAN						
(Notes 14 & 16)	\$ 5,902,464	\$ -	\$ -	\$ -	\$ -	\$ 5,902,464

See accompanying Notes to Financial Statements.

Statement of Net Position – Proprietary Funds (continued)

September 30, 2023

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ 6,850,618	\$ 29,150	\$ 288	\$ 3,305,858	\$ 6	\$ 10,185,920
Due to other funds (Note 6)	-	1,335,360	43,457	573,284	194,247	2,146,348
Interest payable	1,070,174	-	-	-	36,090	1,106,264
Compensated absences (Note 12)	1,520,365	-	-	-	-	1,520,365
Current maturities of long-term debt	1,589,855	-	-	-	247,749	1,837,604
Current maturity of interfund loan (Note 13)	-	-	-	-	235,798	235,798
Current liabilities	11,031,012	1,364,510	43,745	3,879,142	713,890	17,032,299
Noncurrent liabilities						
Accounts payable from non-current restricted assets	2,902,471	-	-	-	-	2,902,471
Long-term debt, net of current maturities (Note 13)	97,602,276	-	-	-	4,944,740	102,547,016
Interfund loan, net of current maturity (Note 13)	-	-	-	-	2,346,125	2,346,125
Net pension liability	9,186,877	-	-	-	-	9,186,877
Noncurrent liabilities	109,691,624	-	-	-	7,290,865	116,982,489
Liabilities	\$ 120,722,636	\$ 1,364,510	\$ 43,745	\$ 3,879,142	\$ 8,004,755	\$ 134,014,788
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION PLAN						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION						
Net investment in capital assets	\$ 115,992,508	\$ 85,108,464	\$ 16,621,371	\$ 113,287,802	\$ 3,623,330	\$ 334,633,475
Restricted net position						
Major repairs	1,929,635	-	-	-	-	1,929,635
Capital projects	-	317,739	-	5,521,822	-	5,839,561
Debt service	-	-	-	-	267,455	267,455
Restricted net position	1,929,635	317,739	-	5,521,822	267,455	8,036,651
Unrestricted net position (deficit)	126,051,772	2,422,352	207,398	11,714,460	1,360,927	141,756,909
Net position	\$ 243,973,915	\$ 87,848,555	\$ 16,828,769	\$ 130,524,084	\$ 5,251,712	\$ 484,427,035

See accompanying Notes to Financial Statements.

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

Year ended September 30, 2023

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
Operating revenues						
Assessments	\$ 13,007,262	\$ 3,882,258	\$ 226,243	\$ -	\$ -	\$ 17,115,763
Charges for services	7,489,601	-	-	-	-	7,489,601
Energy revenue	-	-	-	-	1,245,462	1,245,462
Other operating revenues	5,891,381	-	-	-	-	5,891,381
Operating revenues	26,388,244	3,882,258	226,243	-	1,245,462	31,742,207
Operating expenses						
Operations	10,192,579	1,154,346	54,863	-	225,116	11,626,904
Engineering	6,324,509	348,547	7,869	-	965	6,681,890
Environmental Services	5,767,838	655	-	-	194	5,768,687
Administration	20,321,593	1,103,459	65,742	-	281,082	21,771,876
Depreciation	3,197,443	3,166,035	748,758	-	288,604	7,400,840
Operating expenses	45,803,962	5,773,042	877,232	-	795,961	53,250,197
Operating income (loss)	(19,415,718)	(1,890,784)	(650,989)	-	449,501	(21,507,990)
Nonoperating revenues						
Property and specific ownership taxes	30,330,162	-	-	-	-	30,330,162
Intergovernmental grant revenue	6,211,667	-	-	-	502,053	6,713,720
Earnings (Loss) on investments	5,280,004	129,658	8,062	1,215,879	158,213	6,791,816
Other nonoperating revenues	390,263	-	-	4,719	-	394,982
Nonoperating revenues	42,212,096	129,658	8,062	1,220,598	660,266	44,230,680
Nonoperating expenses						
Interest expense, net of bond premium amortization	(3,218,987)	-	-	-	(164,064)	(3,383,051)
Other nonoperating expenses	-	-	-	(1,494)	-	(1,494)
Other nonoperating grant-related expenses	(6,217,455)	-	-	-	-	(6,217,455)
Bond issuance costs	-	-	-	-	-	-
Nonoperating expenses	(9,436,442)	-	-	(1,494)	(164,064)	(9,602,000)
Nonoperating income (loss)	32,775,654	129,658	8,062	1,219,104	496,202	34,628,680
Income (loss) before contributions	13,359,936	(1,761,126)	(642,927)	1,219,104	945,703	13,120,690
Capital contributions	226,690	-	73,655	23,176,666	-	23,477,011
Changes in net position	13,586,626	(1,761,126)	(569,272)	24,395,770	945,703	36,597,701
Net position beginning of year	230,387,289	89,609,681	17,398,041	106,128,314	4,306,009	447,829,334
Net position, end of year	\$243,973,915	\$ 87,848,555	\$ 16,828,769	\$ 130,524,084	\$ 5,251,712	\$ 484,427,035

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds

Year ended September 30, 2023

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
Cash flows from operating activities						
Receipts from participants	\$13,311,819	\$4,100,169	\$ 226,243	\$ -	\$ 916,951	\$18,555,182
Payments to suppliers	(21,617,228)	(1,820,496)	(83,955)	-	(358,861)	(23,880,540)
Payments to employees	(23,354,617)	(903,414)	(69,675)	-	(148,792)	(24,476,498)
Net cash provided by (used in) operating activities	(31,660,026)	1,376,259	72,613	-	409,298	(29,801,856)
Cash flows from noncapital financing activities						
Property and specific ownership tax receipts	30,279,841	-	-	-	-	30,279,841
Intergovernmental grants	24,136,566	-	-	-	502,052	24,638,618
Emergency Watershed Protection Program recovery effort costs	(10,228,739)	-	-	-	-	(10,228,739)
Other noncapital financing activities	329,472	-	-	4,720	-	334,192
Net cash provided by noncapital financing activities	44,517,140	-	-	4,720	502,052	45,023,912
Cash flows from capital and related financing activities						
Capital contributions	226,690	-	73,655	23,176,915	-	23,477,260
Acquisition and construction of capital assets (net of disposals)	(27,889,511)	(508,790)	(23,040)	(25,054,506)	-	(53,475,847)
Proceeds from Series 2021 Certificates	-	-	-	-	-	-
Proceeds from Series 2022 Certificates	-	-	-	-	-	-
Principal paid on capital debt and interfund loan	(1,415,348)	-	-	-	(474,066)	(1,889,414)
Interest paid of capital debt and interfund loan	(4,162,882)	-	-	-	(164,969)	(4,327,851)
Bond issuance costs	-	-	-	-	-	-
Principal receipts from interfund loan	231,175	-	-	-	-	231,175
Interest receipts from interfund loan	250,236	-	-	-	-	250,236
Proceeds from disposal of capital assets	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(32,759,640)	(508,790)	50,615	(1,877,591)	(639,035)	(35,734,441)
Cash flows from investing activities						
Investment purchases	(38,973,421)	-	-	-	-	(38,973,421)
Proceeds from sale of investments	52,015,904	-	-	-	-	52,015,904
Proceeds from earnings on investments	1,214,415	129,660	8,061	1,215,879	158,214	2,726,229
Net cash provided (used) by investing activities	14,256,898	129,660	8,061	1,215,879	158,214	15,768,712
Net change in cash and cash equivalents	(5,645,628)	997,129	131,289	(656,992)	430,529	(4,743,673)
Cash and cash equivalents, beginning of year	75,759,187	3,107,474	119,854	21,757,380	3,240,722	103,984,617
Cash and cash equivalents, end of year	\$70,113,559	\$4,104,603	\$ 251,143	\$ 21,100,388	\$ 3,671,251	\$99,240,944

See accompanying Notes to Financial Statements.

Statement of Cash Flows – Proprietary Funds (continued)

Year ended September 30, 2023

	Business-type Activity Enterprise Funds					Total
	District Enterprise Fund	Southern Water Supply Project	Pleasant Valley Pipeline Project	Northern Integrated Supply Project	Hydropower	
Reconciliation of operating income (loss) to net cash provided (used) in operating activities						
Operating income (loss)	\$(19,415,718)	\$(1,890,784)	\$(650,989)	\$ -	\$ 449,501	\$(21,507,990)
Adjustments						
Depreciation	3,197,443	3,166,035	748,758	-	288,604	7,400,840
(Increase) decrease in current assets						
Receivables	3,407,016	217,911	-	-	(528,177)	3,096,750
Related party receivable	(17,292,602)	-	(25,444)	-	199,666	(17,118,380)
Due from other funds	810,542	-	-	-	-	810,542
Advances	1,480,201	-	-	-	-	1,480,201
Other current assets	(726,303)	-	-	-	-	(726,303)
Increase (decrease) in current liabilities						
Accounts payable and accrued liabilities	(5,784,623)	(27,219)	288	-	(296)	(5,811,850)
Due to other funds	(5,419)	(89,684)	-	-	-	(95,103)
Retainage payable	-	-	-	-	-	-
Compensated absences	50,986	-	-	-	-	50,986
Increase (decrease) in Pension Plan-related items						
Net pension liability	8,932,425	-	-	-	-	8,932,425
Deferred outflows of resources	(2,279,227)	-	-	-	-	(2,279,227)
Deferred inflows of resources	(4,034,747)	-	-	-	-	(4,034,747)
Adjustments	(12,244,308)	3,267,043	723,602	-	(40,203)	(8,293,866)
Net cash provided (used) in operating activities	\$(31,660,026)	\$ 1,376,259	\$ 72,613	\$ -	\$ 409,298	\$(29,801,856)
Non-cash activities						
Amortization of bond premium	\$ 894,315	\$ -	\$ -	\$ -	\$ -	\$ 894,315
Change in value of investments	10,191,309	-	-	-	-	10,191,309
Capital additions in retainage	679,372	-	-	-	-	679,372
Capital assets in accounts payable	3,282,800	-	-	1,654,078	-	4,936,878
Cash flow from non-cash activities	\$ 15,047,796	\$ -	\$ -	\$ 1,654,078	\$ -	\$ 16,701,874

See accompanying Notes to Financial Statements.

Statement of Fiduciary Net Position – Fiduciary Fund Pension Trust Fund

December 31, 2022

	<u>Pension Plan</u>
ASSETS	
Cash and cash equivalents	\$ 497,966
Investments	
Domestic equities	7,825,507
Mutual funds	
Fixed income	7,140,836
International equities	2,824,973
Low correlated hedge	5,280,823
Emerging markets equities	1,447,311
Investments	<u>24,519,449</u>
Due from Northern Water	-
Assets	<u>25,017,415</u>
LIABILITIES	
Liabilities	-
Net position restricted for pension	<u>\$ 25,017,415</u>

See accompanying Notes to Financial Statements.

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

Year ended December 31, 2022

	<u>Pension Plan</u>
Additions	
Employer contributions	\$ 1,169,495
Investment earnings	
Net decrease in fair value of investments	(5,886,616)
Interest and dividends	597,390
Investment losses	(5,289,226)
Investment expenses	(924)
Investment losses, net of expenses	(5,290,150)
Reduction to Plan assets	(4,120,655)
Deductions	
Benefit payments	(10,593,772)
Decrease in net position	(14,714,427)
Net position, beginning of year	39,731,842
Net position, end of year	<u>\$ 25,017,415</u>

See accompanying Notes to Financial Statements.

Notes to Financial Statements – September 30, 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Northern Water was organized September 20, 1937, as a quasi-municipal entity and political subdivision of the State of Colorado. Northern Water is governed by a 13-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within Northern Water boundaries. Board members are appointed to four-year terms, which are staggered so three Board seats are up for appointment each year.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

GASB Statement No. 34 sets forth minimum criteria for the determination of major and nonmajor funds. All of the Northern Water business-type enterprise funds met the criteria specified in the statement at September 30, 2023, with the exception of the Pleasant Valley Pipeline Project Enterprise Fund. Northern Water management has elected to report this fund as a major fund.

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

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

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

Note 1 continued

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

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

Cash and Cash Equivalents, Unrestricted and Restricted

Cash and cash equivalents are considered to be cash deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are held in the Colorado Statewide Investment Pool (CSIP), a local government investment pool. The State Securities Commissioner administers and enforces State statutes governing the CSIP. The CSIP seeks to maintain a stable net asset value of \$1.00 per share. Cash equivalents are reported at amortized cost, which is not considered significantly different from fair value. There are no limitations or restrictions on withdrawal. The weighted average maturity of the liquid portfolios is 42 days. The weighted average maturity of the term portfolios Series Dec 2022 and Series Dec 2023 are 92 days and 49 days, respectively. The fund has ratings of AAAM. Certain balances are classified as restricted on the Statement of Net Position because their use is limited by either contractual obligations or debt covenants (Notes 8 and 9).

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

Investments, Unrestricted and Restricted

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

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

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

Note 1 continued

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

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

Receivables

Northern Water does not provide an allowance for uncollectible receivable balances because all balances are considered fully collectible. Related party balances consist solely of activity between Northern Water and the Municipal Subdistrict, which was organized in 1970 as a subdistrict of the Northern Colorado Water Conservancy District (Northern Water) pursuant to the Water Conservancy Act. Although the Subdistrict is legally separate and not under the control of Northern Water, the Board of Directors, by statute is the same for both entities.

Other Current Assets

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

Capital Assets

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

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

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

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

Leases

As of October 1, 2021, Northern Water implemented the provisions of GASB 87, Leases. Northern Water determines if an arrangement is a lease at inception. The lease term may include options to extend or terminate the lease. The lease term includes the non-cancellable period of the lease. As lessee, Northern Water would recognize a lease liability and an

Note 1 continued

intangible right-to-use asset in the financial statements, should a lease arrangement qualify for recognition. As lessor, Northern Water would recognize a lease receivable and a deferred inflow of resources in the financial statements.

As of October 1, 2022, Northern Water implemented the provisions of GASB 96, Subscription-Based Technology Arrangements (SBITA). This standard requires a subscription asset and a corresponding liability to be recognized on the statement of financial position for any SBITA arrangements a government has with software vendors.

Northern Water monitors changes in circumstances that would require a remeasurement of its leases or SBITAs and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

As of September 30, 2023, Northern Water has not identified any lease arrangements qualifying for recognition within the provisions of GASB 87 or GASB 96.

Estimated Liability for Medical Claims

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

Compensated Absences

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

Net Position

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

Revenues and Expenses

Charges for Services

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

C-BT Project Operations Costs

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

Note 1 continued

Energy Revenue

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

Property and Specific Ownership Taxes

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

Intergovernmental Grants

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

Refer to Note 17 for additional discussion related to intergovernmental grants.

2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Budgetary Information

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

The budget is presented to the Board for consideration and adoption in August to align it with the adoption of water assessments which are also approved. The Board, at its regular meeting on May 5, 2022, appointed Bradley Wind, Sander Blackburn, Gerald Gibbens, Kristyn Unrein and Myles Baker as budget officers and directed them to prepare and submit the requisite budgets of Northern Water for fiscal year 2023. A notice was published, as required by law, in all the counties located wholly or partly within Northern Water boundaries stating the annual budget was available for inspection by the public, including the date and time for public hearing. This year's budget review process included a Board workshop on June 30, 2022.

Note 2 continued

Budget Schedule

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

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

Annual budgets are adopted for all funds on a basis consistent with GAAP with the following exceptions:

- Depreciation is not budgeted
- Capital outlays are treated as nonoperating expense uses
- Capital contributions are budgeted in the year received rather than when earned
- Bond proceeds are treated as revenue sources
- Interest expense is budgeted in the year paid as debt service rather than when incurred

3 CASH AND CASH EQUIVALENTS

As of September 30, 2023, Northern Water had the following cash and cash equivalents:

	Current		Noncurrent	Total Cash and Cash Equivalents
	Unrestricted	Restricted	Restricted	
District Enterprise Fund				
Deposits	\$ 49,045,955	\$ -	\$ -	\$ 49,045,955
LGIP/Money Market Funds	3,728,736	-	17,338,868	21,067,604
District Enterprise fund	52,774,691	-	17,338,868	70,113,559
Southern Water Supply Project				
LGIP/Money Market Funds	3,763,099	341,504	-	4,104,603
Pleasant Valley Pipeline Project				
LGIP/Money Market Funds	251,143	-	-	251,143
Northern Integrated Supply Project				
LGIP/Money Market Funds	15,576,821	5,521,822	-	21,098,643
Northern Water Hydropower				
Deposits	3,062,530	-	-	3,062,530
LGIP/Money Market Funds	-	-	608,721	608,721
Northern Water Hydropower	3,062,530	-	608,721	3,671,251
Cash and cash equivalents	\$ 75,428,284	\$ 5,863,326	\$ 17,947,589	\$ 99,239,199

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

4 INVESTMENTS

As of September 30, 2023, the District Enterprise Fund had the following investments:

	Current		Noncurrent	Total Investments
	Unrestricted	Restricted	Restricted	
U.S. Government Securities	\$ 32,113,864	\$ -	\$ 5,004,984	\$ 37,118,848
Federal Agency Securities	454,167	-	-	454,167
Federal Agency Collateralized Mortgage Obligations	3,796,360	-	-	3,796,360
Negotiable Certificates of Deposit	1,826,284	-	-	1,826,284
Supranationals	2,709,059	-	-	2,709,059
Municipal Obligations	2,498,118	-	-	2,498,118
Commercial Paper	1,346,125	-	-	1,346,125
Corporate Notes	10,190,345	-	-	10,190,345
Investments	\$ 54,934,322	\$ -	\$ 5,004,984	\$ 59,939,306

Note 4 continued

Investment balances at September 30, 2023, by level hierarchy were as follows:

	Level 1	Level 2	Fair Value
U.S. Government Securities	\$ 37,118,848	\$ -	\$ 37,118,848
Federal Agency Securities	-	454,167	454,167
Federal Agency Collateralized Mortgage Obligations	-	3,796,360	3,796,360
Negotiable Certificates of Deposit	-	2,709,059	2,709,059
Supranationals	-	1,826,284	1,826,284
Municipal Obligations	-	2,498,118	2,498,118
Commercial Paper	-	1,346,125	1,346,125
Corporate Notes	-	10,190,345	10,190,345
Investments	<u>\$ 37,118,848</u>	<u>\$ 22,820,458</u>	<u>\$59,939,306</u>

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

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

The Northern Water investments portfolio is limited to an aggregate exposure of 50 percent of the sum total of the following investment types: Time Certificates of Deposit, Corporate Bonds, Commercial Paper and Bankers Acceptances. The aggregate exposure to Municipal Bonds may not exceed 35.0 percent of the portfolio and no more than 5.0 percent of the portfolio may be invested with a single issuer with certain exceptions pursuant to the provisions of GASB 40 or to the extent Northern Water's investment policy is more restrictive.

Note 4 continued

As of September 30, 2023, the District Enterprise Fund had investments with the following maturities:

	Investment Maturities			Total Investments
	1 - 2 years	2 - 3 years	3 - 5 years	
U.S. Government Securities	\$ 14,188,625	\$ 14,554,538	\$ 8,375,685	\$ 37,118,848
Federal Agency Securities	454,167	-	-	454,167
Federal Agency Collateralized Mortgage Obligations	689,704	1,962,404	1,144,252	3,796,360
Negotiable Certificates of Deposit	1,947,916	761,143	-	2,709,059
Supranationals	1,384,893	441,391	-	1,826,284
Municipal Obligations	819,960	494,185	1,183,973	2,498,118
Commercial Paper	1,346,125	-	-	1,346,125
Corporate Notes	2,768,986	5,402,057	2,019,302	10,190,345
Investments	\$ 23,600,376	\$ 23,615,718	\$ 12,723,212	\$ 59,939,306

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

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Credit risk is generally considered to be the risk that a financial institution holding a deposit or an issuer of an investment will not fulfill its obligation to a depositor or investor. Credit risk can be measured in part by the assignment of a rating by a nationally-recognized statistical rating organization. Concentration of credit risk arises from the magnitude of an investment in a single issuer. As of September 30, 2023, there were no investments greater than 5 percent of the portfolio with any one issuer.

As of September 30, 2023, the District Enterprise Fund had investments with the following Standard and Poor's ratings:

Ratings	Investments	Percentage
A-2	\$ -	0.0%
A-1	2,832,952	4.7%
A+	2,049,610	3.4%
AA-	5,841,339	9.7%
AA	2,788,691	4.7%
AA+	42,439,494	70.8%
A-1+	461,089	0.8%
AAA	3,015,291	5.0%
Not rated	510,840	0.9%
Investments	\$ 59,939,306	100.0%

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

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

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

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

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

Note 4 continued

Interest Rate and Credit Risk (continued)

	Rating	Investments	Percentage
U.S. Government Securities	AA+	\$ 37,118,848	61.9%
Federal Agency Securities	AA+	454,167	0.8%
Federal Agency Collateralized Mortgage Obligations	AA+	3,796,360	6.3%
Negotiable Certificates of Deposit	A-1	1,947,916	3.2%
Negotiable Certificates of Deposit	AA-	761,143	1.3%
Supranationals	AAA	1,826,284	3.0%
Municipal Obligations	AA	494,185	0.8%
Municipal Obligations	AA+	808,911	1.3%
Municipal Obligations	AAA	684,182	1.1%
Municipal Obligations	Not rated	510,840	0.9%
Commercial Paper	A-1	885,036	1.5%
Commercial Paper	A-1+	461,089	0.8%
Corporate Notes	A+	2,049,610	3.4%
Corporate Notes	AA-	5,080,197	8.5%
Corporate Notes	AA	2,294,506	3.8%
Corporate Notes	AA+	261,207	0.4%
Corporate Notes	AAA	504,825	0.8%
Investments		<u>\$ 59,939,306</u>	<u>100.0%</u>

5 RECEIVABLES

Receivables for the District enterprise at September 30, 2023, are summarized by major classification as follows:

	2023
Assessments	\$ 2,391,793
Charges for services	-
Property taxes receivable	585,110
Grant fund receivables	886,484
Interest receivable	439,593
Pension fund	205,023
Other receivables	2,896,815
Receivables	<u>\$ 7,404,818</u>

In addition to the District receivables above, the total receivables also include the following: NISP and Hydropower receivable amounts of \$2,646 and \$736,562, respectively. The majority of the Hydropower receivable consists of \$502,053 in energy incentives from the US Department of Energy. An additional \$234,509 is attributable to the sale of renewable energy to two utility providers.

6 DUE TO/FROM OTHER FUNDS

Amounts due to/from the various Northern Water enterprise funds at September 30, 2023, were as follows:

Due to District Enterprise Fund	2023
Southern Water Supply Project	1,335,360
Pleasant Valley Pipeline Project	43,457
Northern Integrated Supply Project	573,284
Hydropower	194,247
Due to District Enterprise Fund	<u>\$ 2,146,348</u>

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

7 OTHER CURRENT ASSETS

Other current assets at September 30, 2023, included the following:

	2023
Inventory	\$ 481,788
Prepaid expenses	1,392,918
Other	500
Other current assets	<u>\$ 1,875,206</u>

8 CASH EQUIVALENTS, RESTRICTED

Restricted cash equivalent balances have been classified as current and noncurrent consistent with the anticipated uses of the funds. The restricted balances at September 30, 2023, are detailed as follows:

	2023
Current Cash Equivalents, Restricted	
Southern Water Supply Project	
Eastern Pump Plant	\$ 341,504
Northern Integrated Supply Project	
Phase 1	5,521,822
Current cash equivalents, restricted	<u>\$ 5,863,325</u>
Noncurrent Cash Equivalents, Restricted	
District Enterprise Fund	
Certificates of Participation, Series 2021	\$ 1,168,913
Certificates of Participation, Series 2021, Costs of Issuance	36,161
District Enterprise Fund	<u>1,205,074</u>
District Enterprise Fund	
Certificates of Participation, Series 2022	15,921,715
Certificates of Participation, Series 2022, Costs of Issuance	21,259
District Enterprise Fund	<u>15,942,974</u>
District Enterprise Fund	
Fund I Single Purpose (Reclamation)	30,045
Fund II Multipurpose (Reclamation)	41,733
Fund IV Contingency (Reclamation)	5,285
Northern Water Hydropower Facility Removal	113,757
District Enterprise Fund	<u>190,820</u>
Northern Water Hydropower	
Colorado Water Resources and Power Development	
Authority Debt Service	142,193
Interfund Loan Payable Debt Service	341,266
Colorado Water Conservation Board Debt Service	125,262
Northern Water Hydropower	<u>608,721</u>
Noncurrent cash equivalents and investments, restricted	<u>\$ 17,947,589</u>

District Enterprise Fund

- Certificates of Participation, Series 2021 – Restricted for Campus Development Project costs.
- Certificates of Participation, Series 2021, Costs of Issuance – Restricted for payment of 2021 Certificates issuance costs.
- Certificates of Participation, Series 2022 – Restricted for Campus Development Project costs.
- Certificates of Participation, Series 2022, Costs of Issuance – Restricted for payment of 2022 Certificates issuance costs.
- Fund I Single Purpose (Reclamation) – Restricted for operations and maintenance costs, major repairs, extraordinary and unforeseen expenditures for the C-BT Project single-purpose water supply features in the event there are insufficient funds available for such purposes from current revenues. Funding requirements are \$600,000 with a minimum of \$100,000.
- 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.

Note 8 continued

- Fund IV Contingency (Reclamation) – Restricted for contingent items with a funding requirement of \$100,000.
- Northern Water Hydropower Facility Removal – Restricted for any future removal costs of the Trout hydropower plant.

Southern Water Supply Project

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

Northern Integrated Supply Project

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

Northern Water Hydropower

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

9 INVESTMENTS, RESTRICTED

Restricted investments have been classified as noncurrent, consistent with the anticipated uses of the funds. District Enterprise Fund restricted balances at September 30, 2023, are detailed as follows:

	<u>2023</u>
Noncurrent Investments, Restricted	
Certificates of Participation, Series 2022 (Note 8)	\$ 3,266,170
CBT Contingency	112,592
CBT Major Repairs	333,860
Supplemental Major Repairs	350,504
Major Repairs Joint	482,678
Supplemental Major Repairs Joint	459,180
Noncurrent Investments, Restricted	<u>\$ 5,004,984</u>

10 CAPITAL ASSETS

Capital asset activity for the Northern Water enterprise funds for the year ended September 30, 2023, was as follows:

	2022	Additions	Retirements/Other	2023
District Enterprise Fund				
Non-depreciable capital assets				
Construction in progress	\$66,049,710	\$28,694,912	\$(66,106,331)	\$28,638,291
Land, easements and water rights	88,332,337	490,271	-	88,822,608
Non-depreciable Capital assets	<u>154,382,047</u>	<u>29,185,183</u>	<u>(66,106,331)</u>	<u>117,460,899</u>
Depreciable capital assets				
Buildings and improvements	23,558,603	63,075,094	-	86,633,697
Operations equipment	8,990,989	2,545,681	(744,468)	10,792,202
Water pipeline and equipment	90,778	88,901	-	179,679
Computer and office equipment	11,096,211	3,243,804	(97,267)	14,242,748
Depreciable Capital assets	<u>43,736,581</u>	<u>68,953,480</u>	<u>(841,735)</u>	<u>111,848,326</u>
Less accumulated depreciation				
Buildings and improvements	(14,803,265)	(1,128,270)	-	(15,931,535)
Operations equipment	(6,181,298)	(975,307)	485,630	(6,670,975)
Computer and office equipment	(8,365,028)	(990,723)	72,314	(9,283,437)
Accumulated depreciation	<u>(29,349,591)</u>	<u>(3,094,300)</u>	<u>557,944</u>	<u>(31,885,947)</u>
District Enterprise Fund capital assets, net	<u>168,769,037</u>	<u>95,044,363</u>	<u>(66,390,122)</u>	<u>197,423,278</u>
Southern Water Supply Project				
Non-depreciable capital assets				
Construction in progress	131,971	210,988	(169,676)	173,283
Land and easements	5,232,983	-	-	5,232,983
Depreciable capital assets	-	-	-	-
Water pipeline and equipment	129,806,709	467,478	-	130,274,187
Capital assets	<u>135,171,663</u>	<u>678,466</u>	<u>(169,676)</u>	<u>135,680,453</u>
Less accumulated depreciation				
Water pipeline and equipment	(47,405,954)	(3,166,035)	-	(50,571,989)
Southern Water Supply Project capital assets, net	<u>87,765,709</u>	<u>(2,487,569)</u>	<u>(169,676)</u>	<u>85,108,464</u>
Pleasant Valley Pipeline Project				
Non-depreciable capital assets				
Land and easements	934,330	-	-	934,330
Depreciable capital assets				
Water pipeline and equipment	29,787,545	23,040	-	29,810,585
Capital assets	<u>30,721,875</u>	<u>23,040</u>	<u>-</u>	<u>30,744,915</u>
Less accumulated depreciation				
Water pipeline and equipment	(13,374,787)	(748,758)	-	(14,123,545)
Pleasant Valley Pipeline Project capital assets, net	<u>17,347,088</u>	<u>(725,718)</u>	<u>-</u>	<u>16,621,370</u>
Northern Integrated Supply Project				
Non-depreciable capital assets				
Construction in progress	87,457,346	25,830,455	-	113,287,801
Northern Water Hydropower				
Non-depreciable capital assets				
Construction in progress	6,043	-	-	6,043
Depreciable capital assets				
Hydropower plants	11,502,848	-	-	11,502,848
Capital assets	<u>11,508,891</u>	<u>-</u>	<u>-</u>	<u>11,508,891</u>
Less accumulated depreciation				
Hydropower plants	(2,404,468)	(288,604)	-	(2,693,072)
Hydropower capital assets, net	<u>9,104,423</u>	<u>(288,604)</u>	<u>-</u>	<u>8,815,819</u>
Capital assets, net	<u>\$370,443,603</u>	<u>\$117,372,927</u>	<u>\$ (66,559,798)</u>	<u>\$421,256,732</u>

See outstanding commitments described in Note 20.

11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2023	2022
Claims incurred	\$ 1,798,839	\$ 1,683,562
Claims paid	(1,783,207)	(1,705,512)
Adjustment to IBNR estimate	15,632	(21,950)
IBNR, beginning of year	266,515	288,465
IBNR, end of year	<u>\$ 282,147</u>	<u>\$ 266,515</u>

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

12 COMPENSATED ABSENCES

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

	2023	2022
Absences accrued	\$ 1,512,646	\$ 1,238,968
Absences taken	(1,461,660)	(1,040,138)
Compensated absences, beginning of year	1,469,379	1,270,549
Compensated absences, end of year	<u>\$ 1,520,365</u>	<u>\$ 1,469,379</u>

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

District Enterprise Fund

Certificates of Participation, Series 2022

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

The 2022 Certificates represent undivided proportionate interests in Base Rentals and other revenues under an annually renewable lease purchase agreement between the trustee for the 2022 Certificates and Northern Water. Although no particular funds or sources of revenue are pledged to make payments under the lease, the District intends to budget, appropriate and pay the Base Rentals allocable to the 2022 Certificates from the District's revenues. The lease is subject to annual appropriation. Base Rental amounts contain or equal the annual debt service on the 2022 Certificates. The 2022 Certificates are subject to federal arbitrage regulations applicable to tax-exempt bonds.

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

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

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

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

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

If the lease is terminated by reason of non-appropriation, lease default or in the event the leased property is damaged or destroyed or title thereto is jeopardized in any way, the 2022 Certificates are subject to being called for extraordinary

Note 13 continued

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

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

District Enterprise Fund

Certificates of Participation, Series 2021

In 2021, the District issued the 2021 Certificates to fund its Campus Development Project. The 2021 Certificates were issued with an original principal amount of \$52,050,000 and at a premium of \$11,365,647. Annual principal payments on the 2021 Certificates are due each July through 2051 beginning in 2022. Interest is payable in semi-annual installments in January and July at either 4 percent or 5 percent beginning January 2022. Amortization of the related premium amounted to \$723,769 for the year ended September 30, 2022, and was credited against interest expense. The 2021 Certificates are subject to optional redemption, mandatory sinking fund redemption and extraordinary mandatory redemption under terms as described below.

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

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

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

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

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

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

Note 13 continued

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

Horsetooth Safety of Dams

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

Northern Water Hydropower

Colorado Water Resources and Power Development Authority

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

Annual payments of \$122,313, including interest at 2 percent, are due September 1 through the year 2032. In accordance with the terms of the debt agreement, a restricted balance has been established for debt service payments (Note 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 plant and energy revenues generated from the plant are pledged as security for the loan.

Interfund Loan Receivable/Payable

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

In accordance with the terms of the debt agreement, a restricted balance has been established for debt service payments (Note 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 plant and energy revenues generated from the plant are pledged as security for the loan. The loan is subordinated to the lien granted to secure the loan from CWRPDA.

Colorado Water Conservation Board

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

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

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

Note 13 continued

Long-term debt activity for the year ended September 30, 2023, was as follows:

	2022	Additions	Reductions	2023	Amounts Due Within One Year
District Enterprise Fund					
Certificates of Participation, Series 2021	\$ 50,955,000	\$ -	\$ (895,000)	\$ 50,060,000	\$ 930,000
Unamortized premium	10,517,776	-	(658,810)	9,858,966	-
Certificates of Participation, Series 2022	61,472,776	-	(1,553,810)	59,918,966	930,000
Certificates of Participation, Series 2022	\$ 33,940,000	\$ -	\$ (355,000)	\$ 33,585,000	\$ 485,000
Unamortized premium	3,339,998	-	(235,504)	3,104,494	-
Certificates of Participation, Series 2022	37,279,998	-	(590,504)	36,689,494	485,000
Contract payable to Reclamation					
Horsetooth Safety of Dams	2,749,019	-	(165,347)	2,583,672	174,855
District Enterprise Fund	101,501,793	-	(2,309,661)	99,192,132	1,589,855
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	1,098,691	-	(100,340)	998,351	102,346
Colorado Water Conservation Board	4,336,689	-	(142,552)	4,194,137	145,403
Northern Water Hydropower	5,435,380	-	(242,892)	5,192,488	247,749
Total long-term debt outstanding	106,937,173	-	(2,552,553)	104,384,620	\$ 1,837,604
Less current maturities of long-term debt	(1,658,239)	(179,365)	-	(1,837,604)	
Long-term debt, net of current maturities	\$ 105,278,934	\$ (179,365)	\$ (2,552,553)	\$ 102,547,016	

Interfund receivable/payable activity for the year ended September 30, 2023, was as follows:

	2022	Additions	Reductions	2023	Amounts Due Within One Year
Northern Water Hydropower Interfund					
Interfund loan receivable/payable	\$ 2,813,098	\$ -	\$ (231,175)	\$ 2,581,923	\$ 235,798
Less current maturities of interfund loan receivable/payable	(231,175)	(4,623)	-	(235,798)	
Interfund loan receivable/payable, net of current maturities	\$ 2,581,923	\$ (4,623)	\$ (231,175)	\$ 2,346,125	
District Enterprise Fund					
Net pension (asset)/liability	\$ 254,452	\$ 8,932,425	\$ -	\$ 9,186,877	

Note 13 continued

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

Years ending September 30,	District Enterprise Fund			
	Certificates of Participation, Series 2021		Certificates of Participation, Series 2022	
	Principal	Interest	Principal	Interest
2024	\$ 930,000	\$ 2,109,000	\$ 485,000	\$ 1,726,013
2025	965,000	2,071,800	515,000	1,701,763
2026	1,015,000	2,023,550	540,000	1,676,013
2027 - 2031	5,890,000	9,303,750	3,110,000	7,949,062
2032 - 2036	7,470,000	7,722,600	3,985,000	7,089,062
2037 - 2041	9,140,000	6,055,800	5,075,000	5,988,062
2042 - 2046	11,120,000	4,075,000	6,495,000	4,567,200
2047 - 2051	13,530,000	1,665,600	8,390,000	2,676,450
2052	-	-	4,990,000	261,975
Debt service	\$ 50,060,000	\$ 35,027,100	\$ 33,585,000	\$ 33,635,600

Years ending September 30,	District Enterprise Fund				
	Horsetooth Safety of Dams		Hydropower		Debt Service
	Principal	Interest	Principal	Interest	
2024	\$ 174,854	\$ 148,561	\$ 483,547	\$ 155,488	\$ 6,212,463
2025	184,909	138,507	493,218	145,817	6,216,014
2026	195,541	127,875	503,083	135,953	6,217,015
2027 - 2031	1,159,859	457,220	2,670,423	524,754	31,065,068
2032 - 2036	868,508	101,737	1,564,564	279,050	29,080,523
2037 - 2041	-	-	978,849	167,579	27,405,290
2042 - 2046	-	-	1,080,728	65,700	27,403,628
2047 - 2051	-	-	-	-	26,262,050
2052	-	-	-	-	5,251,975
Debt service	\$ 2,583,671	\$ 973,900	\$ 7,774,412	\$ 1,474,341	\$ 165,114,026

Note 13 continued

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

Years ending September 30,	Principal	Interest	Total
2024	\$ 2,073,402	\$ 4,139,062	\$ 6,212,464
2025	2,158,127	4,057,887	6,216,014
2026	2,253,624	3,963,390	6,217,014
2026 - 2031	12,830,282	18,234,787	31,065,069
2032 - 2036	13,888,072	15,192,449	29,080,521
2037 - 2041	15,193,849	12,211,441	27,405,290
2042 - 2046	18,695,728	8,707,899	27,403,627
2047 - 2051	21,920,000	4,342,050	26,262,050
2052	4,990,000	261,975	5,251,975
Debt service	<u>\$ 94,003,084</u>	<u>\$ 71,110,940</u>	<u>\$165,114,024</u>

14 DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

At September 30, 2023, Northern Water had deferred outflows and inflows of resources relating to the Pension Plan as follows:

	2023
Deferred Outflows	
Contributions subsequent to December 31, 2022, measurement date	\$ 872,334
Net difference between expected and actual experience	2,263,266
Effect of assumption changes	117,122
Net difference between projected and actual earnings on pension plan investments	2,649,742
Deferred Outflows	<u>\$ 5,902,464</u>
Deferred Inflows	
Investments gains/losses	\$ -
Effect of assumption changes	-
Deferred Inflows	<u>\$ -</u>

15 MONEY PURCHASE PLAN

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

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

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

Northern Water's contributions to the Money Purchase Plan, including the matching portion, for the year ended September 30, 2023, totaled \$1,182,130.

16 PENSION PLAN

Plan Description

Northern Water has a single-employer Pension Plan, which provides retirement benefits to qualified employees hired prior to January 1, 2003, and their beneficiaries. The Pension Plan is on a calendar year end. The most recent actuarial valuation was as of January 1, 2023. The Measurement Date, the date as of which the net pension asset was determined, was December 31, 2022. The Pension Plan does not issue a stand-alone financial report.

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

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

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

At January 1, 2023, the Pension Plan had a total of 48 participants including 28 retirees receiving benefits, 18 active plan members and 2 former employees entitled to benefits but not yet eligible to receive them.

Summary of Significant Accounting Policies

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

Note 16 continued

Pension Plan Contributions

Pension Plan contributions are approved and may be amended by the Board. Contributions are recognized when paid into the Pension Plan. Contributions are neither permitted nor required of the Pension Plan participants. Northern Water funds all Pension Plan administrative and investment management costs. It is the policy of Northern Water to fund the Pension Plan based on amounts duly appropriated by the Board for the current fiscal year. That amount is typically the actuarially-determined contribution as defined by the Pension Plan's actuarial report. For the year ended December 31, 2022, Northern Water contributions to the Pension Plan amounted to \$1,184,771, which included the annual actuarially-determined contribution and investment fees.

Investment Portfolio

In accordance with the terms of the Pension Plan Investment Policy Statement, at December 31, 2022, Pension Plan assets were invested in a diversified portfolio as follows:

	<u>Concentration</u>
Domestic equities	31.9%
Fixed income	29.1%
International equities	11.5%
Low correlated hedge funds	21.6%
Emerging markets	5.9%
Investments	<u>100.0%</u>
Cash	<u>0.0%</u>
Pension Plan investment portfolio	<u><u>100.0%</u></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, 2022, the Pension Plan had the following investments:

	<u>December 31,</u> <u>2022</u>	<u>Level 1</u>
Domestic equities	\$ 7,825,507	\$ 7,825,507
Fixed income	7,140,836	7,140,836
International equities	2,824,973	2,824,973
Low correlated hedge funds	156,924	156,924
Emerging markets	1,447,311	1,447,311
Investments at fair value	<u>19,395,551</u>	<u>\$ 19,395,551</u>
Low correlated hedge funds measured at NAV		
Equity long/short hedge fund	2,331,476	
Multi-strategy hedge fund	2,792,423	
Investments	<u><u>\$ 24,519,449</u></u>	

The equity long/short hedge fund invests in a variety of related segregated portfolios with various global investment strategies of which the majority follow a long/short or market neutral equity strategy that primarily relies on fundamental security analysis for the purchase or sale of individual securities. Redemptions are permitted monthly with a 30-day notice. The multi-strategy hedge fund invests in approximately 18 independent funds that pursue multiple strategies to diversify

Note 16 continued

risk and reduce volatility including relative value, market neutral and low net equity, event-driven, and distressed and credit securities. Liquidity, representing the available frequency of redemption without a redemption fee, is permitted semi-annually with a 95-day notice.

The long-term expected rate of return on Pension Plan investments was based on expected inflation, long-term real returns and volatility. The capital market assumptions listed below are from Northern Water's actuarial investment consulting practice as of December 31, 2022, and assume a 20-year time horizon.

	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	3.0%	0.6%
US Core Fixed Income	24.0%	2.2%
US Bank/Leveraged Loans	5.0%	3.9%
US Large Caps	22.0%	5.4%
US Small & Mid Caps	8.0%	6.3%
Foreign Developed Equity	17.0%	7.4%
Emerging Markets Equity	6.0%	9.4%
Hedge FOF Diversified	15.0%	3.4%

For the Pension Plan year ended December 31, 2022, the annual money-weighted rate of return was -13.90 percent. The money-weighted rate of return considered the changing amounts actually invested during the period and weighted the amount of Pension Plan investments by the proportion of time they were available to earn a return during the period. External cash outflows were determined on a monthly basis and were assumed to occur at the middle of each month. External cash inflows were netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return was calculated net of investment expenses.

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Credit risk is generally considered to be the risk that an issuer of an investment will not fulfill its obligations to an investor. The fixed income mutual funds held by the Pension Plan at December 31, 2022, were unrated by a nationally-recognized statistical rating organization. Concentration of credit risk arises from the magnitude of an investment in a single issuer. At December 31, 2022, there were no individual holdings of the Pension Plan exceeded 5 percent of total assets.

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

	Fair Value December 31, 2022	Weighted Average Maturity
Eaton Vance Floating Rate	\$ 1,211,036	4.6 years
Metropolitan West	3,060,518	8.0 years
Dodge & Cox Income	2,869,282	10.3 years

Note 16 continued

Actuarial Methods and Assumptions

Total pension liability was determined by an actuarial valuation as of the December 31, 2022, 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 percent
- Cost of Living Adjustments – 1.25 percent
- Mortality – Pub-2010 Healthy Employee and Retiree Mortality Tables for General Employees projected generationally using Scale MP2021
- Investment Rate of Return – 5.25 percent
- Valuation Timing – January 1
- Actuarial Cost Method – Entry Age Normal
- Retirement Age – Participants are assumed to retire at age 65

Changes in Net Pension Liability

The net pension liability was determined by an actuarial valuation as of the December 31, 2022, Measurement Date, calculated based on a discount rate and long-term expected rate of return of 5.25 percent. Changes in pension liability for the Pension Plan year ended December 31, 2022, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability
Balances, December 31, 2021	\$ 40,101,994	\$ 39,847,541	\$ 254,453
Changes for the year:			
Service cost	494,918	-	494,918
Interest on total pension liability	1,856,809	-	1,856,809
Effect of economic/demographic gains/losses	2,234,318	-	2,234,318
Effect of assumption changes	110,025	-	110,025
Benefit payments	(10,593,772)	(10,593,772)	-
Employer contributions	-	1,184,771	(1,184,771)
Investment gains or losses	-	(5,305,427)	5,305,427
Miscellaneous other revenue	-	(115,698)	115,698
Net changes	(5,897,702)	(14,830,126)	8,932,424
Balance, December 31, 2022	\$ 34,204,292	\$ 25,017,415	\$ 9,186,877

Fiduciary net position as a percentage of total pension liability	73.1%
Covered payroll	\$3,239,061
Net pension asset as a percentage of covered payroll	283.6%

Sensitivity Analysis

The following presents the net pension (asset) liability as of December 31, 2022, calculated using the discount rate of 5.25 percent, as well as what the net pension liability would have been if it were calculated using a discount rate that was 1 percentage point lower (4.25 percent) or 1 percentage point higher (6.25 percent) than the current rate.

Note 16 continued

	1 Percentage Point Decrease (4.25%)	Current Discount Rate (5.25%)	1 Percentage Point Increase (6.25%)
Total pension liability	\$ 37,632,773	\$ 34,204,293	\$ 31,241,472
Fiduciary net position	25,017,415	25,017,415	25,017,415
Net pension (asset) liability	<u>\$ 12,615,358</u>	<u>\$ 9,186,878</u>	<u>\$ 6,224,057</u>

Pension Plan Deferred Inflows and Outflows of Resources

As of the December 31, 2022, Measurement Date deferred inflows and outflows of resources relating to the Pension Plan were as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,649,742
Effect of assumption changes	-	117,122
Net difference between projected and actual earnings on investments	-	2,263,266
Northern Water contributions made subsequent to the December 31, 2021, measurement date	-	872,334
Deferred inflows and outflows of resources	<u>-</u>	<u>\$ 5,902,464</u>

Deferred outflows of resources resulting from Northern Water contributions subsequent to the December 31, 2022, Measurement Date are included above and will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Years ending September 30,	Amounts Recognized in Pension Expense
2024	1,288,506
2025	1,028,585
2026	1,282,919
2027	1,430,120
2028	-
Thereafter	-
	<u>\$ 5,030,130</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, 2023, Northern Water recognized pension expense of \$3,606,999.

17 INTERGOVERNMENTAL GRANTS

As a sponsor for the USDA's National Resources Conservation Service (NRCS) Emergency Watershed Protection (EWP) program, Northern Water was awarded a \$25.6 million NRCS federal grant. As of September 30, 2023, \$18.7 million in eligible costs had been incurred and recognized as intergovernmental revenue. The initial term of the grant expired in November 2021. Northern Water has received an extension of the grant through June 2023. There was no receivable amount outstanding on September 30, 2023.

In addition, Northern Water received awards from the Colorado Water Conservation Board (CWCB) under their Colorado Watershed Restoration Grant and Forest Restoration and Wildfire Risk Management Grant programs in the amount of \$13.5 million, and from the Bureau of Land Management (BLM) under their Forests and Woodlands Resource Management program in the amount of \$3.7 million. As of September 30, 2023, \$11.8 million in eligible costs had been incurred and recognized as intergovernmental revenue from CWCB. The grants expire in 2024 and 2025. As of September 30, 2023, \$2.7 million in eligible costs had been incurred and recognized as federal revenue from BLM. The receivable amount outstanding for this grant on September 30, 2023, was \$38,000.

Finally, Northern Water's Participating Agreement with the U.S. Forest Service for \$15,190,000 addresses priority areas which had been identified as in need of emergency stabilization using wood mulch and other treatments to help limit impacts to watersheds, soil and water resources including, C-BT water supplies. The purpose of this mitigation measure was to stabilize soils and promote forest and watershed recovery reducing sediment and debris transport from runoff water or precipitation events, which in-turn protects C-BT infrastructure and water quality. The receivable amount outstanding for this grant on September 30, 2023, was \$764,000.

18 INTERGOVERNMENTAL TRANSACTIONS

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

At September 30, 2023, total charges to the Subdistrict from Northern Water totaled \$2,954,644. Of this amount, \$2,636,262 related to the Subdistrict's use of conveyance and storage of the C-BT Project, administration, operation, maintenance and replacement costs (\$1,825,562 for charges for services and \$810,700 for indirect costs), \$5,500 related to the Adams Tunnel conveyance charge and \$312,882 related to carriage costs (\$511,083 receivable, net with \$198,201 payable further described below). These revenues from Windy Gap to Northern Water provide compensation for prior water rights to the Windy Gap Participants. Northern Water also provides centralized cash receipts and disbursement functions for the Subdistrict, which are treated as reimbursements and impact solely the Statement of Net Position.

Of the \$17,292,602 reported as related party payable as of September 30, 2023, \$2,121,188 relates to the charges described above, and \$15,171,414 relates to centralized cash activity in which Northern Water incurred capital construction expenses on behalf of Windy Gap Firing Project due to be reimbursed as of September 30, 2023 (of which \$2,266,650 relates to the Middle Park mitigation described below).

The Windy Gap Firing Enterprise has a \$2,266,650 payable obligation to Northern Water for 850 acre feet of Red Top Valley Ditch water dedicated for Middle Park mitigation per paragraph III.E.(3) of the 2012 Windy Gap Firing Project Intergovernmental Agreement (2012 WGFP IGA). This amount is recorded in receivables as of September 30, 2023.

Note 18 continued

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

19 RISK MANAGEMENT

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

20 COMMITMENTS AND CONTINGENCIES

Northern Water has outstanding commitments for Northern Integrated Supply Project mitigation and enhancement, design, and preconstruction work of \$18.6 million and for the Campus Development Project design and construction of \$11.3 million as of September 30, 2023. The purchase order commitments had an original value of \$197.9 million combined.

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



REQUIRED SUPPLEMENTARY INFORMATION

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

Pension Plan year ended December 31

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	\$ 494,918	\$ 591,506	\$ 673,664	\$ 744,039	\$ 750,237
Interest on total pension liability	1,856,809	2,095,261	2,305,359	2,357,210	2,412,496
Effect of economic/ demographic gains/losses	2,234,318	2,846,977	215,956	853,600	940,602
Effect of assumption changes	110,025	-	742,260	856,705	1,678,482
Benefit payments	(10,593,772)	(9,379,984)	(2,429,380)	(5,171,928)	(4,808,193)
Net change in pension liability	(5,897,702)	(3,846,240)	1,507,859	(360,374)	973,624
Total pension liability, beginning of year	40,101,994	43,948,234	42,440,373	42,800,747	41,827,123
Total pension liability, end of year	34,204,292	40,101,994	43,948,232	42,440,373	42,800,747
Fiduciary net position					
Employer contributions	1,184,771	1,472,880	2,367,405	2,089,663	2,533,926
Investment gains (losses)	(5,305,428)	2,886,670	6,720,560	5,854,474	(2,118,348)
Benefit payments	(10,593,772)	(9,379,984)	(2,429,380)	(5,171,928)	(4,808,193)
Change in fiduciary net position	(14,714,429)	(5,020,434)	6,658,585	2,772,209	(4,392,615)
Fiduciary net position, beginning of year	39,731,842	44,867,975	38,209,389	35,437,180	39,829,795
Fiduciary net position, end of year	25,017,413	39,847,541	44,867,974	38,209,389	35,437,180
Net pension (asset) liability, end of year	\$ 9,186,879	\$ 254,453	\$ (919,742)	\$ 4,230,984	\$ 7,363,567
Fiduciary net position as a percentage of pension liability	73.1%	99.4%	102.1%	90.0%	82.8%
Covered payroll	\$ 3,239,061	\$ 3,676,533	\$ 4,408,705	\$ 4,626,308	\$ 4,946,272
Net pension liability as a percentage of covered payroll	283.6%	6.9%	-20.9%	91.5%	148.9%
Money-weighted rate of return	-13.9%	7.0%	17.7%	17.5%	-5.6%

⁽¹⁾ As 2014 was the first plan year that GASB 67 was applicable, and the standard did not require plans to retroactively fill in years prior to its effective date information for years prior to 2014 is not available.

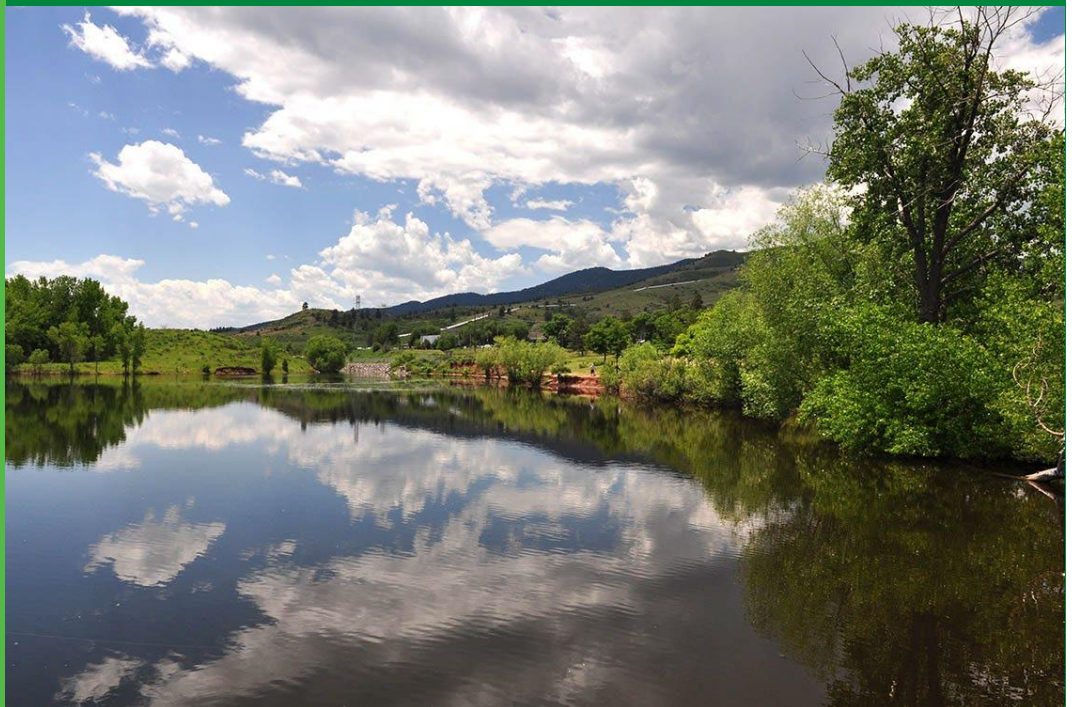
Schedule of Changes in Net Pension Liability and Related Ratios – Fiduciary Fund Pension Trust Plan⁽¹⁾
(continued)

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 593,304	\$ 629,104	\$ 767,076	\$ 746,409
Interest on total pension liability	2,481,636	2,533,835	2,479,704	2,360,109
Effect of economic/ demographic gains/losses	90,073	98,744	459,807	(63,355)
Effect of assumption changes	(529,054)	120,176	727,550	1,178,636
Benefit payments	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Net change in pension liability	(471,053)	1,419,710	2,587,431	3,928,696
Total pension liability, beginning of year	42,298,176	40,878,466	38,291,035	34,362,339
Total pension liability, end of year	41,827,123	42,298,176	40,878,466	38,291,035
Fiduciary net position				
Employer contributions	2,612,183	3,315,464	1,511,622	631,338
Investment gains (losses)	4,636,518	1,611,802	(421,624)	1,091,271
Benefit payments	(3,107,012)	(1,962,149)	(1,846,706)	(293,103)
Change in fiduciary net position	4,141,689	2,965,117	(756,708)	1,429,506
Fiduciary net position, beginning of year	35,688,106	32,722,989	33,479,697	32,050,191
Fiduciary net position, end of year	39,829,795	35,688,106	32,722,989	33,479,697
Net pension (asset) liability, end of year	\$ 1,997,328	\$ 6,610,070	\$ 8,155,477	\$ 4,811,338
Fiduciary net position as a percentage of pension liability	95.2%	84.4%	80.0%	87.4%
Covered payroll	\$ 5,752,756	\$ 6,150,893	\$ 6,212,513	\$ 6,235,218
Net pension liability as a percentage of covered payroll	34.7%	107.5%	131.3%	77.2%
Money-weighted rate of return	13.2%	4.9%	-1.3%	3.4%

⁽¹⁾ As 2014 was the first plan year that GASB 67 was applicable, and the standard did not require plans to retroactively fill in years prior to its effective date information for years prior to 2014 is not available.

Schedule of Employer Contributions and Pension Investment Returns

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Employer Contribution Over (Under) Actuarially-Determined Contribution	Covered Payroll	Employer Contribution as a Percentage of Covered Payroll	Money Weighted Rate of Return
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)	6,235,218	10.1%	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%
2019	1,501,389	2,089,663	588,274	4,626,308	45.2%	17.5%
2020	1,483,961	2,367,405	883,444	4,408,705	53.7%	17.7%
2021	1,171,619	1,472,880	301,261	3,676,533	40.1%	6.9%
2022	1,163,112	1,184,771	21,659	3,239,061	36.6%	-13.9%



SUPPLEMENTARY INFORMATION

Schedule of Revenues and Expenses, Budget to Actual

District Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2023			Year ended
	Budget (unaudited)	Actual	Variance	September 30, 2022 Actual
Operating revenue sources				
Water assessments	\$ 12,383,949	\$ 13,007,261	\$ 623,312	\$ 12,268,808
Charges for services	8,896,716	7,489,601	(1,407,115)	7,552,240
Indirect Costs	2,773,800	2,773,800	-	-
Other operating revenues	2,656,595	3,117,580	460,985	2,815,259
Operating revenue sources	26,711,060	26,388,242	(322,818)	22,636,307
Operating expense uses	(41,153,321)	(48,826,882)	(7,673,561)	(58,667,553)
Operating revenue sources under expense uses	(14,442,261)	(22,438,640)	(7,996,379)	(36,031,246)
Nonoperating revenue sources				
Property and specific ownership taxes	30,006,934	30,330,162	323,228	26,763,785
Earnings on investments / change in value	655,240	5,280,004	4,624,764	(1,663,121)
Intergovernmental grants	19,348,000	6,211,666	(13,136,334)	27,631,388
Other nonoperating revenues	174,600	390,263	215,663	669,534
Interfund loan receivable receipts	287,437	287,437	-	287,437
Capital Contributions	-	226,689	-	125,828
Bond proceeds	-	-	-	37,346,206
Nonoperating revenue sources	50,472,211	42,726,221	(7,745,990)	91,161,057
Nonoperating expense uses				
Debt service	(5,578,229)	(5,578,229)	-	(3,363,838)
Capital purchase and project expenditures	(63,916,177)	(30,986,406)	32,929,771	(47,886,470)
Reserve funding	(2,057,666)	(2,057,666)	-	(1,877,754)
Bond costs of issuance	-	-	-	(331,440)
Supplemental Pension Plan contribution	-	-	-	-
Contributions to Chimney Hollow & Colorado River Connectivity Channel	-	-	-	(3,000,000)
Contingency	(500,000)	-	500,000	-
Nonoperating expense uses	(72,052,072)	(38,622,301)	33,429,771	(56,459,502)
Nonoperating revenue sources over expense uses	(21,579,861)	4,103,920	25,457,092	34,701,555
Revenue sources over expenses uses	<u>\$ (36,022,122)</u>	<u>(18,334,720)</u>	<u>\$ 17,460,713</u>	<u>(1,329,691)</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Bond proceeds		-		(37,346,206)
Interfund loan receivable principal receipts		(287,437)		(287,437)
Debt service payments		5,578,229		3,363,838
Interest expense, net of bond premium amortization		(3,218,987)		(2,039,047)
Capital outlay		30,986,406		47,885,975
Reserve funding		2,057,666		1,877,754
Depreciation		(3,194,533)		(2,809,808)
Other		-		-
Changes in net position		<u>\$ 13,586,624</u>		<u>\$ 9,315,378</u>

Schedule of Revenues and Expenses, Budget to Actual

Southern Water Supply Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2023			Year ended
	Budget (unaudited)	Actual	Variance	September 30, 2022 Actual
Operating revenue sources				
Water assessments	\$ 3,405,916	\$ 3,882,258	\$ 476,342	\$ 2,481,123
Operating revenue sources	3,405,916	3,882,258	476,342	2,481,123
Operating expense uses	(2,575,367)	(2,577,039)	(1,672)	(2,168,136)
Operating revenue sources over expense uses	830,549	1,305,219	474,670	312,987
Nonoperating revenue sources				
Earnings on investments	-	129,664	129,664	10,971
Other Nonoperating revenue	-	-	-	15,000
Capital contributions	-	-	-	-
Nonoperating revenue sources	-	129,664	129,664	25,971
Nonoperating expense uses				
Capital expenditures	(830,549)	(323,320)	507,229	(282,373)
Retainage	-	-	-	-
Contingency	-	-	-	-
Nonoperating expense uses	(830,549)	(323,320)	507,229	(282,373)
Nonoperating revenue sources under expense uses	(830,549)	(193,656)	636,893	(256,402)
Revenue sources under expenses uses	\$ -	1,111,563	\$ 1,111,563	56,585
Adjustments to reconcile budgetary basis to GAAP basis				
Unearned revenue recognized as capital contributions		(29,973)		59,970
Participant funding held as accrued liabilities for construction contingencies				-
Retainage				-
Capital expenditures		323,320		282,373
Depreciation		(3,166,035)		(2,916,449)
Changes in net position		\$ (1,761,125)		\$ (2,517,521)

Schedule of Revenues and Expenses, Budget to Actual

Pleasant Valley Pipeline Project Enterprise Fund

Non-GAAP Budgetary Basis

	<u>Year ended September 30, 2023</u>			<u>Year ended</u>
	<u>Budget</u>			<u>September</u>
	<u>(unaudited)</u>	<u>Actual</u>	<u>Variance</u>	<u>30, 2022</u>
				<u>Actual</u>
Operating revenue sources				
Water assessments	\$ 228,828	\$ 299,897	\$ 71,069	\$ 58,949
Operating revenue sources	228,828	299,897	71,069	58,949
Operating expense uses	(155,909)	(128,472)	27,437	(93,054)
Operating revenue sources over (under) expense uses	72,919	171,425	98,506	(34,105)
Nonoperating revenue sources				
Earnings on investments	16	8,061	8,045	635
Nonoperating revenue sources	16	8,061	8,045	635
Nonoperating expense uses				
Capital purchase and project expenditures	(72,935)	(18,708)	54,227	(9,129)
Loss on asset disposal			-	
Nonoperating expense uses	(72,935)	(18,708)	54,227	(9,129)
Nonoperating revenue sources over (under) expense uses	(72,919)	(10,647)	62,272	(8,494)
Revenue sources over (under) expense uses	<u>\$ -</u>	<u>160,778</u>	<u>\$ 160,778</u>	<u>(42,599)</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Depreciation		(748,758)		(744,191)
Capital projects		18,708		9,129
Changes in net position		<u>\$ (569,272)</u>		<u>\$ (777,661)</u>

Schedule of Revenues and Expenses, Budget to Actual

Northern Integrated Supply Project Enterprise Fund

Non-GAAP Budgetary Basis

	Year ended September 30, 2023			Year ended
	Budget (unaudited)	Actual	Variance	September 30, 2022 Actual
Nonoperating revenue sources				
Capital contributions	\$ 24,215,300	\$ 23,116,000	\$ (1,099,300)	\$ 19,000,000
Earnings on investments	10,000	1,215,879	1,205,879	183,307
Other nonoperating revenues	80,000	65,385	(14,615)	36,417
Nonoperating revenue sources	<u>24,305,300</u>	<u>24,397,264</u>	<u>91,964</u>	<u>19,219,724</u>
Nonoperating expense uses				
Capital purchase and project expenditures	(28,215,300)	(25,799,864)	2,415,436	(16,544,404)
Other nonoperating revenues		(1,494)	(1,494)	
Nonoperating expense uses	<u>(28,215,300)</u>	<u>(25,801,358)</u>	<u>2,413,942</u>	<u>(16,544,404)</u>
Nonoperating revenue sources over (under) expense uses	<u>\$ (3,910,000)</u>	<u>(1,404,094)</u>	<u>\$ 2,505,906</u>	<u>2,675,320</u>
Adjustments to reconcile budgetary basis to GAAP basis				
Capital outlay		<u>25,799,864</u>		<u>16,434,637</u>
Changes in net position		<u>\$ 24,395,770</u>		<u>\$ 19,109,957</u>

Schedule of Revenues and Expenses, Budget to Actual

Northern Water Hydropower Enterprise Fund

Non-GAAP Budgetary Basis

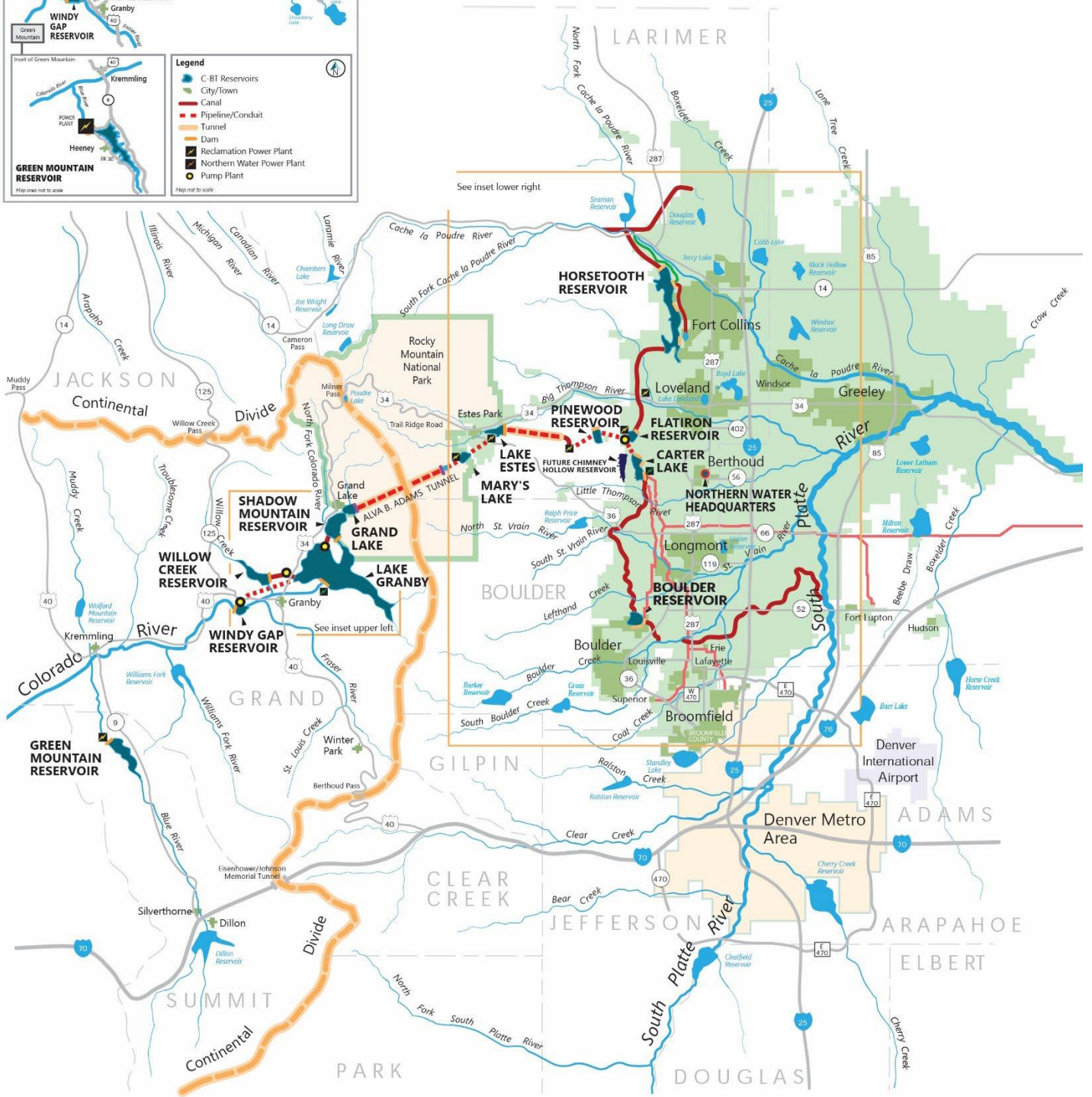
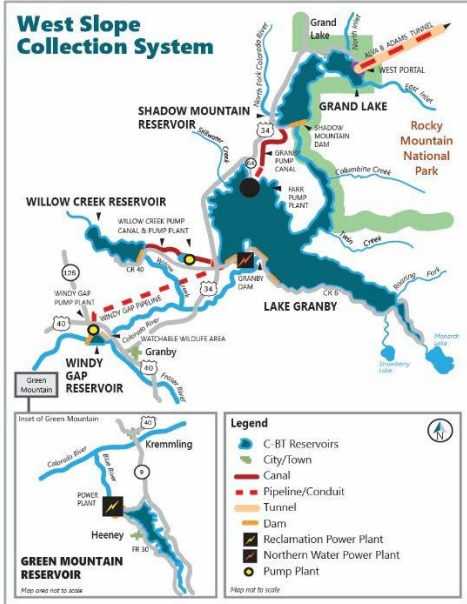
	Year ended September 30, 2023			Year ended
	Budget (unaudited)	Actual	Variance	September 30, 2022 Actual
Operating revenue sources				
Energy revenue	\$ 1,300,000	\$ 1,245,462	\$ (54,538)	\$ 1,466,764
Operating expense uses	(514,373)	(507,357)	7,016	(429,055)
Operating revenue sources over expense uses	785,627	738,105	(47,522)	1,037,709
Nonoperating revenue sources				
Earnings on investments	5,000	158,214	153,214	19,256
Intergovernmental grants	-	502,053	502,053	338,862
Nonoperating revenue sources	5,000	660,267	655,267	358,118
Nonoperating expense uses				
Debt service				
Principal	(474,066)	(474,971)	(905)	(464,771)
Interest	(164,971)	(164,064)	907	(174,265)
Capital purchase and project expenditures	(9,637)	(6,570)	3,067	(5,219)
Contingency	(50,000)		50,000	-
Nonoperating expense uses	(698,674)	(645,605)	53,069	(644,255)
Nonoperating revenue sources under expense uses	(693,674)	14,662	708,336	(286,137)
Revenue sources over expense uses	\$ 91,953	752,767	\$ 660,814	751,572
Adjustments to reconcile budgetary basis to GAAP basis				
Debt principal payments		474,971		467,767
Depreciation		(288,604)		(288,604)
Capital Expenditures		6,570		5,219
Changes in net position		\$ 945,704		\$ 935,954

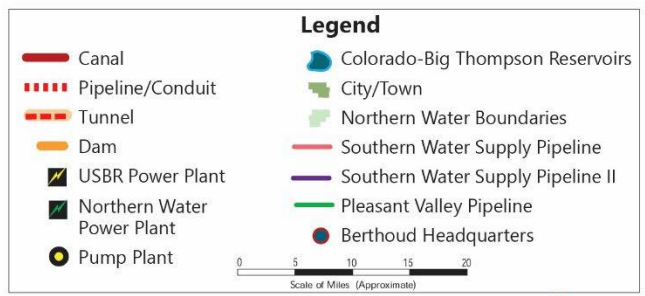
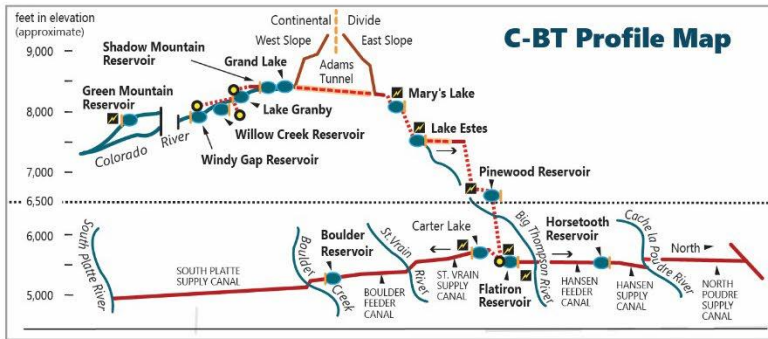


STATISTICAL

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

COLORADO-BIG THOMPSON PROJECT AND NORTHERN WATER BOUNDARIES

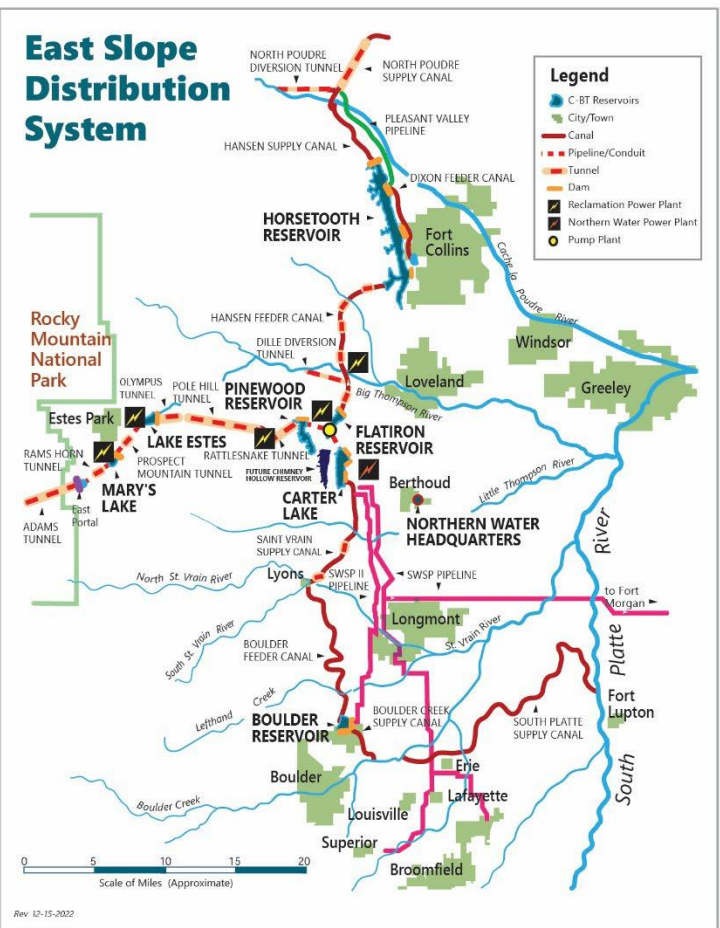
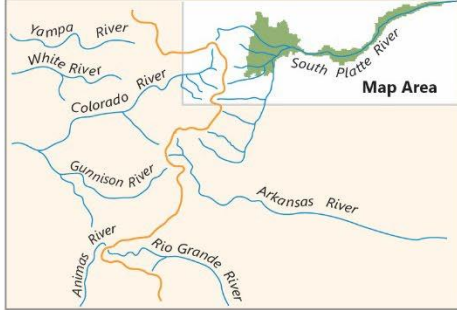




US Index Map



Colorado Index Map





FINANCIAL TRENDS

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

Statement of Changes in Net Position⁽¹⁾ (2014 - 2023)

Years ended September 30

Unaudited

	2023	2022	2021	2020	2019
Revenues					
Operating revenues					
Assessments	\$ 17,115,763	\$ 14,811,682	\$ 13,978,731	\$ 13,496,094	\$ 12,512,455
Charges for services	7,489,601	7,552,240	7,276,338	7,961,981	6,593,167
Energy revenue	1,245,462	1,466,764	1,349,216	1,301,643	1,115,254
Other operating revenues	5,891,381	2,874,076	4,320,428	2,509,470	1,923,491
Operating revenues	31,742,207	26,704,762	26,924,713	25,269,188	22,144,367
Nonoperating revenues					
Property and specific ownership taxes	30,330,162	26,763,785	26,963,388	27,187,290	23,043,100
Earnings on investments	6,791,816	(1,632,894)	449,032	2,173,881	2,257,120
Intergovernmental grants	6,713,720	27,914,798	12,462,356	104,678	129,279
Other nonoperating revenues, net	394,982	862,988	3,644,883	356,265	2,153,900
Use of facilities ⁽²⁾	-	-	-	-	-
Nonoperating revenues	44,230,680	53,908,677	43,519,659	29,822,114	27,583,399
Revenues	75,972,887	80,613,439	70,444,372	55,091,302	49,727,766
Expenses					
Operating expenses					
Operations	11,626,904	12,235,108	17,421,047	13,955,318	12,324,327
Administration	21,771,876	8,990,876	6,297,145	4,645,341	12,417,554
Engineering	6,681,890	7,851,778	13,415,600	3,946,941	3,713,533
Environmental Services ⁽³⁾	5,768,687	5,140,981	11,349,679	12,286,840	3,656,229
Depreciation	7,400,840	6,759,053	6,563,873	5,554,090	4,767,424
Operating expenses	53,250,197	40,977,796	55,047,344	40,388,530	36,879,067
Nonoperating expenses					
Interest expense	3,383,051	2,210,315	503,440	237,870	411,575
Other nonoperating grant expenses	6,217,455	27,139,056	-	-	-
Bond issuance costs	-	331,440	386,052	-	-
Other nonoperating expenses	1,494	3,109,593	-	-	-
Intergovernmental subgrantee payments	-	-	-	-	-
Participant gain on use of facilities ⁽²⁾	-	-	-	-	-
Refund of contributed capital	-	-	-	-	-
Nonoperating expenses	9,602,000	32,790,404	889,492	237,870	411,575
Expenses	62,852,197	73,768,200	55,936,836	40,626,400	37,290,642
Income before contributions	13,120,690	6,845,239	14,507,536	14,464,902	12,437,124
Capital contributions	23,477,011	19,220,866	17,025,895	47,243,558	39,470,161
Changes in net position	36,597,701	26,066,105	31,533,431	61,708,460	51,907,285
Net position, beginning of year	447,829,334	421,763,229	390,229,798	328,521,338	276,614,053
Net position, end of year	\$484,427,035	\$ 447,829,334	\$421,763,229	\$390,229,798	\$328,521,338

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

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

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

Statement of Changes in Net Position⁽¹⁾ (2014 - 2023) (continued)

Years ended September 30

Unaudited

	2018	2017	2016	2015	2014
Revenues					
Operating revenues					
Assessments	\$12,239,150	\$11,496,339	\$10,113,724	\$8,110,867	\$7,875,949
Charges for services ⁽²⁾	6,307,644	5,783,834	4,701,786	4,541,473	4,658,426
Energy revenue ⁽³⁾	1,112,541	1,110,090	936,746	606,827	480,309
Other operating revenues	2,374,919	1,916,281	1,644,774	2,592,305	1,836,432
Operating revenues	22,034,254	20,306,544	17,397,030	15,851,472	14,851,116
Nonoperating revenues					
Property and specific ownership taxes	21,282,930	18,807,149	19,027,007	15,997,115	15,569,049
Earnings on investments	390,058	314,956	344,096	313,207	208,444
Intergovernmental grants	253,333	83,449	536,777	1,397,620	1,962,262
Other nonoperating revenues, net	1,941,115	390,855	262,128	487,930	1,028,181
Gain on disposition of assets ⁽⁴⁾	782,263	-	-	-	-
Nonoperating revenues	24,649,699	19,596,409	20,170,008	18,195,872	18,767,936
Revenues	46,683,953	39,902,953	37,567,038	34,047,344	33,619,052
Expenses					
Operating expenses					
Operations	14,117,940	13,223,118	12,736,200	12,787,288	13,358,066
Administration	6,755,097	6,806,674	6,289,010	4,934,313	6,238,623
Environmental Services ⁽³⁾	7,695,271	7,102,192	-	-	-
Engineering	-	-	5,435,991	5,497,912	5,090,341
Depreciation	4,563,619	4,384,339	4,169,073	4,102,074	4,149,642
Operating expenses	33,131,927	31,516,323	28,630,274	27,321,587	28,836,672
Nonoperating expenses					
Interest expense	476,068	530,614	475,720	522,045	566,912
Intergovernmental subgrantee payments	118,398	113,800	454,589	1,191,100	1,259,635
Participant gain on use of facilities ⁽⁵⁾	782,263	-	-	-	-
Refund of contributed capital	371,803	-	59,672	-	-
Nonoperating expenses	1,748,532	644,414	989,981	1,713,145	1,826,547
Expenses	34,880,459	32,160,737	29,620,255	29,034,732	30,663,219
Income (loss) before contributions	11,803,494	7,742,216	7,946,783	5,012,612	2,955,833
Capital contributions	12,552,674	6,528,346	4,400,000	3,542,024	1,890,000
Changes in net position	24,356,168	14,270,562	12,346,783	8,554,636	4,845,833
Net position, beginning of year	252,257,885	237,987,323	225,640,540	217,085,904	215,054,729
Restatement ⁽⁶⁾	-	-	-	-	(2,814,658)
Net position, end of year	\$276,614,053	\$252,257,885	\$237,987,323	\$225,640,540	\$217,085,904

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

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

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

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

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

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

Statement of Net Position by Component⁽¹⁾ (2014 - 2023)

Years ended September 30

Unaudited

	2023	2022	2021	2020	2019
Net Position					
Net investment in capital assets	\$334,633,475	\$305,412,241	\$285,218,526	\$265,628,101	\$233,624,113
Restricted net position					
Debt service	267,455	253,403	251,449	228,413	202,653
Major repairs	1,929,635	1,912,446	1,909,163	2,295,393	2,106,516
Capital projects	5,839,561	3,260,620	18,043,510	22,947,964	3,285,800
Unrestricted net position	141,756,909	136,990,624	116,340,581	99,129,927	89,302,256
Net position	<u>\$484,427,035</u>	<u>\$447,829,334</u>	<u>\$421,763,229</u>	<u>\$390,229,798</u>	<u>\$328,521,338</u>

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

Statement of Net Position by Component⁽¹⁾ (2014 - 2023) (continued)

Years ended September 30

Unaudited

	2018	2017	2016	2015	2014 ⁽²⁾
Net Position					
Net investment in capital assets	\$193,162,975	\$182,061,936	\$ 177,863,092	\$174,959,097	\$171,634,522
Restricted net position					
Debt service	174,967	149,684	126,010	125,505	125,363
Major repairs	1,970,697	2,007,139	1,993,343	1,989,621	1,989,049
Capital projects	2,420,068	2,786,161	1,959,697	1,381,990	840,935
Unrestricted net position	78,885,346	65,252,965	56,045,181	47,184,327	42,496,035
Net position	<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>

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

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

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

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

District Enterprise Fund

Years ended September 30

Unaudited

	Reclamation ⁽¹⁾	WAPA Colorado River ⁽²⁾	Lower Boulder Ditch Company ⁽³⁾	Coal Ridge Ditch Company ⁽³⁾	Reclamation Power Interference ⁽⁴⁾	Joint Operation and Maintenance Costs
2003	1,258,913	69,421	148,829	75,598	66,804	1,619,565
2004	1,268,617	55,975	183,015	88,676	64,772	1,661,055
2005	1,933,792	59,283	176,078	69,467	54,307	2,292,927
2006	2,127,367	71,809	146,736	72,541	57,351	2,475,804
2007	1,417,394	133,184	203,812	73,607	88,077	1,916,074
2008	2,353,997	87,912	151,007	98,269	78,985	2,770,170
2009	4,150,250	151,287	161,432	74,253	81,857	4,619,079
2010	2,186,032	72,784	166,147	96,361	68,813	2,590,137
2011	2,562,308	25,862	184,213	70,148	68,225	2,910,756
2012	2,660,054	93,421	166,809	73,910	87,029	3,081,223
2013	1,809,712	26,472	155,247	92,945	77,686	2,162,062
2014	1,695,104	10,156	117,984	90,630	84,044	1,997,918
2015	1,347,374	3,394	181,260	67,673	161,075	1,760,776
2016	1,353,954	4,712	233,974	170,102	95,193	1,857,935
2017	1,646,323	364,136	121,646	117,090	94,492	2,343,687
2018	1,821,433	211,291	275,053	81,732	97,879	2,487,388
2019	1,890,330	21,500	201,879	15,515	104,054	2,233,278
2020	1,658,306	147,810	460,061	28,664	103,444	2,398,285
2021	1,667,717	40,188	273,608	109,209	108,717	2,199,439
2022	1,571,579	23,070	477,318	107,043	106,131	2,285,141
2023	2,301,939	5,231	325,446	131,836	104,969	2,869,421

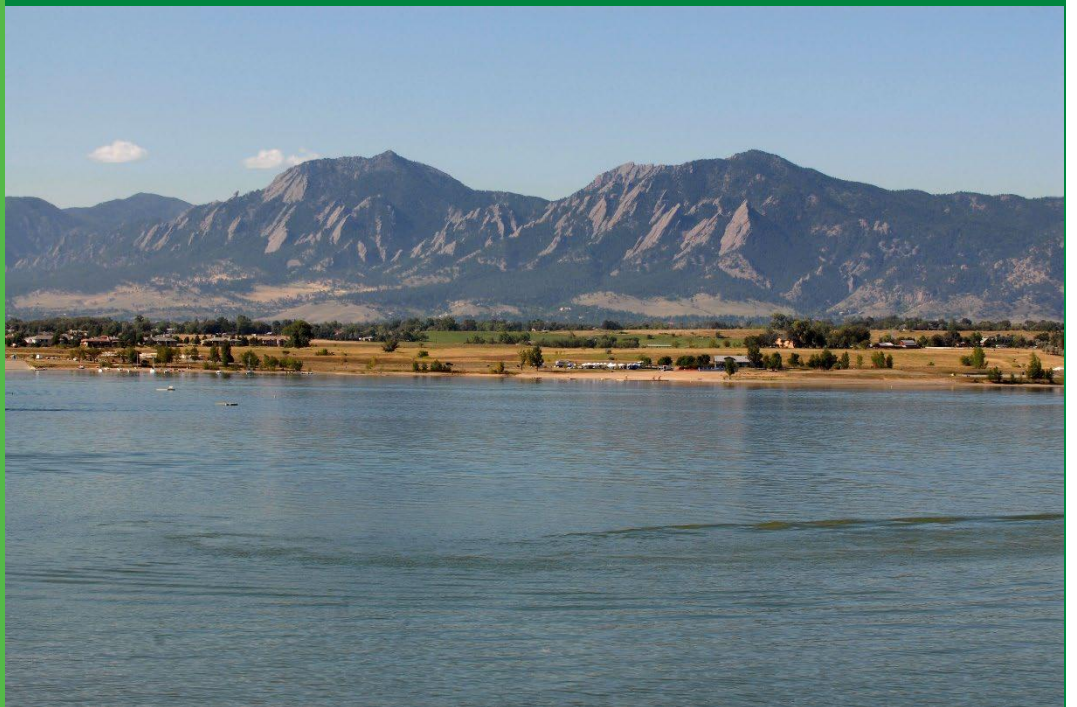
⁽¹⁾ Beginning 1986, the responsibilities for daily operations and maintenance of the majority of multipurpose projects was transferred from Reclamation to Northern Water.

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

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

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

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



REVENUE CAPACITY

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

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2014 - 2023)

District Enterprise Fund

Years ended September 30

Unaudited

	2023	2022	2021	2020	2019
Water Assessments					
Class A Inclusions	\$ -	\$ 2,800	\$ (1)	\$ (1)	\$ (1)
Class B Municipal	5,809,558	5,492,445	5,335,633	5,213,301	5,064,728
Class C					
Domestic	2,791,304	2,652,161	2,556,864	2,453,720	2,356,342
Industrial	634,129	611,044	599,633	583,326	567,019
Irrigation	564,136	534,936	534,239	516,872	496,287
Multi-Purpose	12,890	12,421	14,101	13,718	13,334
Class D, irrigation	710,429	712,016	713,749	711,851	714,012
Regional Pool	17,500	-	-	-	-
Carryover	2,467,316	2,253,784	2,305,571	2,087,361	2,084,736
Water assessments	<u>\$ 13,007,262</u>	<u>\$ 12,271,607</u>	<u>\$ 12,059,790</u>	<u>\$ 11,580,149</u>	<u>\$ 11,296,458</u>
Ownership by Water Allotment Contract Class (acre-foot units)					
Class B, municipal	153,367	153,768	153,223	153,176	152,729
Class C					
Irrigation	56,725	56,710	56,980	57,057	57,063
Domestic/Industrial/					
Multi-purpose	68,347	68,725	67,806	67,119	66,532
Class D irrigation ⁽¹⁾	31,561	30,797	31,991	32,648	33,676
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>
Ownership by Water Allotment Contract Rate (acre-foot units)					
Fixed rate	94,116	93,956	94,216	94,824	95,299
Open rate	215,884	216,044	215,784	215,176	214,701
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

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

⁽²⁾ Includes inactive units.

Water Assessments and Ownership by Water Allotment Contract Class and Rate (2014 - 2023)
(continued)

District Enterprise Fund

Years ended September 30

Unaudited

	2018	2017	2016	2015	2014
Water Assessments					
Class B Municipal	\$ 4,875,560	\$ 4,689,355	\$ 4,371,754	\$ 3,529,939	\$ 3,181,025
Class C					
Domestic	2,259,151	2,163,133	1,795,448	1,442,564	1,308,281
Industrial	532,861	524,355	440,908	376,939	318,286
Irrigation	478,708	464,719	343,280	262,962	249,332
Multi-Purpose	12,832	22,998	17,053	14,487	19,797
Class D, irrigation	691,788	660,774	506,851	318,641	310,360
Carryover	2,056,639	1,817,185	1,545,158	1,224,416	1,528,117
Water assessments	<u>\$ 10,907,539</u>	<u>\$ 10,342,519</u>	<u>\$ 9,020,452</u>	<u>\$ 7,169,948</u>	<u>\$ 6,915,198</u>
Ownership by Water Allotment Contract Class (acre-foot units)					
Class B, municipal	152,429	151,517	151,063	150,161	149,879
Class C					
Irrigation	56,754	56,490	56,615	56,417	60,122
Domestic/Industrial/ Multi-purpose	66,006	65,894	64,587	63,878	58,999
Class D Irrigation ⁽¹⁾	34,811	36,099	37,735	39,544	41,000
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>
Ownership by Water Allotment Contract Rate (acre-foot units)					
Fixed rate	96,289	97,401	98,263	99,311	99,862
Open rate	213,711	212,599	211,737	210,689	210,138
Acre-foot units	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>	<u>310,000</u>

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

⁽²⁾ Includes inactive units.

Largest Water Allotment Contract Holders by Acre-Foot Units (2013 and 2023)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2023		2013	
	Acre-Foot Units	Percentage	Acre-Foot Units	Percentage
North Poudre Irrigation Company	40,001	12.9%	40,000	12.9%
City of Greeley	22,804	7.4%	22,629	7.3%
City of Boulder	21,000	6.8%	21,301	6.9%
City of Fort Collins	18,855	6.1%	18,855	6.1%
City and County of Broomfield	13,698	4.4%	12,905	4.2%
Fort Collins-Loveland Water District	13,209	4.3%	11,729	3.8%
City of Longmont	12,713	4.1%	12,793	4.1%
City of Loveland	12,210	3.9%	12,168	3.9%
Little Thompson Water District	11,795	3.8%	9,837	3.2%
Xcel Energy (Public Service Company of Colorado)	10,007	3.2%	9,997	3.2%
Ten largest allottees by acre-foot units	176,292	56.9%	172,214	55.6%
Other allottees	133,708	43.1%	137,786	44.4%
Acre-foot units	310,000	100.0%	310,000	100.0%

Largest Water Allotment Contract Holders by Water Assessment (2014 and 2023)

District Enterprise Fund

Years ended September 30

Unaudited

Entity	2023			2014		
	Rank	Assessment	Percentage	Rank	Assessment	Percentage
City and County of Broomfield	1	\$ 692,434	6.6%	1	\$ 391,894	6.2%
Fort Collins-Loveland Water District	2	667,715	6.4%	3	328,487	5.2%
City of Fort Collins	3	639,048	6.1%	2	369,877	5.9%
Little Thompson Water District	4	592,143	5.7%	6	275,436	4.4%
Xcel Energy (Public Service Company of Colorado)	5	505,854	4.9%	4	279,916	4.4%
City of Boulder	6	433,992	4.2%	5	270,911	-
City of Greeley	7	392,273	3.8%	7	239,107	3.8%
City of Longmont	8	390,539	3.7%	8	230,931	3.7%
Left Hand Water District	9	372,301	3.6%		-	-
City of Loveland	10	358,919	3.4%	10	208,608	3.3%
Town of Erie		306,640	-	9	224,840	3.6%
Water Assessments for ten largest allottees		5,351,858	48.4%		2,820,007	40.3%
Other allottees		5,065,081	48.6%		3,499,475	55.4%
C-BT Project water assessments, Classes B, C and D		\$ 10,416,939	97.1%		\$ 6,319,482	95.7%

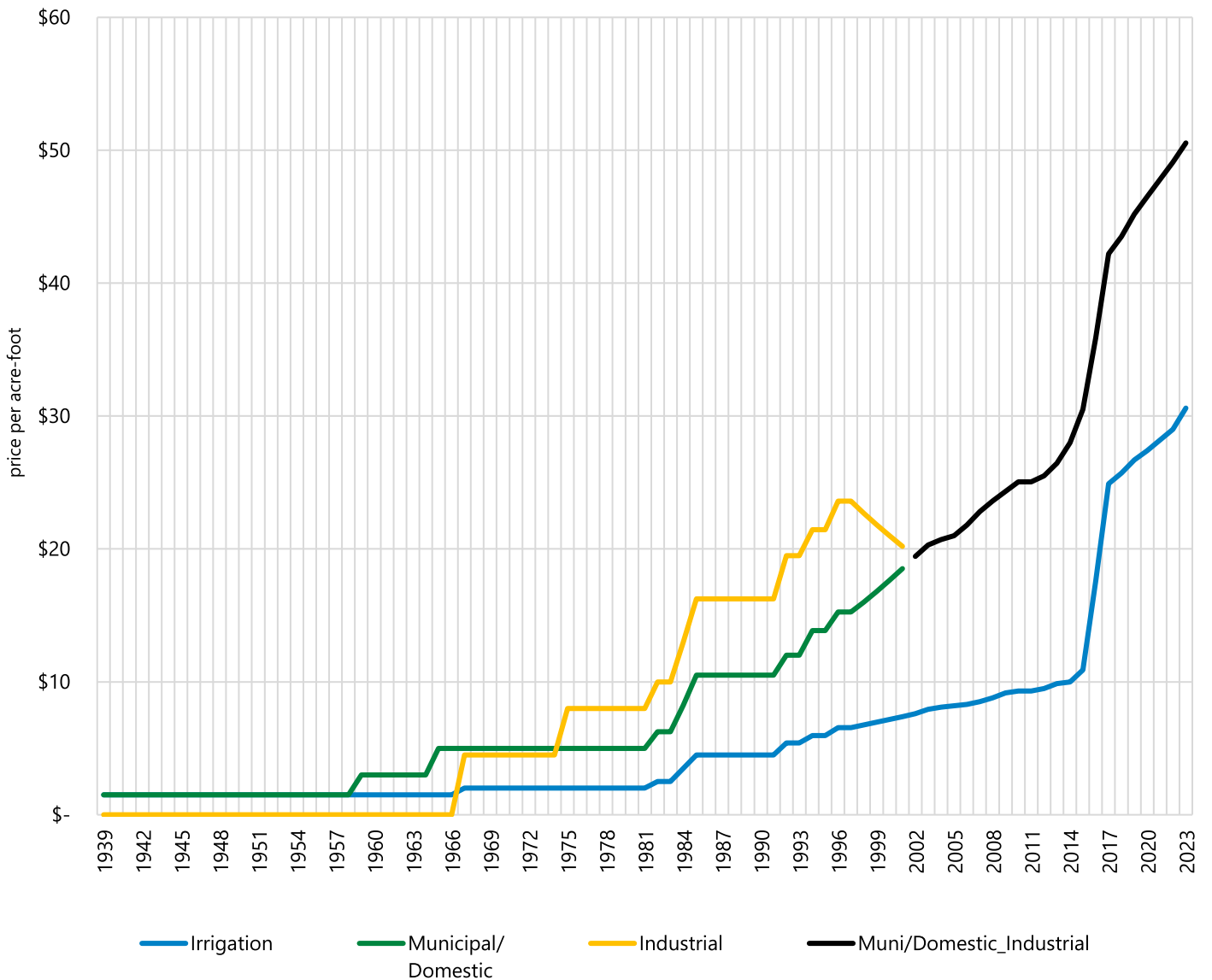
Open-Rate Water Assessment Charges⁽¹⁾ (Historical)

District Enterprise Fund

Years ended September 30

Unaudited

Open-Rate Assessments



2023 Open-Rate Water Assessments

	Per Acre-Foot Unit
Irrigation	\$30.60
Municipal/Domestic/Industrial	\$50.55

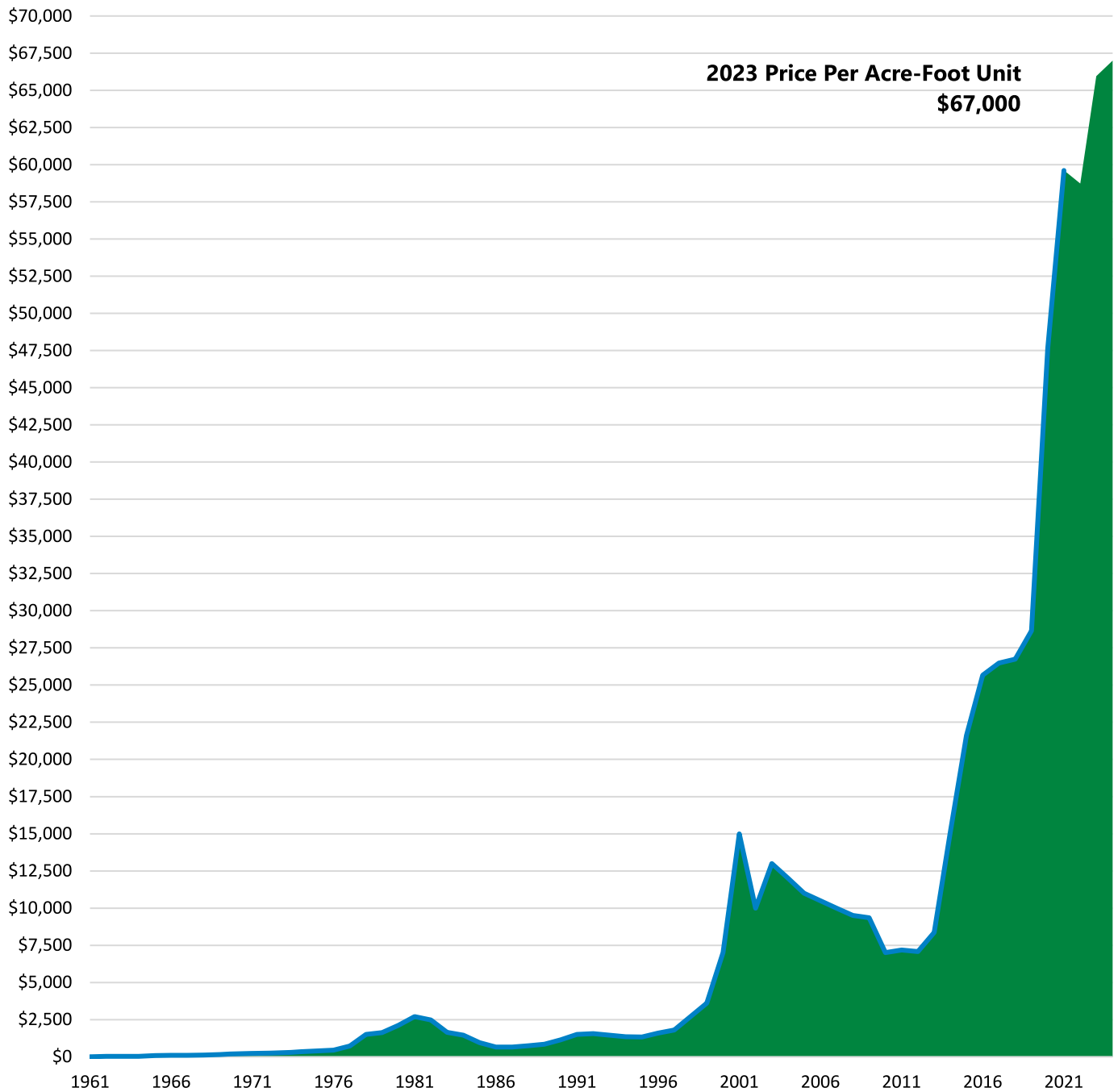
⁽¹⁾ The District Enterprise Fund collects annual water assessments on each acre-foot unit. Assessments on fixed-rate contracts are \$1.50 per unit. When a fixed-rate unit contract is transferred, sold or altered, the contract is changed from the original fixed rate to an open-rate assessment. Open-rate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

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

District Enterprise Fund

Years ended September 30

Unaudited



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

Charges for Services and Energy Revenue (2014 - 2023)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2023	2022	2021	2020	2019
CHARGES FOR SERVICES					
District Enterprise Fund					
Reclamation	\$ 2,316,876	\$ 2,343,480	\$ 2,396,404	\$ 3,313,886	\$ 2,721,725
Labor, overhead and supplies	5,172,725	5,208,760	4,879,934	4,648,095	3,871,442
Charges for services	<u>\$ 7,489,601</u>	<u>\$ 7,552,240</u>	<u>\$ 7,276,338</u>	<u>\$ 7,961,981</u>	<u>\$ 6,593,167</u>
ENERGY REVENUE AND OUTPUT					
Hydropower					
Trout	\$ 910,367	\$ 1,141,448	\$ 1,004,471	\$ 921,473	\$ 785,813
Granby	335,095	325,316	344,745	380,171	329,441
Hydropower	<u>\$ 1,245,462</u>	<u>\$ 1,466,764</u>	<u>\$ 1,349,216</u>	<u>\$ 1,301,644</u>	<u>\$ 1,115,254</u>
Hydropower(KWh)					
Trout	8,617,057	10,343,000	9,291,000	8,782,453	8,027,000
Granby	4,330,897	5,837,000	4,583,000	5,157,266	4,698,130
Hydropower	<u>12,947,954</u>	<u>16,180,000</u>	<u>13,874,000</u>	<u>13,939,719</u>	<u>12,725,130</u>

Charges for Services and Energy Revenue (2014 - 2023) (continued)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2018	2017	2016	2015	2014
CHARGES FOR SERVICES					
District Enterprise Fund⁽¹⁾					
Reclamation	\$ 2,736,656	\$ 2,796,752	\$ 2,162,973	\$ 2,243,156	\$ 2,645,274
Labor, overhead and supplies	3,570,988	2,987,082	2,538,813	2,298,317	2,013,152
Charges for services	<u>\$ 6,307,644</u>	<u>\$ 5,783,834</u>	<u>\$ 4,701,786</u>	<u>\$ 4,541,473</u>	<u>\$ 4,658,426</u>
ENERGY REVENUE AND OUTPUT					
Hydropower⁽²⁾					
Trout	\$ 760,873	\$ 798,799	\$ 750,251	\$ 606,827	\$ 480,309
Granby	351,668	311,291	186,492	-	-
Hydropower	<u>\$ 1,112,541</u>	<u>\$ 1,110,090</u>	<u>\$ 936,743</u>	<u>\$ 606,827</u>	<u>\$ 480,309</u>
Hydropower(KWh)⁽²⁾					
Trout	8,213,000	9,039,000	8,078,000	6,585,000	5,425,000
Granby	5,338,000	4,921,000	2,954,000	-	-
Hydropower	<u>13,551,000</u>	<u>13,960,000</u>	<u>11,032,000</u>	<u>6,585,000</u>	<u>5,425,000</u>

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

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

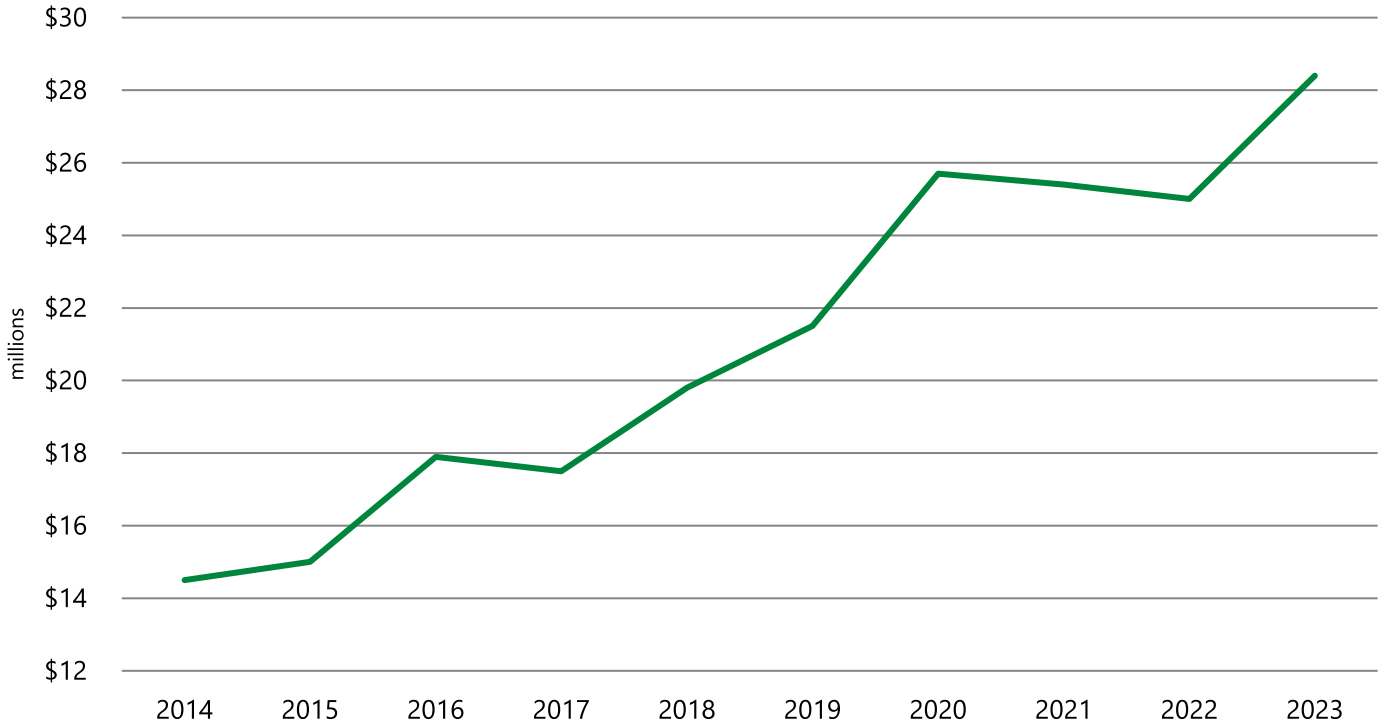
Property Tax Levies and Collections (2014 - 2023)

District Enterprise Fund

Years ended September 30

Unaudited

Property Tax Collections



Collections within the Fiscal Year

Collections to Date

Year	Tax Levy for Fiscal Year	Collections within the Fiscal Year		Collections to Date		
		Amount	Percentage of Levy	Amount	Percentage of Levy	
2014	14,554,204	14,508,847	99.7%	18,643	14,527,490	99.8%
2015	15,066,441	15,004,109	99.6%	35,695	15,039,804	99.8%
2016	17,949,405	17,844,139	99.4%	10,536	17,854,675	99.5%
2017	17,645,466	17,521,665	99.3%	12,735	17,534,400	99.4%
2018	19,872,029	19,735,132	99.3%	44,785	19,779,917	99.5%
2019	21,571,402	21,231,116	98.4%	212,293	21,443,409	99.4%
2020	25,729,732	23,438,428	91.1%	9,404	23,447,832	91.1%
2021	25,322,157	24,892,211	98.3%	584,433	25,476,644	100.6%
2022	25,115,167	24,580,378	97.9%	25,692	24,606,070	98.0%
2023	28,396,318	27,811,208	97.9%	585,110	28,396,318	100.0%

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

Assessed and Estimated Actual Value of Taxable Properties (2014 - 2023)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

	2023	2022	2021	2020	2019
Assessed Value					
Residential	\$ 13,096,382	\$ 12,198,437	\$ 11,617,806	\$ 11,712,174	\$ 9,780,474
Commercial	7,570,458	6,936,809	6,943,335	7,176,022	6,007,635
Industrial	1,371,542	1,436,588	1,349,671	1,268,476	1,097,984
Agricultural	119,265	145,668	126,611	131,222	138,057
Oil/Gas Natural Resources	5,190,847	3,242,368	4,150,302	4,289,146	3,337,096
Other	1,047,824	1,155,297	1,134,432	1,152,692	1,210,156
Assessed value of properties ⁽¹⁾	<u>\$ 28,396,318</u>	<u>\$ 25,115,167</u>	<u>\$ 25,322,157</u>	<u>\$ 25,729,732</u>	<u>\$ 21,571,402</u>
Estimated actual taxable value ⁽²⁾	<u>\$217,285,812</u>	<u>\$197,787,144</u>	<u>\$207,146,522</u>	<u>\$195,474,271</u>	<u>\$163,528,648</u>
	13.1%	12.7%	12.2%	13.2%	13.2%

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

⁽¹⁾ The counties assess residential property at approximately 7.0 percent of actual value and all other properties at 29 percent. The 7.0 percent rate is a temporary reduction based on SB22-238; the "normal" rate is 7.15 percent. There are years in this table prior to those affected by SB22-238. Estimated actual taxable value was calculated by dividing assessed value by those percentages. Tax exempt properties are included in each property classification. Apparent differences between these amounts and those shown on Largest Corporate Taxpayers by Assessed Valuation on page 104 are due to averaging in the above assessed valuation calculations.

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

Assessed and Estimated Actual Value of Taxable Properties (2014 - 2023) (continued)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

	2018	2017	2016	2015	2014
Assessed Value					
Residential	\$ 9,075,556	\$ 7,866,349	\$ 7,693,115	\$ 6,281,199	\$ 6,099,667
Commercial	5,520,450	4,790,744	4,776,337	4,156,831	4,099,919
Industrial	1,134,693	1,009,321	911,830	827,148	778,650
Agricultural	147,053	125,283	105,901	91,905	101,879
Oil/Gas Natural Resources	2,615,159	2,560,357	3,182,430	2,565,815	2,193,319
Other	1,379,118	1,293,412	1,279,792	1,143,542	1,280,770
Assessed value of properties ⁽¹⁾	<u>\$ 19,872,029</u>	<u>\$ 17,645,466</u>	<u>\$ 17,949,405</u>	<u>\$ 15,066,440</u>	<u>\$ 14,554,204</u>
Estimated actual taxable value ⁽²⁾	<u>\$151,243,740</u>	<u>\$132,544,573</u>	<u>\$132,013,690</u>	<u>\$109,203,469</u>	<u>\$105,782,558</u>
	13.1%	13.3%	13.6%	13.8%	13.8%

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

⁽¹⁾ The counties assess residential property at approximately 7.0 percent of actual value and all other properties at 29 percent. The 7.0 percent rate is a temporary reduction based on SB22-238; the "normal" rate is 7.15 percent. There are years in this table prior to those affected by SB22-238. Estimated actual taxable value was calculated by dividing assessed value by those percentages. Tax exempt properties are included in each property classification. Apparent differences between these amounts and those shown on Largest Corporate Taxpayers by Assessed Valuation on page 104 are due to averaging in the above assessed valuation calculations.

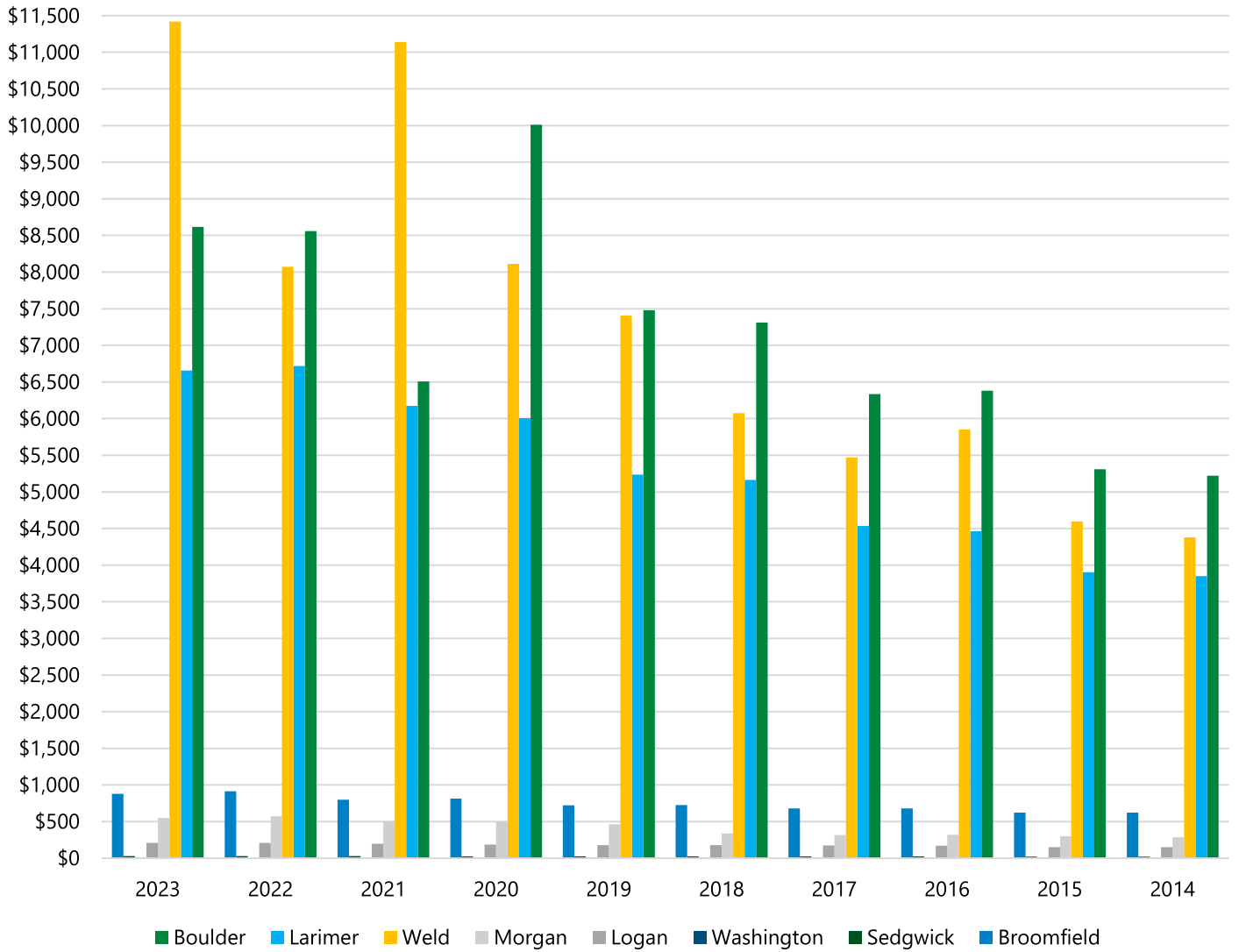
⁽²⁾ Tax rate at a maximum of 1 millage.

Property Tax Collections by County (2014 - 2023)

District Enterprise Fund

Years ended September 30

Unaudited



Largest Corporate Taxpayers by Taxable Assessed Valuation (2014 and 2023)

District Enterprise Fund

Years ended September 30

Unaudited (thousands)

Taxpayer	Rank	2023 ⁽¹⁾		Rank	2014 ⁽²⁾	
		Taxable Assessed Valuation	Percent		Taxable Assessed Valuation	Percent
Kerr-McGee Oil & Gas Onshore LP	1	\$ 2,637,399,832	9.3%	2	\$ 1,129,933,753	7.8%
PDC Energy, Inc.	2	2,188,186,950	7.7%	-	-	-
Noble Energy	3	1,860,424,170	6.6%	1	1,551,265,612	10.7%
Extraction Oil & Gas	4	1,142,710,862	4.0%	-	-	-
Crestone Peak Resources	5	573,290,010	2.0%	-	-	-
Kerr McGee Gathering LLC	6	526,222,690	1.9%	8	105,314,600	0.7%
Civitas Resources Inc	7	457,157,790	1.6%	-	-	-
Great Western Operating Company LLC	8	404,090,000	1.4%	-	-	-
Bayswater Exploration and Production LLC	9	391,353,650	1.4%	-	-	-
Highpoint Operating Corp	10	308,095,310	1.1%	-	-	-
DCP Operating Company	-	-	-	-	-	-
Public Service Company of Colorado	-	-	-	3	338,120,110	2.3%
Petroleum Development Corp	-	-	-	4	270,406,669	1.9%
Encana Oil & Gas (USA) Inc	-	-	-	5	241,796,793	1.7%
DCP Midstream LP	-	-	-	6	147,155,680	1.0%
Bonanza Creek Energy	-	-	-	7	121,795,457	0.8%
Anheuser-Busch, Inc.	-	-	-	9	84,853,940	0.6%
EOG	-	-	-	10	84,574,816	0.6%
Taxable assessed value of ten largest taxpayers		10,488,931,264	36.9%		4,075,217,430	28.0%
Taxable assessed value of other taxpayers		17,907,386,736	63.1%		10,478,986,570	72.0%
Taxable assessed value of all taxpayers		\$28,396,318,000	100.0%		\$14,554,204,000	100.0%

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

⁽²⁾ Data from the Northern Water 2013 ACFR. Reflects the taxable assessed valuation for the entire counties, only a portion of which are within Northern Water boundaries.



DEBT CAPACITY

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

Statistics of Outstanding Debt by Type⁽¹⁾ (2014 - 2023)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2023	2022	2021	2020	2019
District Enterprise Fund					
Certificates of Participation, Series 2021	\$ 50,060,000	\$ 50,955,000	\$ 52,050,000	\$ -	\$ -
Certificates of Participation, Series 2022	33,585,000	33,940,000	-	-	-
Certificates of Participation, Series 2012	-	-	-	-	2,420,000
Unamortized premium	12,963,460	13,857,774	11,241,545	-	191,487
Certificates of Participation Contracts Payable to Reclamation	96,608,460	98,752,774	63,291,545	-	2,611,487
Horsetooth Safety of Dams	2,583,671	2,749,019	2,905,375	3,053,230	3,193,045
Pole Hill Canal	-	-	-	-	94,740
District Enterprise Fund	99,192,131	101,501,793	66,196,920	3,053,230	5,899,272
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	998,351	1,098,691	1,197,063	1,293,507	1,388,058
Colorado Water Conservation Board	4,194,138	4,336,689	4,476,446	4,613,462	4,747,792
Northern Water Hydropower	5,192,489	5,435,380	5,673,509	5,906,969	6,135,850
Total District Enterprise Fund and Northern Water Hydropower debt	\$ 104,384,620	\$ 106,937,173	\$ 71,870,429	\$ 8,960,199	\$ 12,035,122
District Enterprise Fund Outstanding Debt					
Per capita ⁽²⁾	\$ 93.19	\$ 96.55	\$ 63.79	\$ 2.99	\$ 6.00
Percentage of personal income ⁽³⁾	0.13%	0.17%	0.11%	-	0.01%
District Enterprise Fund Contacts Payable to Reclamation					
Per capita ⁽⁴⁾	\$ 2.43	\$ 2.61	\$ 2.79	\$ 2.99	\$ 3.00

⁽¹⁾ Percentage of estimated actual value of taxable properties calculated by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 100 not significant.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 109.

⁽³⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 109.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 109.

Statistics of Outstanding Debt by Type⁽¹⁾ (2014 - 2023) (continued)

District and Northern Water Hydropower Enterprise Funds

Years ended September 30

Unaudited

	2018	2017	2016	2015	2014
District Enterprise Fund					
Certificates of Participation, Series 2012	\$ 3,570,000	\$ 4,670,000	\$ 5,740,000	\$ 6,780,000	\$ 7,790,000
Unamortized premium	284,682	376,219	466,126	554,433	641,169
Certificates of Participation	3,854,682	5,046,219	6,206,126	7,334,433	8,431,169
Contracts Payable to Reclamation					
Horsetooth Safety of Dams	3,325,258	3,450,282	3,568,509	3,680,307	3,786,026
Pole Hill Canal	186,388	275,042	360,802	443,762	524,014
District Enterprise Fund	7,366,328	8,771,543	10,135,437	11,458,502	12,741,209
Northern Water Hydropower					
Colorado Water Resources and Power Development Authority	1,480,756	1,571,637	1,660,736	1,748,088	1,833,727
Colorado Water Conservation Board	4,879,488	5,008,601	5,135,183	2,033,958	-
Hydropower	6,360,244	6,580,238	6,795,919	3,782,046	1,833,727
Outstanding debt	\$ 13,726,572	\$ 15,351,781	\$ 16,931,356	\$ 15,240,548	\$ 14,574,936
District Enterprise Fund Outstanding Debt					
Per capita ⁽²⁾	\$ 7.00	\$ 9.00	\$ 11.00	\$ 13.00	\$ 15.00
Percentage of personal income ⁽³⁾	0.01%	0.02%	0.02%	0.03%	0.04%
District Enterprise Fund Contacts					
Payable to Reclamation					
Per capita ⁽⁴⁾	\$ 4.00	\$ 4.00	\$ 4.00	\$ 5.00	\$ 5.00

⁽¹⁾ Percentage of estimated actual value of taxable properties calculated by dividing District Enterprise Fund debt payable to Reclamation by Estimated Actual Taxable Value as shown on page 100 not significant.

⁽²⁾ Computed by dividing total District Enterprise Fund debt by estimated population in Northern Water boundaries as shown on page 109.

⁽³⁾ Computed by dividing total District Enterprise Fund debt by total personal income as shown on page 109.

⁽⁴⁾ Computed by dividing District Enterprise Fund debt payable to Reclamation by estimated population in Northern Water boundaries as shown on page 109.



DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Northern Water Population and Economic Statistics⁽¹⁾ (2014 - 2023)

Years ended September 30

Unaudited

	2023	2022	2021	2020	2019
Population in Northern Water Boundaries⁽²⁾	1,064,392	1,051,301	1,037,717	1,020,792	1,000,013
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 89,593	\$ 83,173	\$ 79,698	\$ 71,974	\$ 69,239
Larimer County	64,258	64,258	60,219	56,851	53,935
Weld County	56,553	52,054	50,198	46,172	44,080
Personal Income (000s)⁽³⁾					
Boulder County	\$ 29,524,725	\$ 27,514,385	\$ 26,236,032	\$ 23,625,957	\$ 23,932,182
Larimer County	23,568,420	23,295,645	21,622,595	20,290,065	18,905,188
Weld County	21,000,000	12,700,000	15,300,000	14,700,000	12,500,000
Unemployment Rate⁽³⁾					
Boulder County	2.5%	4.4%	5.8%	2.0%	2.7%
Larimer County	2.9%	4.9%	6.3%	2.1%	2.7%
Weld County	3.0%	5.7%	7.2%	3.0%	2.7%

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

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

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

Northern Water Population and Economic Statistics⁽¹⁾ (2014 - 2023) (continued)

Years ended September 30

Unaudited

	2018	2017	2016	2015	2014
Population in Northern Water Boundaries⁽²⁾	982,678	959,455	922,233	893,145	878,100
Per Capita Personal Income⁽³⁾					
Boulder County	\$ 66,415	\$ 63,707	\$ 60,220	\$ 58,552	\$ 56,940
Larimer County	51,471	48,327	47,085	45,279	42,666
Weld County	42,701	42,787	27,047	31,657	29,986
Personal Income (000s)⁽³⁾					
Boulder County	\$ 21,939,604	\$ 20,924,309	\$ 20,412,704	\$ 18,896,217	\$ 17,505,391
Larimer County	17,704,788	16,360,187	15,671,771	14,655,589	13,476,440
Weld County	11,200,000	10,600,000	10,740,000	8,350,000	8,350,000
Unemployment Rate⁽³⁾					
Boulder County	2.6%	2.2%	2.9%	3.7%	4.4%
Larimer County	2.3%	2.8%	3.4%	4.3%	5.8%
Weld County	3.4%	3.8%	3.8%	3.9%	6.7%

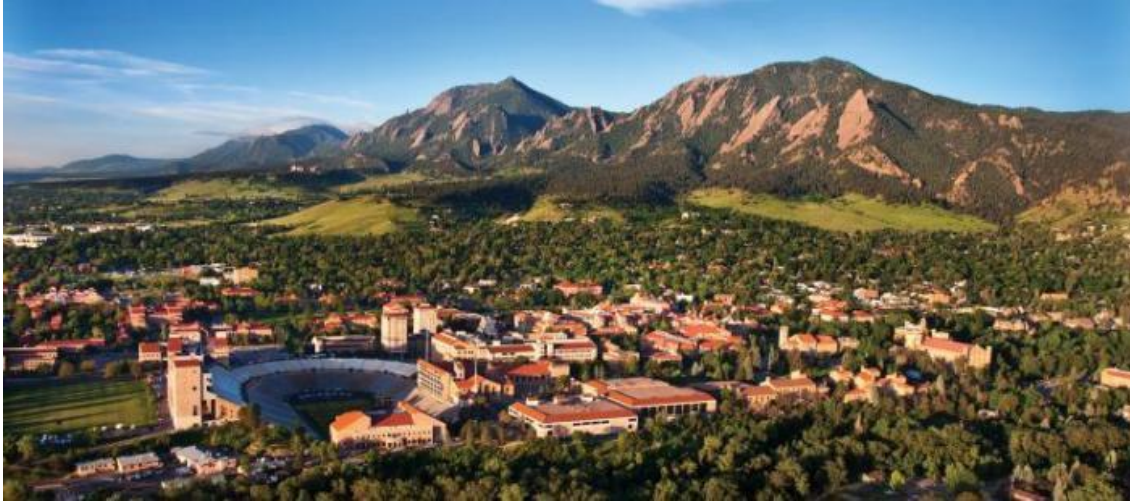
⁽¹⁾ Detailed information presented for Boulder, Larimer and Weld counties. The population in these counties represents more than 90 percent of the total estimated population within Northern Water's boundaries.

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

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

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2014 and 2023)

Years ended September 30,
Unaudited



City of Boulder⁽²⁾

Employers	2023			2014		
	Rank	Number of Employees	Percentage of Employment ⁽⁴⁾	Rank	Number of Employees	Percentage of Employment
University of Colorado at Boulder	1	6,200	3.1%	1	7,500	4.2%
Ball Corporation	2	4,800	2.4%	7	2,160	2.4%
Boulder Valley School District	3	3,832	1.9%	2	4,133	1.4%
St. Vrain Valley School District ⁽³⁾	4	3,570	1.8%	3	3,806	1.1%
Boulder Community Hospital	5	2,360	1.2%	6	2,350	1.2%
Boulder County	6	2,040	1.0%	8	1,902	2.1%
City of Boulder	7	1,461	0.7%	-	-	-
National Center for Atmospheric Research (NCAR)	8	1,187	0.6%	-	-	-
University Corporation for Atmospheric Research (UCAR)	9	1,187	0.6%	-	-	-
National Oceanic & Atmospheric Administration (NOAA)	10	870	0.4%	9	1400	-
Exempla Good Samaritan Medical Center	-	-	-	4	3,400	2.0%
IBM Corporation	-	-	-	5	2,500	2.0%
Level 3 Communications Inc.	-	-	-	10	1,265	1.4%
Longmont united Hospital						
Top ten principal employers		<u>27,507</u>	<u>14.0%</u>		<u>30,416</u>	<u>18.3%</u>

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

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

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

⁽⁴⁾ Beginning in 2016, Broomfield County was excluded with the exception of 2021 Ball Corporation employee numbers.

**Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2014 and 2023)
(continued)**

Years ended September 30

Unaudited



City of Fort Collins

Employers	2023			2014		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Colorado State University	1	8,100	7.7%	1	6,753	7.8%
UC Health Poudre Valley Hospital	2	6,400	6.1%	3	3,100	3.6%
Poudre R-1 School District	3	4,500	4.3%	2	3,957	4.6%
City of Fort Collins	4	2,000	1.9%	4	2,000	2.3%
Larimer County	5	2,000	1.9%	5	1,910	2.2%
Woodward	6	1,300	1.2%	6	1,302	1.5%
Broadcom (Avago)	7	1,100	1.0%	-	-	-
Department of Agriculture	8	1,000	1.0%	-	-	-
Otter Products, LLC.	9	900	0.9%	10	468	0.5%
Dillon Companies, Inc. (King Soopers)	10	750	0.7%	-	-	-
Center Partners	-	-	-	7	1,112	1.3%
Hewlett Packard	-	-	-	8	927	1.1%
Employment Solutions Personal Serv.	-	-	-	9	713	0.8%
Top ten principal employers		<u>28,050</u>	<u>26.7%</u>		<u>22,242</u>	<u>25.7%</u>

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

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

**Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2014 and 2023)
(continued)**

Years ended September 30

Unaudited



City and County of Broomfield

Employers	2023			2014		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Lumen (Formerly CenturyLink)	1	1,800	4.3%	-	-	-
Oracle America	2	1,650	3.9%	2	1,900	6.3%
SCL Health Care	3	1,550	3.7%	13	330	1.1%
Ball Corporation	4	1,100	2.6%	3	787	2.6%
Hunter Douglas Window Fashions Division	5	950	2.3%	6	600	2.0%
City and County of Broomfield	6	900	2.1%	14	295	1.0%
Vail Resorts	7	750	1.8%	12	385	1.3%
DanoneWave Foods	8	600	1.4%	4	674	2.3%
Broadcom Inc.	9	500	1.2%	6	600	2.0%
Crocs	10	450	1.1%	-	-	-
Vmware	10	450	1.1%	-	-	-
Top ten principal employers		10,700	25.5%		5,571	18.6%

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

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

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2014 and 2023)
(continued)

Years ended September 30

Unaudited



City of Longmont

Employers	2023			2014		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
St Vrain Valley School District ⁽²⁾	1	3,600	6.6%	1	3,538	7.5%
Seagate Technology	2	1,465	2.7%	2	1,245	2.6%
City of Longmont	3	1,300	2.4%	4	835	
UC Health Longs Peak Hospital	4	1,184	2.2%			
Intrado	5	627	1.1%	5	793	1.7%
Longmont United Hospital	6	530	1.0%	3	1244	2.6%
Circle Graphics	7	457	0.8%	8	545	1.2%
McLane Western	8	450	0.8%	-	-	-
FRCC	9	450	0.8%	-	-	-
Federal Aviation Administration	10	402	0.7%	9	488	1.0%
Crocs	-	-	-	10	433	0.9%
Amgen	-	-	-	7	707	1.5%
Digital Globe				6	762	
Top ten principal employers		10,465	19.1%		10,590	19.0%

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

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

Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2014 and 2023)
(continued)

Years ended September 30

Unaudited



City of Greeley

Employers	2023			2014		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
JBS USA & Affiliated Companies	1	5,141	10.3%	1	4,307	9.1%
Banner Health Care/Northern Colorado Medical Center	2	4,558	9.1%	-	-	-
Greeley/Evans School District 6	3	2,258	4.5%	2	2,429	5.1%
Weld County	4	1,823	3.6%	6	1,327	2.8%
University of Northern Colorado	5	1,221	2.4%	4	1,922	4.0%
City of Greeley	6	1,145	2.3%	7	1,205	2.5%
University Of Colorado Health Systems (All Weld)	7	1,030	2.1%	-	-	-
State Farm Insurance Companies	8	857	1.7%	5	1,338	2.8%
Aims Community College	9	817	1.6%	10	621	1.3%
North Range Behavioral Health	10	560	1.1%	-	-	-
Colorado Premium Foods (K2D, LLC)	11	550	1.1%	-	-	-
Leprino Foods	12	534	1.1%	-	-	-
TTEC	13	440	0.9%	-	-	-
Hensel Phelps Construction Co.	14	419	0.8%	-	-	-
Chevron/Noble Energy District Center	15	350	0.7%	-	-	-
Banner Health Care	-	-	-	8	922	1.9%
Wal-Mart	-	-	-	9	745	1.6%
Northern Colorado Medical Center	-	-	-	3	1,966	4.1%
Top ten principal employers		21,703	43.3%		16,782	35.3%

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

**Largest Employers by Principal Municipalities Served by Northern Water⁽¹⁾ (2014 and 2023)
(continued)**

Years ended September 30

Unaudited



City of Loveland

Employers	2023			2014		
	Rank	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment
Thompson School District R2-J	1	2,399	4.8%	1	2,036	5.0%
Hach Company	2	1,700	3.4%	4	800	1.9%
Medical Center of the Rockies	3	1,273	2.5%	6	636	1.6%
Wal-Mart Distribution Center	4	1,273	2.5%	3	950	2.3%
City of Loveland	5	944	1.9%	2	958	2.3%
Heska Corp.	6	655	1.3%	-	-	-
Nutrein/Crop Production Services	7	525	1.0%	8	472	1.2%
McKee Medical Center	8	375	0.7%	5	708	1.7%
LPR Construction	9	353	0.7%	-	-	-
Lighting eMotors, Inc.	10	260	0.5%	-	-	-
Woodward Governor	-	-	-	7	500	1.2%
Kroll Factual Data	-	-	-	9	350	0.9%
Agilent Technologies	-	-	-	10	300	0.7%
Top ten principal employers		9,757	19.4%		7,710	18.8%

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

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

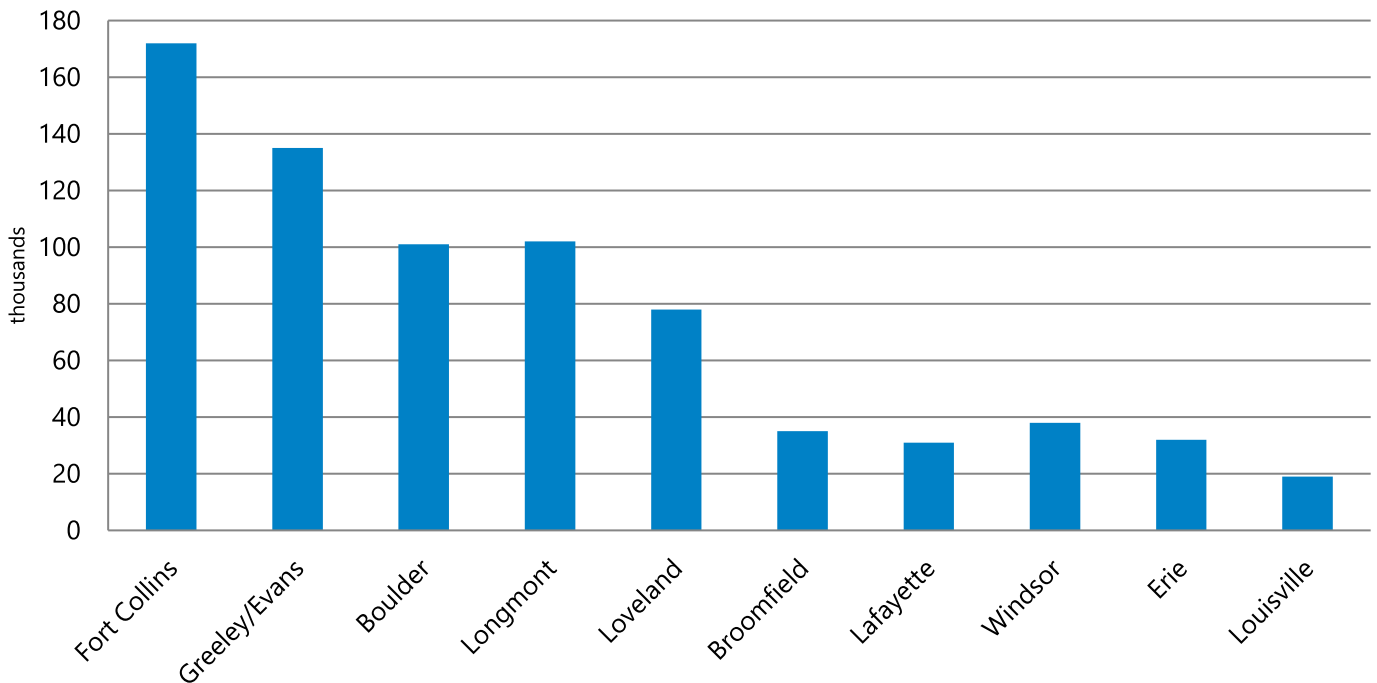
Population of Ten Largest Municipalities in Northern Water Boundaries (2013 and 2023)

Years ended September 30

Unaudited

Municipalities ⁽¹⁾	2023		2013 ⁽³⁾	
	Population ⁽²⁾	Percentage	Population	Percentage
City of Fort Collins	172,250	16.2%	152,200	17.3%
Cities of Greeley/Evans	135,861	12.8%	115,800	13.2%
City of Longmont	102,263	9.6%	90,200	10.3%
City of Boulder	99,587	9.4%	102,800	11.7%
City of Loveland	77,978	7.3%	71,200	8.1%
Town of Windsor	39,953	3.8%	21,400	2.4%
City and County of Broomfield	35,808	3.4%	59,500	6.8%
Town of Erie	34,250	3.2%	20,100	2.3%
City of Lafayette	31,219	2.9%	26,700	3.0%
City of Louisville	20,351	1.9%	19,500	2.2%
Population of ten largest municipalities in Northern Water boundaries	749,520	70.4%	679,400	77.4%
Other municipalities and unincorporated areas	314,872	29.6%	198,700	22.6%
Estimated population within Northern Water boundaries	1,064,392	100.0%	878,100	100.0%

10 Largest Municipalities in Northern Water Boundaries



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

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

⁽³⁾ Data taken from the Northern Water 2013 ACFR.



OPERATING INFORMATION

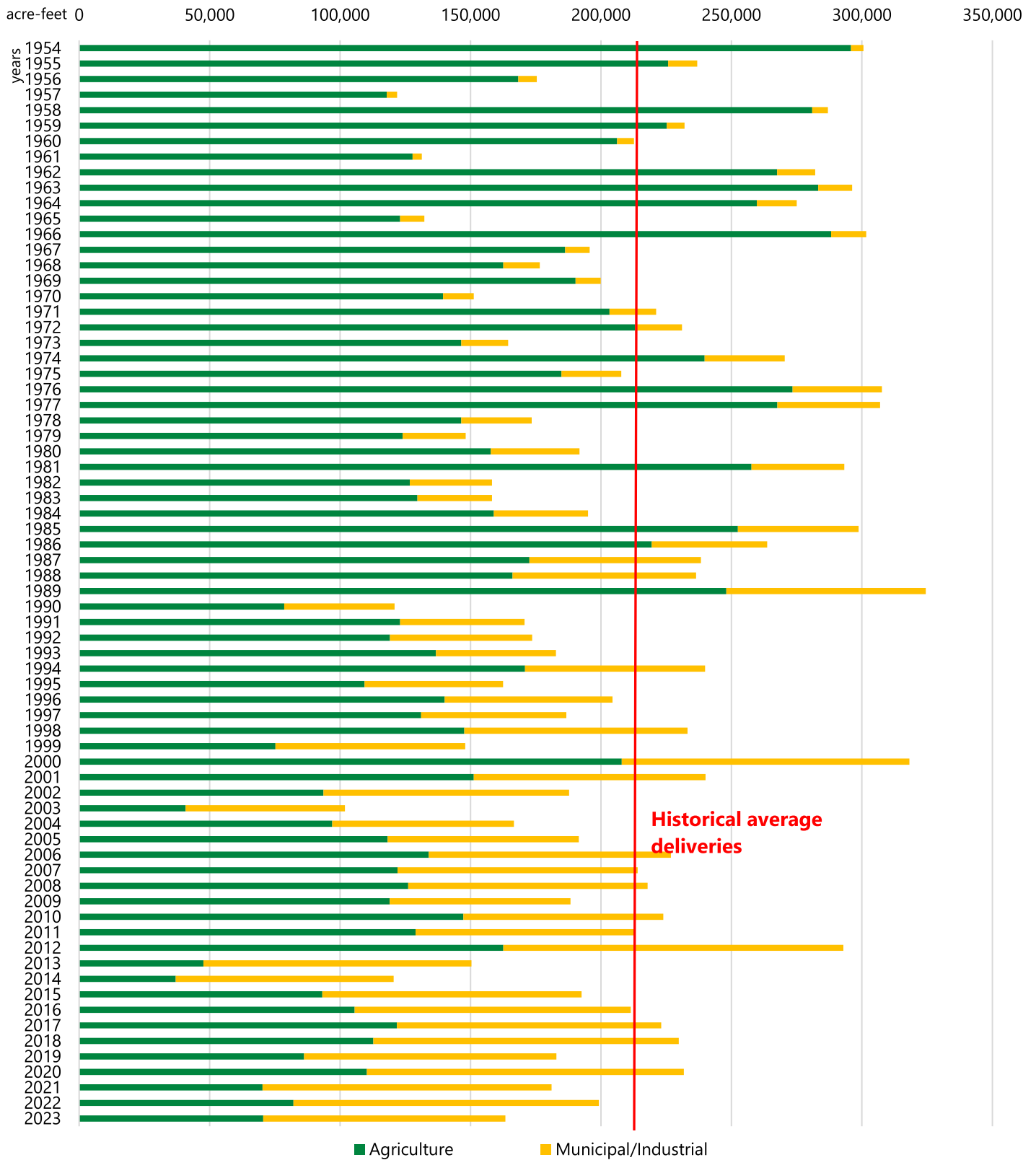
These schedules contain information about Northern Water's operations and resources to help the reader understand how Northern Water's financial information relates to the services it provides and the activities it performs.

C-BT Project Water Deliveries⁽¹⁾ (Historical)

District Enterprise Fund

Years ended September 30

Unaudited



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

C-BT Project Water Deliveries⁽¹⁾ (2013 - 2023)

District Enterprise Fund

Years ended September 30

Unaudited

Year	Agricultural		Municipal/Industrial		Water Deliveries
	Deliveries	Percentage	Deliveries	Percentage	
2013	47,646	31.7%	102,708	68.3%	150,354
2014	36,991	30.7%	83,512	69.3%	120,503
2015	93,211	48.4%	99,345	51.6%	192,556
2016	105,576	49.9%	105,854	50.1%	211,430
2017	121,802	54.6%	101,307	45.4%	223,109
2018	112,785	49.1%	116,984	50.9%	229,769
2019	86,166	47.1%	96,739	52.9%	182,905
2020	110,225	47.6%	121,530	52.4%	231,755
2021	70,252	38.8%	110,833	61.2%	181,085
2022	82,140	41.2%	117,081	58.8%	199,221
2023	70,510	43.2%	92,857	56.8%	163,367
Historical average from 1954	159,175	75.1%	52,900	25.0%	211,920

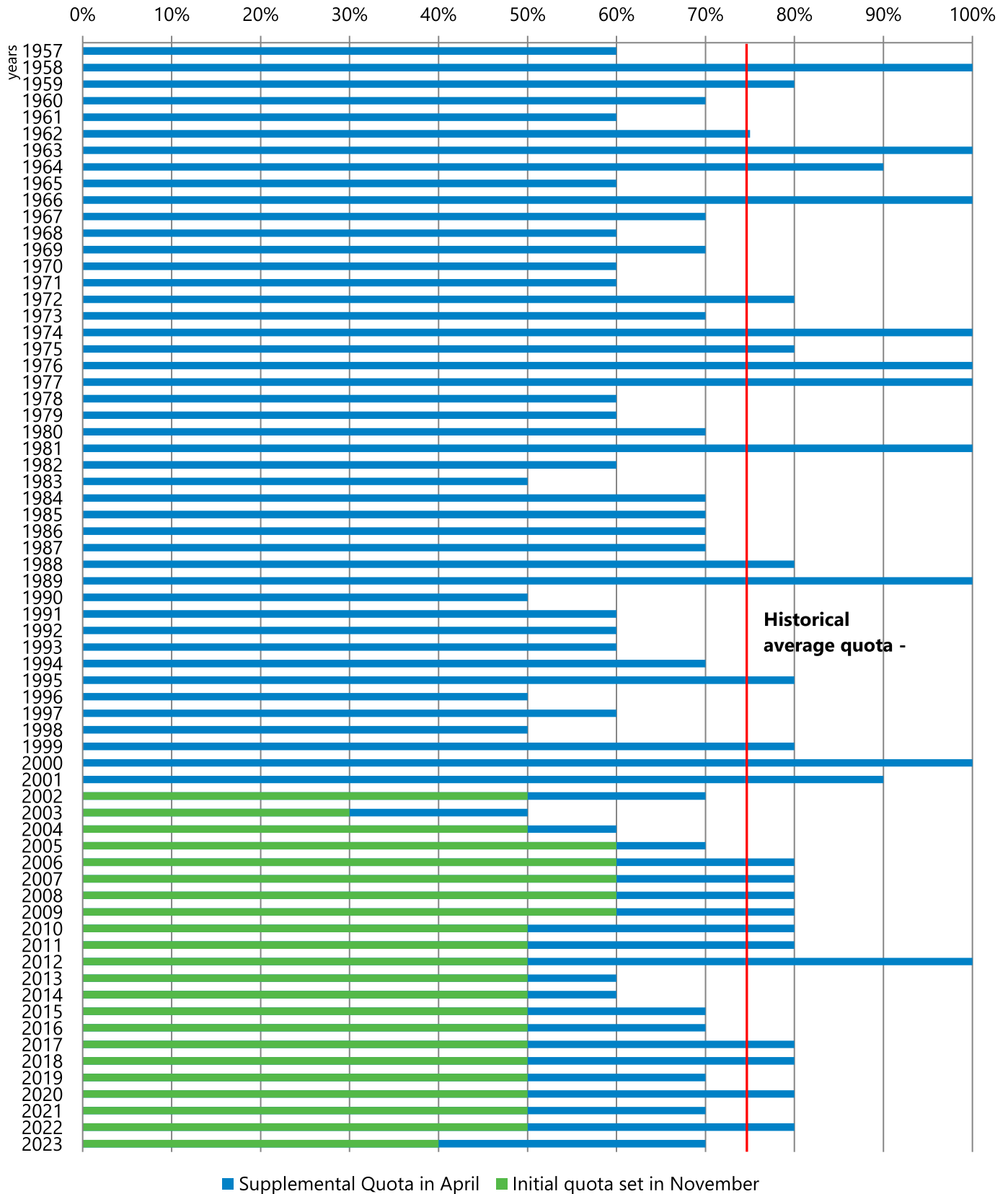
⁽¹⁾ Includes C-BT Project quota, carryover, non-charge, operations and Regional Pool water.

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

District Enterprise Fund

Years ended September 30

Unaudited



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

Capital Assets by Northern Water Enterprise Fund (2014 - 2023)

Years ended September 30

Unaudited

District Enterprise Fund	2023	2022	2021	2020	2019
Non-depreciable capital assets					
Land, easements and water rights	\$ 88,822,608	\$ 88,332,336	\$ 87,819,208	\$ 87,363,568	\$ 84,541,864
Construction in progress	28,638,291	66,049,710	19,282,569	2,094,548	1,917,520
Depreciable capital assets					
Buildings and improvements	86,633,697	23,558,603	23,298,526	23,271,621	22,030,730
Operations equipment	10,792,202	8,990,989	7,995,508	6,784,510	6,343,738
Water pipeline and equipment	179,679	90,778	-	-	-
Computer and office equipment	14,242,748	11,096,211	10,449,797	10,264,276	9,358,085
Capital assets	229,309,225	198,118,627	148,845,608	129,778,523	124,191,937
Less accumulated depreciation					
Buildings and improvements	(15,931,536)	(14,803,265)	(13,884,110)	(13,013,770)	(12,152,680)
Operations equipment	(6,670,975)	(6,181,298)	(5,369,881)	(4,958,262)	(4,689,138)
Computer and office equipment	(9,283,437)	(8,365,028)	(7,446,919)	(6,580,705)	(5,776,443)
Accumulated depreciation	(31,885,948)	(29,349,591)	(26,700,910)	(24,552,737)	(22,618,261)
District Enterprise Fund capital assets, net	197,423,277	168,769,036	122,144,698	105,225,786	101,573,676
Southern Water Supply Project					
Non-depreciable capital assets					
Land, easements and water rights	5,232,983	5,232,983	5,232,983	5,232,983	5,232,983
Construction in progress	173,283	131,971	10,584,632	8,842,041	38,796,165
Depreciable capital assets					
Operations equipment	194,523	177,410	-	-	-
Water pipeline and equipment	130,079,664	129,629,299	119,007,737	118,809,604	70,649,583
Capital assets	135,680,453	135,171,663	134,825,352	132,884,628	114,678,731
Less accumulated depreciation					
Water pipeline and equipment	(50,571,989)	(47,405,954)	(44,521,505)	(41,628,039)	(39,452,542)
Southern Water Supply Project capital assets, net	85,108,464	87,765,709	90,303,847	91,256,589	75,226,189
Pleasant Valley Pipeline Project					
Non-depreciable capital assets					
Land and easements	934,330	934,330	934,330	934,330	934,330
Depreciable capital assets					
Water pipeline and equipment	29,810,585	29,787,545	29,764,565	29,764,565	29,732,205
Capital assets	30,744,915	30,721,875	30,698,895	30,698,895	30,666,535
Less accumulated depreciation					
Water pipeline and equipment	(14,123,545)	(13,374,787)	(12,630,596)	(11,886,482)	(11,149,576)
Pleasant Valley Pipeline Project capital assets, net	16,621,370	17,347,088	18,068,299	18,812,413	19,516,959
Northern Integrated Supply Project					
Non-depreciable capital assets					
Construction in progress	113,287,802	87,457,346	69,503,327	49,617,922	39,381,817
Northern Water Hydropower					
Non-depreciable capital asset					
Construction in progress	6,043	6,043	824	-	-
Depreciable capital assets					
Hydropower plants	11,502,848	11,502,848	11,502,848	11,502,848	11,502,848
Capital assets	11,508,891	11,508,891	11,503,672	11,502,848	11,502,848
Less accumulated depreciation					
Hydropower plants	(2,693,072)	(2,404,468)	(2,115,864)	(1,827,259)	(1,540,032)
Northern Water Hydropower capital assets, net	8,815,819	9,104,423	9,387,808	9,675,589	9,962,816
Capital assets, net	\$ 421,256,732	\$ 370,443,602	\$ 309,407,979	\$ 274,588,299	\$ 245,661,457

Capital Assets by Northern Water Enterprise Fund (2014 - 2023) (continued)

Years ended September 30

Unaudited

District Enterprise Fund	2018	2017	2016	2015	2014
Non-depreciable capital assets					
Land, easements and water rights	\$ 84,252,380	\$ 81,911,417	\$ 81,996,315	\$ 81,997,293	\$ 82,027,587
Construction in progress	522,555	2,701,458	2,668,200	2,031,625	283,363
Depreciable capital assets					
Buildings and improvements	19,796,460	19,428,994	19,340,433	18,654,537	18,594,598
Operations equipment	5,476,107	5,472,775	5,370,649	5,440,607	5,371,761
Computer and office equipment	9,698,287	10,055,588	9,382,832	8,555,986	8,172,229
Capital assets	119,745,789	119,570,232	118,758,429	116,680,048	114,449,538
Less accumulated depreciation					
Buildings and improvements	(11,380,960)	(10,622,714)	(9,865,172)	(9,123,419)	(8,396,388)
Operations equipment	(4,529,724)	(5,030,052)	(5,033,544)	(5,094,729)	(5,079,024)
Computer and office equipment	(5,419,017)	(5,113,699)	(4,694,811)	(4,240,138)	(3,605,688)
Accumulated depreciation	(21,329,701)	(20,766,465)	(19,593,527)	(18,458,286)	(17,081,100)
District Enterprise Fund capital assets, net	98,416,088	98,803,767	99,164,902	98,221,762	97,368,438
Southern Water Supply Project					
Non-depreciable capital assets					
Land, easements and water rights	5,232,983	5,232,983	5,232,983	5,232,983	5,232,983
Construction in progress	8,999,194	3,857,236	2,189,374	1,750,024	1,607,625
Depreciable capital assets					
Water pipeline and equipment	70,643,074	69,983,333	69,983,357	70,003,210	69,526,213
Capital assets	84,875,251	79,073,552	77,405,714	76,986,217	76,366,821
Less accumulated depreciation					
Water pipeline and equipment	(37,777,246)	(36,117,443)	(34,461,533)	(32,824,079)	(31,164,625)
Southern Water Supply Project capital assets, net	47,098,005	42,956,109	42,944,181	44,162,138	45,202,196
Pleasant Valley Pipeline Project					
Non-depreciable capital assets					
Land and Easements	934,330	934,330	934,330	934,330	934,330
Depreciable capital assets					
Water pipeline and equipment	29,732,205	29,732,205	29,732,205	29,732,205	29,732,205
Capital assets	30,666,535	30,666,535	30,666,535	30,666,535	30,666,535
Less accumulated depreciation					
Water pipeline and equipment	(10,406,271)	(9,662,966)	(8,919,661)	(8,176,356)	(7,433,051)
Pleasant Valley Pipeline Project capital assets, net	20,260,264	21,003,569	21,746,874	22,490,179	23,233,484
Northern Integrated Supply Project					
Non-depreciable capital asset					
Construction in progress	30,883,491	24,134,570	20,139,477	16,737,711	14,490,801
Hydropower⁽¹⁾					
Non-depreciable capital asset					
Construction in progress	-	-	-	2,830,289	-
Depreciable capital assets					
Hydropower plants	11,489,074	11,489,074	11,489,074	6,278,945	6,278,945
Capital assets	11,489,074	11,489,074	11,489,074	9,109,234	6,278,945
Less accumulated depreciation					
Hydropower plants	(1,252,804)	(965,578)	(678,352)	(521,378)	(364,405)
Northern Water Hydropower capital assets, net	10,236,270	10,523,496	10,810,722	8,587,856	5,914,540
Capital assets, net	\$ 206,894,118	\$ 197,421,511	\$ 194,806,156	\$ 190,199,646	\$ 186,209,459

⁽¹⁾ Trout and Granby hydropower plants became operational 2012 and 2015, respectively.

Project Capacity Statistics by Northern Water Enterprise Fund

Year ended September 30, 2023

Unaudited

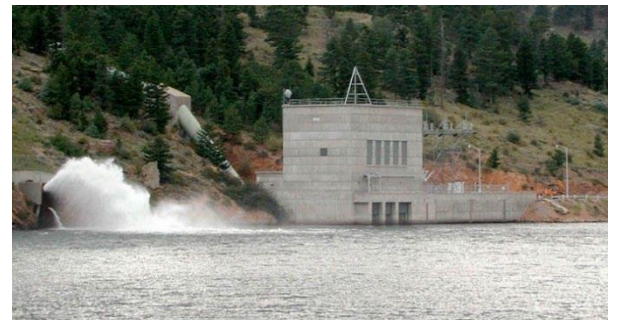
Northern Water

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

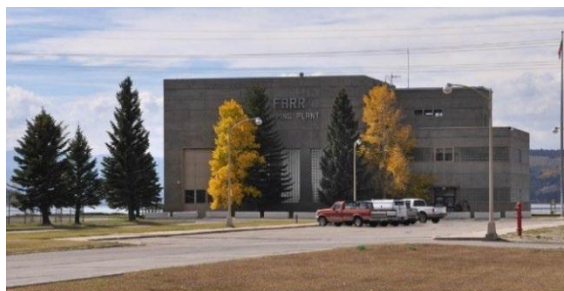
- 128.8 miles of water conveyance
- 12 storage reservoirs
- 6 hydroelectric power plants
- 700 miles of transmission lines

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

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



Mary's Lake Power Plant



Farr Pump Plant

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

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

Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Year ended September 30, 2023

Unaudited



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

⁽¹⁾ Operated and maintained by Reclamation.

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

⁽³⁾ Natural lake.

Project Capacity Statistics by Northern Water Enterprise Fund (continued)

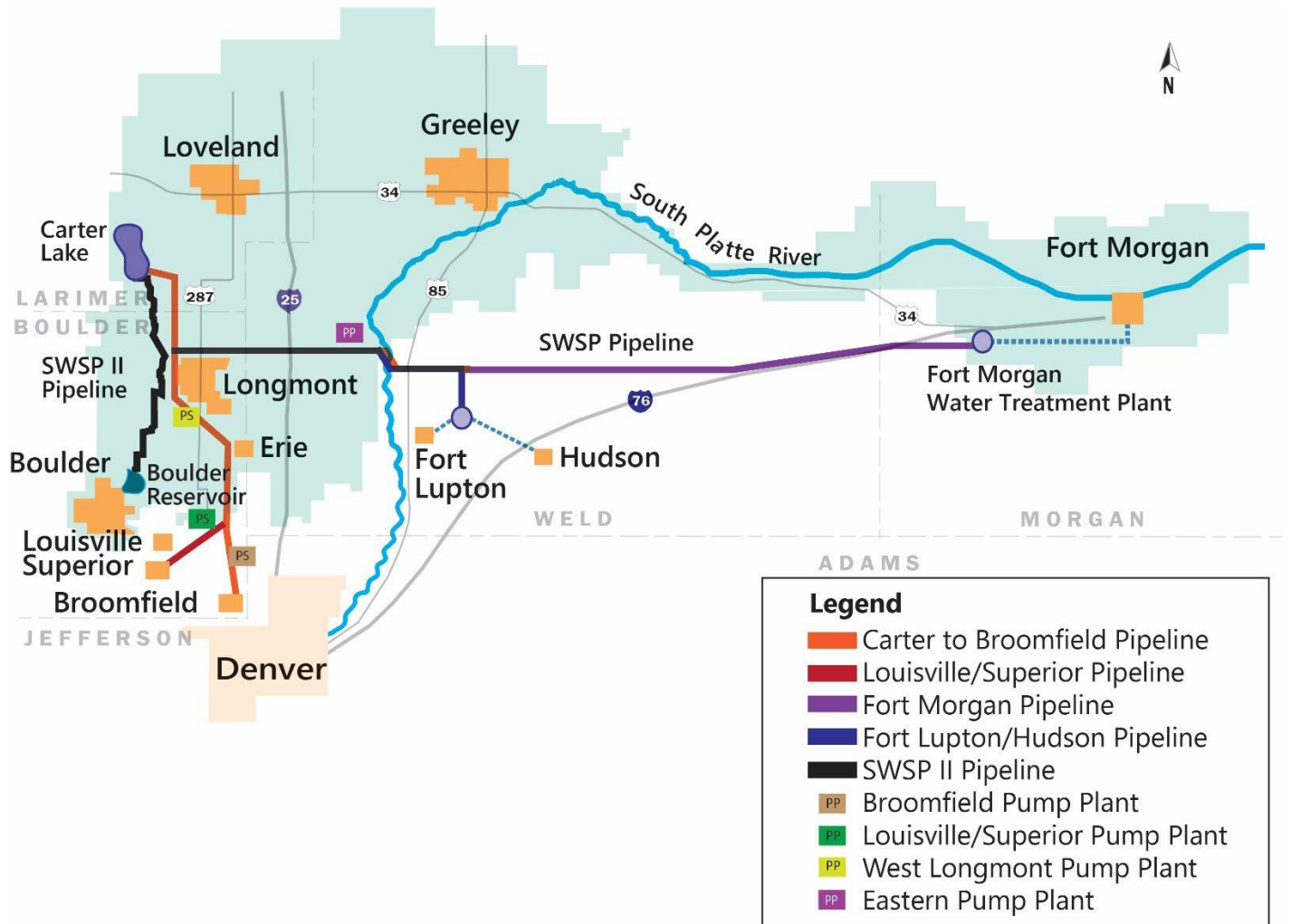
Southern Water Supply Project

Year ended September 30, 2023

Unaudited

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

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



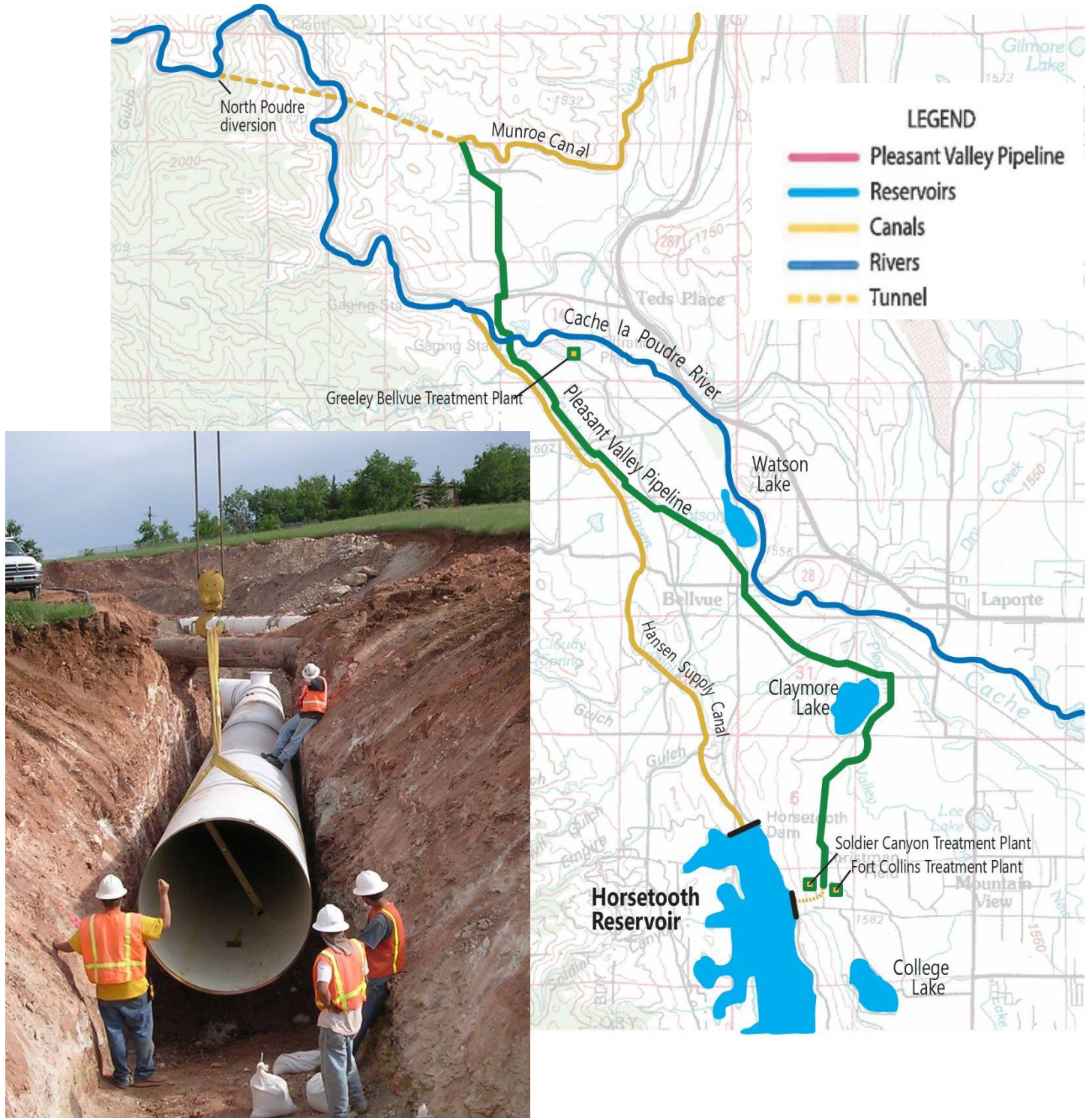
Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Pleasant Valley Pipeline Project

Year ended September 30, 2023

Unaudited

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



Project Capacity Statistics by Northern Water Enterprise Fund (continued)

Northern Water Hydropower

Year ended September 30, 2023

Unaudited

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



Granby Hydro



Robert V. Trout Hydro

Northern Water Employees by Division⁽¹⁾ (2014 - 2023)

Years ended September 30

Unaudited

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Management	6	6	5	6	6	5	4	4	5	5
Human Resources⁽²⁾	4	4	4	2	2	2	-	-	-	-
Policy Advisors	-	-	1	2	2	4	-	-	-	-
Operations Division										
Collection Systems	11	10	9	9	15	14	15	15	17	18
Control Center	6	6	6	6	-	-	-	-	-	-
Distribution Systems	18	21	17	19	17	15	16	19	19	18
Facilities and Equipment	14	12	12	13	10	11	10	9	9	9
Capital Improvements	-	-	-	-	1	2	-	-	-	-
Instrumentation Control and Electrical Engineering	7	7	7	6	4	5	5	5	5	5
Safety Officer	1	1	1	1	1	1	1	1	1	-
Operations Division	57	57	52	54	48	48	47	49	51	50
Engineering Division										
Project Management	10	12	11	10	8	7	7	5	5	4
Water Resources	5	4	5	5	3	7	5	5	5	5
Water Rights	4	3	3	3	-	-	-	-	-	-
Real Estate/Emergency and Security	11	9	9	7	6	5	2	2	2	1
Engineering Division	30	28	28	25	17	19	14	12	12	10
Environmental Services Division										
Water Quality	6	8	7	8	6	6	5	4	3	3
Water Efficiency	5	4	5	4	4	4	6	6	6	6
Field Services	9	10	10	10	8	8	8	7	6	6
Environmental Planning	5	1	2	1	1	-	-	-	-	-
Environmental Data Management	2	1	1	1	-	-	-	-	-	-
Environmental Services Division	27	24	25	24	19	18	19	17	15	15
Administration Division										
Financial Services	11	9	10	7	8	6	6	6	6	6
Communications	7	7	7	7	7	5	7	6	7	8
Contracts	4	4	4	3	3	3	-	-	-	-
Cybersecurity & Governance ⁽³⁾	-	2	2	2	-	-	-	-	-	-
Information Technology	15	12	12	9	11	10	9	9	10	11
Water Scheduling	6	6	5	5	4	1	1	1	1	1
Records and Administrative Services	8	8	8	8	7	6	7	7	7	7
Administration Division	51	48	48	41	40	31	30	29	31	33
Full-time regular employees	175	167	163	154	134	127	114	111	114	113

⁽¹⁾ Statistics as of September 30, 2022.

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

⁽³⁾ In 2023, Cybersecurity & Governance merged with Information Technology.

GENERAL INFORMATION

Northern Water Organization and Contact Information

Year ended September 30,
Unaudited

Authority	Water Conservancy Act
Date of Formation	September 20, 1937
Governing Body	Northern Water is governed by a 13-member Board of Directors, which is appointed by the presiding district court judges of four of the five judicial districts located wholly or partially within Northern Water boundaries.
Organization	Northern Water is a public body political and corporate, a quasi-municipal entity and a political subdivision of the State of Colorado.
Purpose	Northern Water was organized to acquire water; to obtain rights-of-way for certain water works; to provide construction for water facilities; to incur contractual or bond indebtedness; to administer, operate and maintain physical works; to conserve, control, allocate and distribute water supplies; and to derive the revenues needed to accomplish its purposes.
Offices	Northern Water 220 Water Avenue Berthoud, Colorado 80513 800-369-7246 www.northernwater.org
Independent Auditors	Plante & Moran, PLLC 8181 E. Tufts Avenue, Suite 600 Denver, Colorado 80237 303-740-9400
General Counsel	Trout Raley Montaño Freeman Sinor Thompson, P.C. 1120 Lincoln Street, Suite 1600 Denver, Colorado 80203-2141 303-861-1963
Bond Counsel	Snell & Wilmer L.L.P. 1200 Seventeenth Street Suite 1900 Denver, CO 80202-5854 303-634-2000

