

METRO WATER RECOVERY

STATE OF COLORADO



Northern Treatment Plant, taken in 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended December 31, 2021 and 2020



METRO WATER RECOVERY

STATE OF COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

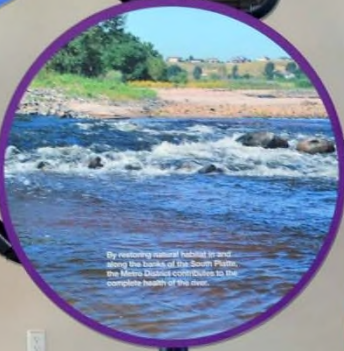
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

PREPARED BY:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Stewards of the River

Taking care of the South Platte River since 1966



When people use water, most of it goes down the drain. In Denver, Brighton, and other nearby cities, that means millions of gallons of water every day. The Metro District treats and disinfects this "wastewater" before it re-enters the South Platte River—protecting the river and ensuring safe, healthy water downstream.



The river corridor provides countless opportunities for recreation and enjoyment.

Clean river water supports the highest trophic organisms that other wildlife have—the majestic great blue heron.

The restoring natural habitat in and along the banks of the South Platte, the Metro District contributes to the complete health of the river.

The Metro District works around the clock to help keep your South Platte River clean.

Colorado's productive agricultural lands depend on plentiful, clean water.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

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I. INTRODUCTORY SECTION



William J. (Mickey) Conway, Chief Executive Officer

March 31, 2022

To the Board of Directors and Citizens of
Metro Water Recovery:

The Annual Comprehensive Financial Report (Annual Report) of Metro Water Recovery (Metro) for the fiscal years ended December 31, 2021 and 2020 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Metro Management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of Metro's two reporting funds--the Enterprise Fund and the Fiduciary Fund. All disclosures necessary to allow the reader to gain an understanding of Metro's financial activities have been included. Management's Discussion and Analysis in the Financial Section provides an overview and analysis of the financial activities for the years ended December 31, 2021 and 2020.

Metro has included, in the accompanying financial statements, all funds controlled by Metro's Board of Directors in conformance with the Governmental Accounting Standards Board standards. Control is determined on the basis of budget adoption, appropriating authority, and managerial direction by Metro's Board. The reporting entity and fund types are described in detail in Note 1 to the financial statements. Metro itself is an Enterprise Fund for accounting purposes, although its budget and account records are segregated into several different activity funds per mandates in bond covenant requirements. The Fiduciary Fund, which reports the Defined Benefit Retirement Plan and a variety of Defined Contribution Retirement Plans is included in the Annual Comprehensive Financial Report as members of the Defined Benefit Plan Retirement Board and the Defined Contribution Plan Retirement Board are appointed by Metro's Board.

Metro, a political entity authorized by the State of Colorado, was organized on May 15, 1961 for the purpose of constructing and operating a wastewater transmission and disposal system in the greater Denver metropolitan area. Metro's original 20 municipal and special district members (Member Municipalities) collect wastewater and deliver it to Metro's interceptor lines. An additional 26 municipalities and special districts (Special Connectors) which collect and deliver wastewater to Metro's interceptor system have been added since Metro's inception. Metro treats an average of 135 million gallons per day (mgd) of wastewater for the Member Municipalities and Special Connectors at its Robert W. Hite Treatment Facility (RWHTF) and the Northern Treatment Plant (NTP). The NTP, located in Brighton, Colorado, began treating wastewater in October 2016. Most of Metro's biosolids are land applied as a soil amendment on more than 300 permitted sites, including Metro's 52,000 acre METROGRO Farm.

Metro Water Recovery
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Metro's service area totals approximately 715 square miles, located in all or part of six counties: Adams, Arapahoe, Denver, Douglas, Jefferson, and Weld. In 2021, the six-county area had an estimated total population of 3.2 million of which Metro estimates it serves an approximate population of 2.2 million.

BRANDING INITIATIVE: NEW NAME AND LOGO

During June 2021, the Board adopted a new name and logo for the organization, now called Metro Water Recovery, formally known as the Metro Wastewater Reclamation District. The new name was recommended by the Brand Committee, which had spent over two years completing the brand evaluation and enhancement project. The project was driven by an initiative in the Strategic Plan, which was adopted in 2016. In 2018, the Board established the Brand Committee to complete brand research and analysis, define a brand direction, complete an assessment of implementation risk, and develop a recommendation to increase the brand identity of the organization.

ECONOMIC CONDITION AND OUTLOOK

Metro is located in the largest metropolitan area in the State of Colorado. Metropolitan Denver (Metro Denver) is composed of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson counties. The economic region has experienced significant population and economic growth in the past ten plus years. Economic indicators as of December 2021 expected Metro Denver to continue with positive growth, if not somewhat slower than in past years. While the COVID-19 national pandemic may continue into its third year, the region's economy has remained relatively strong throughout.

For Metro, the pandemic brought uncertainty about many things; however, it did not change the employee's drive to complete the mission and vision. Many employees continued to provide the essential service to protect the health of the people and the environment. While work schedules and locations of some had been adjusted during the heart of the pandemic, Metro officially returned to the office in August 2021.

Metro staff quickly reacted to this unprecedented event by reviewing and updating operating expenses and revenue projections for 2020 and 2021. This included updating a variety of assumptions for Metro's Cash Flow Schedule. As a result, the 2021 Budget was reduced by over \$4 million from its original draft in March 2020, proposed Annual Charges for Services were held to a zero percent increase in 2021, projected Sewer Connection Charge revenue was reduced by \$58 million in 2020 and 2021, and Metro incorporated the use of fund balance reserves to make up for potential revenue loss, some of which will not be replaced over time.

Fortunately, Sewer Connection Charge revenue in 2021 and 2020 did not seem to be affected by the pandemic as originally projected. Growth in Metro Denver residential construction continued at the same pace in 2020 as it did in 2019 and 2021 outpaced both years. Therefore, the Sewer Connection Charges revenues received were twice the projections in 2020 and 2021.

Metro continues to track a variety of economic conditions which may affect future operations and budget projections. 2021 saw unprecedented turnover of employment and Metro turnover rate, at times, was above the strategic target. Wages and benefits are increasing at a rate higher than has been experienced in quite some time. Metro is also watching prices of chemicals, utilities, and maintenance contracts as supply chain and inflationary pressures continue through the region.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

MAJOR INITIATIVES

Strategic Planning and Metro 6.0

Metro adopted a strategic plan in August 2016. The adoption process involved shared plan development responsibilities among the Board and staff, additional input from a large group of internal and external stakeholders, and in-depth involvement of more than 80 employees. The strategic planning process was designed to establish a shared vision of Metro’s goals and a common understanding of the resource needs, commitments, working environment, and principles upon which strategies will be based. The process also promoted acceptance of the Strategic Plan for achieving Metro’s goals and the formal integration of strategic planning direction and implementation into Metro’s day-to-day operating activities.

Since the adoption of the Strategic Plan, Metro has been engaged in developing and implementing strategies with stakeholders. Specifically, this has led to the formation of Metro’s 6.0 Strategic Focus. This initiative identified two of the Strategic Plan goals on which Metro will focus in the near term.



Metro 6.0 focuses on two key strategies: invest in our employees and pursue operational excellence. Key tactics included in the 2022 Operating Budget include the following:

1. Utilization of brand identity to differentiate Metro as an employer in the marketplace
2. Implementation of key safety and health programs
3. Continued implementation of leadership-at-all-levels training
4. Development of process to grow Metro’s brand
5. Development of asset management tools, hierarchy, and data strategy
6. Enhancement of data-driven decision making

Metro Water Recovery

For the Years Ended December 31, 2021 and 2020

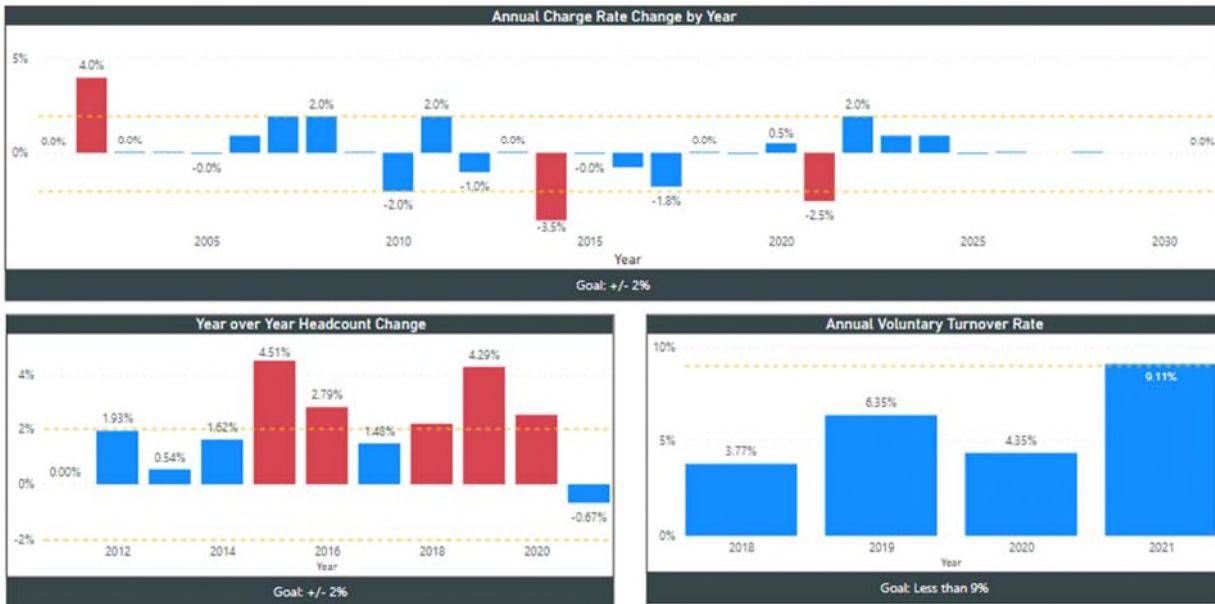
These key tactics, as well as others identified in Metro 6.0, had a significant influence during the creation of the 2022 Operating Budget.

During 2022, Metro will be updating the Strategic Plan to enhance its value to the organization and strategic guidance for the future. It is anticipated to be completed by the end of 2022.

Strategic Organization Metrics for 2022

Metro has identified three primary metrics to evaluate the success of Metro's efforts to achieve its mission. The metrics are intended to be at an organizational level with the purpose of being used to guide decision making. Primary metrics help Metro understand how well it is achieving its mission. Primary metrics will be complemented by secondary metrics. Secondary metrics will provide a more detailed understanding of situational root cause opportunities. The primary metrics Metro will be tracking are voluntary turnover rate, annual charge rate change, and annual headcount change. These three metrics were chosen based on a best practice evaluation and analysis of alignment to the Strategic Plan goals and objectives.

Organizational Metrics



FINANCIAL INFORMATION

Internal Control

Metro management is responsible for establishing and maintaining internal controls to ensure Metro assets are protected from loss, theft, or misuse, and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Budgeting Controls

Metro maintains strict budgetary controls to ensure compliance with legal provisions embodied in the various bond covenants and in the annual budget approved by Metro's Board. Activities of the Operations and Maintenance Fund, as defined in bond covenants, are appropriated in the annual budget. Capital projects are appropriated individually from the Fixed Asset Replacement Fund, Acquisition and Construction Fund, or the General Fund, depending on the nature of the project. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the fund total with a specific allocation for capital outlay for the Operations and Maintenance Fund. The individual project appropriation is the legal level of control for expenses incurred by the Fixed Asset Replacement Fund, Acquisition and Construction Fund, and the General Fund. All activities of Metro, other than the Fiduciary Fund activities, are reported in the Enterprise Fund in the enclosed financial statements in accordance with accounting principles generally accepted in the United States. Supplementary schedules display the budgetary comparison for 2021 as well as reconciliation between the budgetary format and that required by these generally accepted accounting principles. Management's Discussion and Analysis in the Financial Section provides an overview and analysis of the financial activities of Metro for the years ended December 31, 2021 and 2020.

CAPITAL FINANCING POLICY

Prior to 1991, Metro typically issued bonds to finance its capital needs. In 1991, in an effort to reduce or defer long-term debt, Metro began progressively cash-financing capital projects. From 2002 until late 2009, all capital projects were financed with revenue from operations, primarily from Annual Charges for Service, Sewer Connection Charge fees, and existing reserves. When the Board made the change to cash financing, the Board acknowledged that during future periods when capital needs were high, Metro would use bond financing when appropriate. Metro issued 2009A&B Bonds in the amount of \$250 million and in 2012 issued \$380 million in bonds. The 2009 and 2012 bond issues provided Metro with an additional funding source for financing its NTP Program and South Secondary Improvements Project, which helped mitigate the need for higher annual rate increases to its Member Municipalities and Special Connectors.

Metro completed a tax-exempt bond issue in October 2020 to fund the construction of the Second Creek Interceptor project which is expected to be completed in 2024. Metro issued \$146 million tax-exempt bonds at an all-in true interest cost of 2.34 percent with a repayment period of 25 years.

Metro is currently planning to expend over \$800 million through 2032 to rebuild aging facilities, pay for needed improvements due to increased regulations, and build additional infrastructure to address growth throughout its service area. At this time, Metro anticipates cash financing these improvements.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

INDEPENDENT AUDIT

The *Bylaws of Metro Water Recovery* require an annual audit of the books of account, financial records, and transactions to be conducted by independent certified public accountants selected by the Board. The opinion of Metro’s independent auditor, Moss Adams LLP, on the financial statements is included in this report.

AWARDS

The Government Finance Officers’ Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro Water Recovery for its Annual Comprehensive Financial Report for the year ended December 31, 2020. Certificates of Achievement were also awarded by the GFOA for the previous 33 Metro Annual Comprehensive Financial Reports (1987–2019).

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. Metro staff believes its current report continues to conform to the Certificate of Achievement program requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the Accounting Division. Each member of the Division extends their sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Board of Directors, preparation of this report would not have been possible.

Respectfully submitted,



Mickey Conway, Chief Executive Officer



Molly Kostelecky, Chief Financial Officer



Paul Parodi, Senior Accounting Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Metro Wastewater Reclamation District
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

METRO OFFICIALS

BOARD OF DIRECTORS

Officers of the Board

Scott Twombly : Chairman
Andrew Johnston : Chairman Pro Tem
Jo Ann Giddings : Treasurer
Sarah Niyork : Secretary

Members of the Board

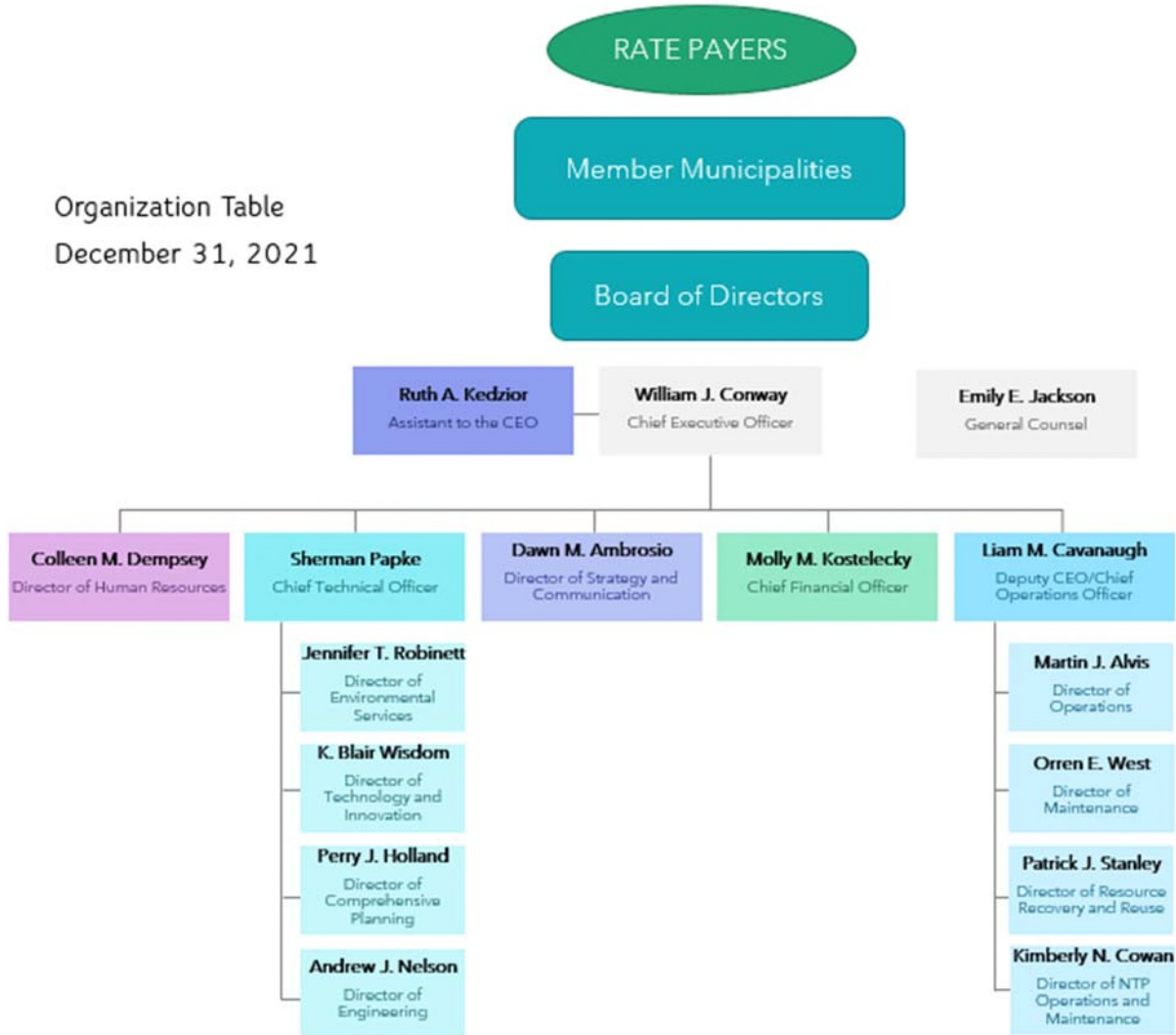
| | | |
|--------------------|-----------------|-------------------|
| Peter Baertlein | Joan Iler | Bill Ray |
| Greg Baker | Kathy Jensen | Robert Roth |
| Philip Burgi | Janet Kieler | Michael Sapp |
| Nadine Caldwell | Craig Kocian | Greg Sekera |
| John Chavez | Laura Kroeger | Delbert Smith |
| David Councilman | Kathy Laurienti | Peter Spanberger |
| Deborah Crisp | Doug Lazure | Mary Beth Susman |
| G. Clark Davenport | Bob LeGare | Amerigo Svaldi |
| John Dingess | Charles Long | Dennis Towndrow |
| Robert Duncanson | Marty Majors | Jennifer Williams |
| Marv Falconburg | Steve Pott | Ronald Younger |

Staff Officials

| | |
|----------------------|--|
| William J. Conway | : Chief Executive Officer |
| Emily E. Jackson | : General Counsel |
| Liam M. Cavanaugh | : Deputy CEO and Chief Operating Officer |
| Sherman Papke | : Chief Technical Officer |
| Molly M. Kostelecky | : Chief Financial Officer |
| Martin J. Alvis | : Director of Operations |
| Dawn M. Ambrosio | : Director of Strategy and Communication |
| Kimberly N. Cowan | : Director of NTP Operations and Maintenance |
| Colleen M. Dempsey | : Director of Human Resources |
| Perry J. Holland | : Director of Comprehensive Planning |
| Andrew J. Nelson | : Director of Engineering |
| Jennifer T. Robinett | : Director of Environmental Services |
| Patrick J. Stanley | : Director of Resource Recovery and Reuse |
| Orren E. West | : Director of Maintenance |
| K. Blair Wisdom | : Director of Technology and Innovation |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Organization Table
December 31, 2021



Employees by Department

| | |
|-------------------------------|---------------|
| Maintenance | 69.00 |
| Northern Treatment Plant | 19.00 |
| Operations | 36.00 |
| Resource Recovery and Reuse | 61.00 |
| Administrative Services | 52.00 |
| Comprehensive Planning | 4.00 |
| Engineering | 44.75 |
| Environmental Services | 71.00 |
| Human Resources | 12.00 |
| Office of the CEO | 7.00 |
| Office of the General Counsel | 3.00 |
| Strategy and Communication | 8.00 |
| Technology and Innovation | 19.00 |
| Total | 405.75 |

II. FINANCIAL SECTION



Report of Independent Auditors

The Board of Directors
Metro Water Recovery

Report on the Audit of the Financial Statements

Opinion

We have audited the statements of net position of the enterprise fund and fiduciary net position of the pension trust fund as of December 31, 2021 and 2020, and related statements of revenue, expenses, and changes in net position, cash flows of the enterprise fund, and changes in fiduciary net position of the pension trust fund of Metro Water Recovery as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Metro Water Recovery'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 Metro Water Recovery as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 (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 Metro Water Recovery 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 Metro Water Recovery's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

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 opinion. 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.

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 Metro Water Recovery'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 Metro Water Recovery'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.

Emphasis of Matter

As discussed in Note 2(n) to the financial statements, Metro Water Recovery has restated the financial statements of its enterprise fund for the year ended December 31, 2020 to correct for misstatements related to net capital assets, accumulated depreciation, depreciation expense and net position. Our opinion is not modified with respect to this matter.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Changes in Net OPEB Liability and Related Ratios, as listed 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedules of Revenue and Expenses – Budget and Actual, Schedules of Operating Expenses – Budget and Actual, Combining Statement of Net Position – Fiduciary Funds and Combining Statement of Changes in Net Position – Fiduciary Funds, Introductory section, and Statistical section, 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 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 March 30, 2022 on our consideration of Metro Water Recovery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Metro Water Recovery'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 Metro Water Recovery's internal control over financial reporting and compliance.



Denver, Colorado
March 30, 2022

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Management's Discussion and Analysis

As management of Metro Water Recovery (Metro), we offer readers of Metro's financial statements this narrative overview and analysis of the financial activities of Metro for the years ended December 31, 2021 and 2020. This discussion and analysis is presented for Metro's primary operations.

Financial Highlights

- Metro's net position of \$1,012.2 million at December 31, 2021 increased over the course of 2021 by \$26.1 million or approximately 2.6%.
- Sewer connection fees increased \$6.9 million in 2021 from \$52.3 million to \$59.2 million due primarily to an increase in number of new sewer connections.
- Total operating revenue decreased \$1.2 million in 2021 due primarily to a 0% increase in annual charges for service rates to connectors combined with lower than anticipated farming income from harvest.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Metro's basic financial statements. Metro's financial statements are comprised of four components: 1) management's discussion and analysis, 2) the financial statements, 3) notes to the financial statements that explain in more detail some of the information in the financial statements, and 4) Required Supplementary Information and Other Schedules.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, which is effective for fiscal year 2021. The statement established the term annual comprehensive financial report and its acronym ACFR. Metro implemented this in the current year financial report.

Required Financial Statements

The financial statements of Metro Water Recovery report information using accounting methods similar to those used by private sector companies. These statements provide both long-term and short-term information about Metro's overall financial status.

The statements of net position present information on all of Metro's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the categories reported as net position. These statements provide information about the nature and the amounts of investments in resources and the obligations to Metro's creditors. They provide one way to measure the financial health of Metro by providing the basis for evaluating the capital structure of Metro and assessing the liquidity and financial flexibility of Metro. One will also need to consider other nonfinancial factors, such as changes in economic conditions, population, and industrial/commercial customer growth, and new or changed government legislation.

Each year's revenue and expenses are accounted for in the statements of revenue, expenses, and changes in net position. These statements measure operations over the year and can be used to determine whether Metro has recovered all of its costs through its user fees and other charges.

These statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, investing, capital financing, and noncapital financing activities. These statements provide answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Two financial statements are presented for the fiduciary fund. The statements of fiduciary net position present assets held in trust for pension benefits at a given point in time, net of accrued liabilities of the pension trust fund. The statements of changes in fiduciary net position indicate the additions and deductions to the pension trust fund net position during the specified periods.

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Management's Discussion and Analysis

Financial Analysis of Metro's Operations

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of Metro, assets plus deferred outflows of resources, exceeded liabilities plus deferred inflows of resources by \$1,012.2 million at December 31, 2021 and \$986.1 million at December 31, 2020.

Unrestricted non-capital assets totaled approximately \$290.9 million and \$294.6 million at year-end 2021 and 2020, respectively. These balances primarily represent unrestricted cash, cash equivalents, investments, and accounts receivable from connectors. Restricted assets totaled \$159.0 million and \$197.9 million at year-end 2021 and 2020, respectively. These restricted assets represent cash, cash equivalents, and investments restricted by bond covenants required to be used for future debt service payments. Capital assets totaled \$1,288.4 million and \$1,247.6 million at year-end 2021 and 2020, respectively. These assets include investments in wastewater plant, including pipelines and buildings, machinery, equipment, and vehicles.

Current liabilities totaled approximately \$55.9 million and \$52.9 million at year-end 2021 and 2020, respectively. The balances include trade payables, accrued payroll and related benefits to employees, accrued interest payable on outstanding bonded debt, and the current portion of long-term debt. Noncurrent liabilities totaled approximately \$661.5 million and \$696.5 million at year-end 2021 and 2020, respectively. The balances represent the noncurrent principal amounts of outstanding bond issues, the noncurrent portion of compensated absences, the net pension liability and other postemployment healthcare benefits liability.

As can be seen in the following Table A-1, net investment in capital assets is the largest portion of Metro's net position (63.5%) in 2021 and (58.0%) in 2020, and reflect its investment in capital assets (e.g., sewers, buildings, machinery, and equipment) less related debt. Net investment in capital assets totaled \$642.9 million and \$571.9 million at year-end 2021 and 2020, respectively. The net increase of \$71.0 million over 2020 is primarily due to a \$40.8 million net increase in capital assets combined with a \$30.2 million decrease in debt. Metro uses these assets to provide wholesale wastewater transmission and treatment for approximately 715 square miles of the Denver metropolitan area and serves approximately 2 million people. As Metro uses these capital assets in its operations, they are not available for future spending. Although Metro's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities.

Restricted net position is restricted for current debt service payments, debt service reserve, and includes unspent debt proceeds as required by debt covenants and represent the excess of assets restricted for debt service payments over the accrued interest liability. These totaled approximately \$153.5 million and \$192.5 million at year-end 2021 and 2020, respectively. Board of Directors restricted amounts includes funds specifically restricted by Board actions for a specific purpose. These totaled approximately \$50.8 million and \$49.5 million at year-end 2021 and 2020, respectively. Unrestricted net position comprises the remainder of the balance. This net position may be used for any purpose. Unrestricted net position totaled approximately \$165.0 million and \$172.2 million at year-end 2021 and 2020, respectively.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Management's Discussion and Analysis

Table A-1
Condensed Summary of Net Position

(In thousands)

| | December 31, | | |
|--|---------------------|-------------------------|-------------------------|
| | 2021 | 2020 as restated | 2019 as restated |
| Unrestricted assets | \$ 290,932 | \$ 294,615 | \$ 333,059 |
| Restricted assets | 158,979 | 197,907 | 35,686 |
| Capital assets, net | 1,288,397 | 1,247,588 | 1,191,855 |
| Total assets | <u>1,738,308</u> | <u>1,740,110</u> | <u>1,560,600</u> |
| Deferred outflows of resources | 10,854 | 7,066 | 9,178 |
| Current liabilities | 55,952 | 52,856 | 49,610 |
| Noncurrent liabilities | 661,544 | 696,497 | 568,659 |
| Total liabilities | <u>717,496</u> | <u>749,353</u> | <u>618,269</u> |
| Deferred inflows of resources | 19,447 | 11,710 | 9,129 |
| Net investment in capital assets - see note 2(n) | 642,950 | 571,939 | 646,389 |
| Restricted - bonds | 153,507 | 192,489 | 32,331 |
| Restricted - board of directors, as restated | 50,786 | 49,518 | 48,942 |
| Unrestricted, as restated | 164,976 | 172,167 | 214,718 |
| Total net position | <u>\$ 1,012,219</u> | <u>\$ 986,113</u> | <u>\$ 942,380</u> |

The primary variances between 2021, 2020, and 2019 are related to capital assets and noncurrent liabilities. Capital assets increased by \$40.8 million and \$53.0 million during 2021 and 2020, respectively, due primarily to additions in construction in progress. Restricted assets decreased by \$38.9 million during 2021 due primarily to the payment of bond principal during the year. Noncurrent liabilities decreased by \$34.9 million during 2021 due primarily to the principal payments on outstanding bonds. Noncurrent liabilities increased \$127.8 million in 2020 primarily due to the issuance of new bonds reduced by principal payments on outstanding bonds. For further information, please see the capital assets and debt administration discussion on pages 18 – 20.

As can be seen in the following Table A-2, net position increased \$26.1 million to \$1,012 million in 2021 and \$43.7 million to \$986.1 million in 2020. The increase in net position in 2021 was primarily due to receiving \$59.2 million in sewer connection fees reduced by loss before sewer connection fees of \$33.1 million. The increase in net position in 2020 was primarily due to receiving \$52.3 million in sewer connection fees reduced by loss before sewer connection fees of \$8.6 million.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Management's Discussion and Analysis

Table A-2
Summary of Revenue, Expenses,
and Changes in Net Position
(In thousands)

| | December 31, | | |
|--|---------------------|-------------------------|-------------------------|
| | 2021 | 2020 as restated | 2019 as restated |
| Annual charges to connectors | \$ 135,441 | \$ 135,441 | \$ 132,137 |
| Septic charge revenue | 88 | 97 | 94 |
| Other operating revenue | 1,735 | 2,923 | 1,979 |
| Total operating revenue | 137,264 | 138,461 | 134,210 |
| Investment revenue (loss) | (2,134) | 8,005 | 11,318 |
| Intergovernmental revenue | 1,804 | 1,814 | 2,188 |
| Total revenue | 136,934 | 148,280 | 147,716 |
| Operations and maintenance expenses | 41,892 | 39,961 | 41,307 |
| Technical management and support | 23,130 | 21,259 | 22,329 |
| Administrative and general | 24,545 | 24,345 | 22,358 |
| Depreciation and amortization | 60,339 | 54,855 | 46,651 |
| Total operating expenses | 149,906 | 140,420 | 132,645 |
| Interest expense | 18,676 | 16,354 | 19,270 |
| Other | 1,444 | 60 | 1,580 |
| Total nonoperating expenses | 20,120 | 16,414 | 20,850 |
| Total expenses | 170,026 | 156,834 | 153,495 |
| (Loss) before capital contributions | (33,092) | (8,554) | (5,779) |
| Capital contribution - sewer connection fees | 59,198 | 52,287 | 51,632 |
| Increase in net position | 26,106 | 43,733 | 45,853 |
| Beginning net position - see note 2(n) | 986,113 | 942,380 | 896,527 |
| Ending net position | \$ 1,012,219 | \$ 986,113 | \$ 942,380 |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Management's Discussion and Analysis

While the summary of net position (Table A-1) shows the change in financial position, the summary of revenue, expenses, and changes in net position (Table A-2) provides answers as to the nature and source of these changes. As can be seen in Table A-2, total revenue for 2021 including sewer connection fees decreased by approximately \$4.4 million or 2.2%, and total expenses increased by approximately \$13.2 million or 8.4% from 2020. The major factors that drove these results and other changes during 2021 include:

- Operating revenue decreased by \$1.2 million in 2021 primarily due to a decrease in other operating revenue from METROGRO farming activities.
- Sewer connection fees increased approximately \$6.9 million in 2021 primarily due to an increase in number of Single Family Residential Equivalents.
- Investment revenue decreased by \$10.1 million in 2021, primarily due to both realized and unrealized gains on investments resulting from volatility in equity markets.
- The \$13.2 million increase in total expenses included an increase of \$9.5 million in operating costs, which includes an increase of \$5.5 million in depreciation expense, and an increase of \$2.3 million in interest costs, and an increase in other expense of \$1.4 million.

In Table A-2, total revenue for 2020 including sewer connection fees increased by approximately \$1.2 million or 0.6%, and total expenses increased by approximately \$3.3 million or 2.2% from 2019. The major factors that drove these results and other changes during 2020 include:

- Operating revenue increased by \$4.3 million in 2020 primarily due to a 2.5% increase in annual charges for service rates to connectors.
- Sewer connection fees increased approximately \$0.7 million in 2020 primarily due to an increase in number of Single Family Residential Equivalents.
- Investment revenue decreased by \$3.3 million in 2020, primarily due to both realized and unrealized gains on investments resulting from volatility in equity markets
- Intergovernmental revenue decreased approximately \$0.4 million in 2020 primarily due to a decrease in the amount of Build American Bonds credit resulting from the partial refunding of series 2009B bonds.
- The \$3.3 million increase in total expenses included an increase of \$7.8 million in operating costs, which includes an increase of \$8.2 million in depreciation expense, and a decrease of \$2.9 million in interest costs, and a decrease in other expenses of \$1.5 million.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2021 and 2020, Metro's investment in capital assets amounted to \$1,288.4 million and \$1,247.6 million, respectively (net of accumulated depreciation), as shown in the following Table A-3. The \$40.8 million increase in net capital assets in 2021 was primarily due to approximately \$104.0 million in additions to construction in progress for various ongoing wastewater and improvement and rehabilitation projects offset by completed projects placed in service and offset by \$60.3 million of depreciation expense.

The following projects incurred such costs for 2021: Sand Creek and Second Creek Basins - \$50.3 million, Sludge Processing Building – \$14.5 million, Interceptor Rehabilitation – \$7.8 million, National Western Center Delgany Interceptor – \$6.9 million, RWHTF Support Facility Improvements – \$1.9 million, and HID Lighting Improvements – \$2.1 million. The remaining increase of \$20.3 million to construction in progress was a result of other additions to numerous smaller projects.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Management's Discussion and Analysis

The \$55.7 million increase in net capital assets in 2020 was primarily due to approximately \$106.8 million in additions to construction in progress for various ongoing wastewater and improvement and rehabilitation projects offset by completed projects placed in service and offset by \$54.8 million of depreciation expense. The following projects incurred such costs for 2020: \$30.0 million, RWHTF Support Facility Improvements – \$22.4 million, Sand Creek and Second Creek Basin Regional Plan – \$10.6 million, Interceptor Rehabilitation 2018-2019 – \$8.5 million, Nuisance Struvite and Dewaterability – \$7.5 million, Digester Complex Rehabilitation – \$6.7 million, TU-8 Load Center and Transformer – \$5.9 million, and South Headworks and Grease Processing Improvements – \$4.7 million. The remaining increase of \$10.5 million to construction in progress was a result of other additions to numerous smaller projects.

Construction in progress increased by \$4.7 million in 2021. The \$104.0 million in additions to construction in progress in 2021 discussed above, was offset by \$99.3 million in completed projects, such as the South Headworks and Grease Processing Improvements, the TU-8 Load Center and Transformer and progress milestone completion of RWHTF Support Facility Improvement, which were transferred to plant and equipment. Construction-in-progress increased by \$23.0 million in 2020. The \$106.8 million in additions to construction in progress in 2020 discussed above, was offset by \$83.8 million in completed projects, such as the Digester Complex Rehabilitation, the Nuisance Struvite and Dewaterability, and partial completion of RWHTF Support Facility Improvements, which were transferred to plant and equipment.

The increase in capital assets in 2021 and 2020 was offset by capital asset disposals of \$23.2 million and \$3.9 million, respectively.

Table A-3
Capital Assets

(In thousands)

| | <u>2021</u> | <u>2020 as restated</u> | <u>2019 as restated</u> |
|--|---------------------|-------------------------|-------------------------|
| Land, land improvements and water rights | \$ 46,844 | \$ 45,743 | \$ 43,468 |
| Plant in service | 974,310 | 960,428 | 919,308 |
| Vehicles and equipment | 702,279 | 642,497 | 601,619 |
| Construction in progress | <u>182,862</u> | <u>178,173</u> | <u>155,178</u> |
| | 1,906,295 | 1,826,841 | 1,719,573 |
| Less accumulated depreciation | <u>(617,898)</u> | <u>(579,253)</u> | <u>(527,718)</u> |
| Net capital assets | <u>\$ 1,288,397</u> | <u>\$ 1,247,588</u> | <u>\$ 1,191,855</u> |

Fiduciary Fund

As of December 31, 2021 and 2020, the net position of the pension trust fund totaled \$151.3 million and \$128.4 million, respectively. The increase in net position in 2021 was primarily due to net appreciation in the fair value of investments of \$20.1 million. In 2021 and 2020, contributions to the pension trust fund amounted to \$11.5 million and \$9.8 million, respectively. The increase in contributions in 2021 was primarily due to the increase in required employer contributions netted against the slight reduction in employee contributions.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Management's Discussion and Analysis

Debt Administration

At December 31, 2021 and 2020, Metro's long-term debt consisted of approximately \$640.4 and \$670.3 in bonds payable, respectively. Metro's underlying bond ratings are as follows:

| <u>Moody's Investors Services</u> | <u>Standard & Poor's</u> |
|-----------------------------------|------------------------------|
| Aa1 | AAA |

Additional information on Metro's capital assets and long-term debt can be found in notes 4, 5, and 6 to the financial statements.

Next Year's Budgets and Rates

Metro approved a \$98.7 million 2022 Operation and Maintenance Budget, an increase of \$4.9 million from 2021. The increase is primarily from budgeted wage increases and significant increases in employee benefit costs, as well as an increase in the amount and cost of treatment chemicals and materials and supplies needed for maintenance, and an increase in outside services. Metro also approved Annual Charges for Service totaling \$138.1 million, a 2.0% increase from 2021. Annual Charges for Services are the annual user fees that Metro Connectors pay for the treatment of their wastewater and are allocated to individual connectors based on the relative amount and strength of their wastewater. Annual rates are set each year to cover the annual requirements of operating expenses, debt service, capital project expenditures, and fund balances.

Metro's Capital Projects Budget for 2022 totals \$121.9 million, a decrease of \$17.8 million from the 2021 Capital Projects Budget of \$139.7 million. These projects include rehabilitation, growth, and improvement projects in Metro's system.

Requests for Information

This financial report is designed to provide a general overview of Metro Water Recovery's finances for all those with an interest in Metro's finances and to demonstrate Metro's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the attention of Molly Kostelecky, Chief Financial Officer, Metro Water Recovery, 6450 York Street, Denver, CO 80229 or www.metrowaterrecovery.com.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Basic Financial Statements

Statements of Net Position
December 31, 2021 and 2020

| | 2021 | 2020 as restated |
|---|---------------|-------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 70,430,549 | \$ 72,545,485 |
| Investments | 32,051,021 | 8,442,003 |
| Accounts receivable | 15,000,592 | 14,637,193 |
| Due from other governments | 448,848 | 440,224 |
| Accrued interest receivable | 680,812 | 786,524 |
| Materials and supplies inventories, net of loss reserve of \$250,000 | 7,156,272 | 6,383,184 |
| Prepaid expenses and other assets | 2,124,846 | 1,944,692 |
| | 127,892,940 | 105,179,305 |
| Restricted: | | |
| Cash and cash equivalents | 53,257,209 | 96,505,764 |
| Investments | 70,810,108 | 44,766,000 |
| | 124,067,317 | 141,271,764 |
| Total current assets | 251,960,257 | 246,451,069 |
| Noncurrent assets: | | |
| Investments | 163,039,797 | 189,436,361 |
| Nondepreciable capital assets: | | |
| Land and water rights | 46,843,769 | 45,742,931 |
| Construction in progress | 182,861,681 | 178,172,669 |
| | 229,705,450 | 223,915,600 |
| Depreciable capital assets, net: | | |
| Plant in service | 621,261,114 | 620,307,549 |
| Equipment and vehicles | 437,430,060 | 403,364,238 |
| Net capital assets | 1,288,396,624 | 1,247,587,387 |
| Restricted: | | |
| Investments | 34,912,046 | 56,634,964 |
| Total noncurrent assets | 1,486,348,467 | 1,493,658,712 |
| Total assets | 1,738,308,724 | 1,740,109,781 |
| Deferred outflows of resources: | | |
| Pension related | 8,261,585 | 4,851,649 |
| OPEB related | 2,592,941 | 2,214,633 |
| Total deferred outflows of resources | 10,854,526 | 7,066,282 |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Basic Financial Statements

Statements of Net Position
December 31, 2021 and 2020

| | <u>2021</u> | <u>2020 as restated</u> |
|---------------------------------------|-------------------------|-------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 21,233,636 | \$ 19,376,570 |
| Accrued payroll | 1,403,348 | 1,168,473 |
| Compensated absences | 167,707 | 247,447 |
| | <u>22,804,691</u> | <u>20,792,490</u> |
| Payable from restricted assets: | | |
| Accrued interest payable | 5,472,463 | 5,418,349 |
| Bonds payable | 27,675,000 | 26,645,000 |
| Total current liabilities | <u>55,952,154</u> | <u>52,855,839</u> |
| Noncurrent liabilities: | | |
| Compensated absences | 2,412,058 | 2,793,413 |
| Bonds payable | 612,682,931 | 643,647,212 |
| Net pension liability | 33,793,004 | 38,153,338 |
| Net OPEB liability | 12,273,631 | 11,900,947 |
| Other accrued liabilities | 383,212 | 2,000 |
| Total noncurrent liabilities | <u>661,544,836</u> | <u>696,496,910</u> |
| Total liabilities | <u>717,496,990</u> | <u>749,352,749</u> |
| Deferred inflows of resources: | | |
| Pension related | 13,421,420 | 6,074,648 |
| OPEB related | 937,037 | 279,276 |
| 2019B bond deferred gain on refunding | 5,088,366 | 5,356,174 |
| Total deferred inflows of resources | <u>19,446,823</u> | <u>11,710,098</u> |
| Net position: | | |
| Net investment in capital assets | 642,950,326 | 571,939,001 |
| Restricted – bonds | 153,506,900 | 192,488,379 |
| Restricted – board of directors | 50,786,056 | 49,518,373 |
| Unrestricted, as restated | 164,976,155 | 172,167,463 |
| Total net position | <u>\$ 1,012,219,437</u> | <u>\$ 986,113,216</u> |

See accompanying notes to basic financial statements.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Basic Financial Statements

Statements of Revenue, Expenses, and Changes in Net Position
Years ended December 31, 2021 and 2020

| | 2021 | 2020 as restated |
|---|------------------|-------------------------|
| Operating revenue: | | |
| Annual charges to connectors | \$ 135,440,824 | \$ 135,440,824 |
| Septic charge revenue | 88,620 | 97,254 |
| Other operating revenue | 1,734,820 | 2,923,009 |
| Total operating revenue | 137,264,264 | 138,461,087 |
| Operating expenses: | | |
| Operations and maintenance: | | |
| Wastewater transmission | 1,648,306 | 1,349,024 |
| Wastewater treatment | 20,930,548 | 19,801,990 |
| Solids processing | 9,912,537 | 10,192,371 |
| Solids recycling | 9,400,521 | 8,617,925 |
| | 41,891,912 | 39,961,310 |
| Technical management and support: | | |
| Engineering services | 4,687,119 | 4,064,644 |
| Laboratory services | 6,882,740 | 6,617,457 |
| Support operation and maintenance | 11,560,117 | 10,577,124 |
| | 23,129,976 | 21,259,225 |
| Administrative and general | 24,545,094 | 24,345,296 |
| Depreciation and amortization expense | 60,339,331 | 54,854,542 |
| Total operating expenses | 149,906,313 | 140,420,373 |
| Operating income (loss) | (12,642,049) | (1,959,286) |
| Nonoperating revenues (expenses): | | |
| Investment revenue (expense) | (2,134,013) | 8,005,862 |
| Interest expense | (18,676,197) | (16,354,709) |
| Intergovernmental revenue | 1,804,018 | 1,814,187 |
| Studies expense | (1,467,968) | (1,058,297) |
| Other revenue | 23,738 | 998,292 |
| Net nonoperating revenue (expense) | (20,450,422) | (6,594,665) |
| Income (loss) before capital contributions | (33,092,471) | (8,553,951) |
| Capital contributions – sewer connection fees | 59,198,692 | 52,287,224 |
| Increase in net position | 26,106,221 | 43,733,273 |
| Net position, beginning of year - See Note 2(n) | 986,113,216 | 942,379,943 |
| Net position, end of year | \$ 1,012,219,437 | \$ 986,113,216 |

See accompanying notes to basic financial statements.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Basic Financial Statements

Statements of Cash Flows
Years ended December 31, 2021 and 2020

| | 2021 | 2020 as restated |
|---|-----------------|-------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 137,111,539 | \$ 138,510,810 |
| Cash payments to employees | (53,276,337) | (49,422,624) |
| Cash payments to suppliers for goods and services | (40,939,402) | (38,573,635) |
| Other receipts | 1,485,959 | 1,593,777 |
| Net cash provided by operating activities | 44,381,759 | 52,108,328 |
| Cash flows from capital and related financing activities: | | |
| Sewer connection fees | 59,003,558 | 49,960,724 |
| Acquisition and construction of capital assets | (98,614,800) | (107,979,370) |
| Principal paid on capital debt | (26,644,999) | (27,287,479) |
| Interest paid on capital debt | (21,911,365) | (17,093,741) |
| Proceeds from issuance of new debt | — | 160,539,250 |
| Proceeds from sale of capital assets | 204,446 | 330,182 |
| Net cash provided by/(used in) capital and related financing activities | (87,963,160) | 58,469,566 |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue received | 1,795,394 | 2,714,796 |
| Net cash provided by noncapital financing activities | 1,795,394 | 2,714,796 |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | 363,748,911 | 766,804,215 |
| Purchase of investments | (382,296,081) | (879,416,278) |
| Interest and dividends received | 4,752,436 | 6,292,318 |
| Change in fair value of investments classified as cash equivalents | 10,217,250 | 2,998,050 |
| Net cash provided by (used in) investing activities | (3,577,484) | (103,321,695) |
| Net increase (decrease) in cash and cash equivalents | (45,363,491) | 9,970,995 |
| Cash and cash equivalents, beginning of year | 169,051,249 | 159,080,254 |
| Cash and cash equivalents, end of year | \$ 123,687,758 | \$ 169,051,249 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ (12,642,049) | \$ (1,959,286) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 60,339,331 | 54,854,542 |
| Decrease/(Increase) in accounts receivable | (152,984) | 49,607 |
| Decrease/(Increase) in inventory | (773,088) | (325,779) |
| Decrease/(Increase) in prepaid expenses and other | (180,155) | (776,296) |
| Decrease/(Increase) in deferred outflows | (3,788,244) | 2,111,283 |
| Increase in accounts payable and other accrued liabilities | (250,011) | 405,526 |
| Increase in accrued payroll and compensated absences | (226,220) | 862,697 |
| (Decrease)/Increase in net pension liability | (4,360,334) | (5,717,714) |
| Increase in net OPEB liability | 372,684 | 1,959,579 |
| (Decrease)/Increase in deferred inflows | 7,736,725 | 2,580,611 |
| Capitalized wages | (1,520,323) | (2,138,915) |
| Other (disbursements) receipts | (173,573) | 202,473 |
| Net cash provided by operating activities | \$ 44,381,759 | \$ 52,108,328 |
| Noncash investing, capital, and financing activities: | | |
| Unrealized (gain) loss on investments | \$ 6,796,276 | \$ (1,793,999) |
| Amortization of bond premium | (3,289,282) | (2,801,677) |
| Amortization of 2019B bond deferred inflow of resources | (267,809) | (267,809) |
| Loss on retirement of capital assets | 1,270,399 | 262,363 |
| Capital contributions - sewer connection fees current period | (14,704,155) | (14,493,740) |

See accompanying notes to basic financial statements.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Basic Financial Statements

Statements of Fiduciary Net Position
Pension Trust Fund
December 31, 2021 and 2020

| | 2021 | 2020 |
|---------------------------------|----------------|----------------|
| Assets | | |
| Cash and short-term investments | \$ 1,163,735 | \$ 1,145,410 |
| Investments, at fair value: | | |
| Public equity | 74,752,470 | 56,750,175 |
| Mutual funds | 13,800,630 | 10,540,538 |
| Private equity | 9,944,308 | 5,441,707 |
| Fixed rate debt | 19,833,178 | 26,648,753 |
| Stable value funds | 985,442 | 1,031,341 |
| Floating rate debt | 11,190,345 | 4,688,571 |
| Low volatility strategies | 340,724 | 6,427,219 |
| Real estate | 19,282,986 | 15,736,902 |
| Total assets | 151,293,818 | 128,410,616 |
| Liabilities | | |
| Accrued administrative expenses | 28,920 | 42,569 |
| Fiduciary net position | | |
| Restricted for pension benefits | \$ 151,264,898 | \$ 128,368,047 |

See accompanying notes to basic financial statements.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Basic Financial Statements

Statements of Changes in Fiduciary Net Position
Pension Trust Fund
Years ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------|-----------------------|
| Additions: | | |
| Investment income | | |
| Net appreciation in fair value of investments | \$ 20,070,666 | \$ 12,951,321 |
| Interest and dividend income | 1,665,474 | 1,211,724 |
| Less investment expense | <u>(358,297)</u> | <u>(398,795)</u> |
| Net investment income | 21,377,843 | 13,764,250 |
| Contributions from employer | 9,139,670 | 7,124,950 |
| Contributions from employees | <u>2,398,830</u> | <u>2,657,729</u> |
| Total additions | <u>32,916,343</u> | <u>23,546,929</u> |
| Deductions: | | |
| Benefit payments | 9,939,981 | 8,884,548 |
| Administrative expenses | <u>79,511</u> | <u>67,804</u> |
| Total deductions | <u>10,019,492</u> | <u>8,952,352</u> |
| Net increase in fiduciary net position | 22,896,851 | 14,594,577 |
| Fiduciary net position restricted for pension benefits: | | |
| Beginning of year | <u>128,368,047</u> | <u>113,773,470</u> |
| End of year | <u>\$ 151,264,898</u> | <u>\$ 128,368,047</u> |

See accompanying notes to basic financial statements.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

(1) Organization

(a) Organization

Metro Water Recovery (Metro) was created in May 1961 pursuant to the Colorado Revised Statutes and is a governmental subdivision of the State of Colorado, with powers specifically granted and reasonably implied therefrom and necessary to carry out the objectives and purposes of Metro. Metro's facilities are used primarily to transport and treat sewage from the sewer systems of various connectors in the greater metropolitan Denver area.

The income generated by Metro, as an instrumentality of the State of Colorado, is excluded from federal income taxes under Section 115 of the Internal Revenue Code. In addition, pursuant to the provisions of the Colorado Revised Statutes, Metro is exempt from sales, property, and state income taxes.

(b) Financial Reporting Entity

Metro is not a component unit of the State of Colorado or any other municipality of the State of Colorado. It is a stand-alone governmental entity. The scope of Metro's public services encompasses only a limited portion of the State of Colorado. Accordingly, it is considered an enterprise under Section 20, Article X of the Colorado Constitution.

The Pension Trust Fund is reported separately from Metro and includes two different retirement plans. The Metro Water Recovery Defined Benefit Plan (the Defined Benefit Plan) is a single-employer, defined benefit plan covering all employees of Metro hired on or before December 31, 2012 (note 7). Metro contributes to the Defined Benefit Plan based upon actuarial studies and has primary responsibility for management of the Defined Benefit Plan as all Defined Benefit Retirement Board members are appointed by Metro's Board of Directors. Metro also provides all accounting, reporting, and administrative services to the Defined Benefit Plan. Metro has fiduciary responsibility for the Defined Benefit Plan. Accordingly, an evaluation of the Defined Benefit Plan using the above considerations results in the inclusion of the Defined Benefit Plan in the accompanying basic financial statements as a fiduciary fund of Metro. The Defined Benefit Plan issues stand alone financial statements, which may be obtained from Metro.

The Metro Water Recovery Defined Contribution Plan (the Defined Contribution Plan) is a single-employer defined contribution plan, which includes five 401(a) plans. The primary plan is for all new employees hired on and after January 1, 2013. Employees in the primary Defined Contribution Plan are required to contribute 6% of their earnings to the Defined Contribution Plan. Metro matches the mandatory employee contributions with an additional 6% contribution. Employee contributions are deducted from each bi-weekly paycheck, and this amount together with Metro's matching portion, is sent each payday to the Defined Contribution Plan's administrator, the International City/County Management Association (Mission Square). As of December 31, 2021 and 2020 there were 247 and 225 active plan members. The Defined Contribution Plan is governed by the Defined Contribution Retirement Board, the members of which are appointed by Metro management and Metro Board of Directors. Accordingly, an evaluation of the Defined Contribution Plan using the above considerations results in the inclusion of the Defined Contribution Plan in the accompanying basic financial statements as a fiduciary fund of Metro.

(c) Fund Accounting

The accounts of Metro are organized into two separate funds, each of which is considered a separate accounting entity. 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

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resources, net position, revenue, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The financial activity of Metro is accounted for in two funds:

Enterprise Fund – The Enterprise Fund is used to account for any activity for which a fee is charged to external users for goods or services.

Pension Trust Fund – Pension Trust Fund for the Defined Benefit Plan and Defined Contribution Plan is maintained to account for assets held by Metro in a trustee capacity for active and retired employees.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Enterprise and Pension Trust Fund, for financial reporting purposes, are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

(b) Restricted Assets

Separate accounts are provided in accordance with bond resolutions and utilized to segregate restricted assets from unrestricted assets. Related liabilities, payable from these restricted assets, are also segregated and utilized in determining financial position.

(c) Cash and Cash Equivalents

For purposes of the statement of cash flows, Metro considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(d) Capital Assets

Metro records its plant and equipment at cost, or estimated historical cost, if actual cost is not available. Donated capital assets or donated works of art and similar items, and capital assets received in as capital contributions are valued at fair value on the date donated. Assets are capitalized when they are greater than \$10,000 and have a service life greater than one year. Depreciation on facilities and equipment is charged as an expense against operations. Depreciation has been computed using the straight-line method over the following estimated useful lives:

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| | Estimated useful life in years |
|-------------------------|---|
| Plant in service: | |
| Transmission | 10 – 50 |
| Treatment | 8 – 50 |
| Solids processing | 5 – 50 |
| Solids recycling | 5 – 50 |
| Support | 5 – 50 |
| Equipment and vehicles: | |
| Plant | 10 – 50 |
| Support | 3 – 50 |
| Vehicles | 5 – 20 |

Expenditures for repairs and maintenance are expensed as incurred. Major renewals, replacements, and betterments are capitalized. Upon retirement or disposition, the cost and accumulated depreciation of such assets are removed from the accounts, and the resulting gain or loss is included in the change in net position. Major outlays for utility plant and equipment are capitalized as projects are constructed.

(e) Investments

Metro’s investments are carried at fair value based upon market quotations, with the exceptions of investments held in the Colorado Statewide Investment Pool, which are carried at amortized cost. The Pension Trust Funds investments are also carried at fair value based upon market quotations, with the exception of real estate investments. These investment valuations are based upon an independent, third-party appraisal of each property. These appraisals are based upon a portfolio overview and updated cash flow modeling. See Note 7(b)(iii) for additional information.

(f) Materials and Supplies Inventories

Metro records its materials and supplies inventories at the lower of moving average cost. These materials and supplies are not held for resale. The inventory is charged to operations and maintenance expense as the items are used. As of December 31, 2021 and 2020, Metro had loss reserves of \$250,000 for obsolete materials and supplies.

(g) Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in the components of the net pension liability is reported as a deferred outflow of resources or a deferred inflow of resources. The changes in the components of the net pension liability reported by the Defined Benefit Plan have resulted in deferred outflows of resources of \$8,261,585 and \$4,851,649 and deferred inflows of resources of \$13,421,420 and \$6,074,648 for December 31, 2021 and December 31, 2020, respectively. See Note 7 for additional information.

Changes in the components of the net OPEB liability is reported as deferred outflow of resources and deferred inflow of resources. The changes in the components of the net OPEB liability reported by Metro have resulted in deferred outflows of resources of \$2,592,941 and \$2,214,633 and deferred inflows of resources of \$937,037 and \$279,276 for December 31, 2021 and December 31, 2020, respectively. See Note 8 for additional information.

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The 2019B Series Refunding bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt, reported as a deferred inflow of resources of \$5,088,366 and \$5,356,174 as of December 31, 2021 and December 31, 2020, respectively. See Note 6 for additional information.

(h) Net Position

Net position is classified as follows:

Net Investment in capital assets – This represents the total investment in capital assets, net of accumulated depreciation, outstanding debt obligations and deferred gain on refunding (less unspent bond proceeds) related to those capital assets.

Restricted net position – bonds – Restricted net position – bonds includes resources in which Metro is legally or contractually obligated to spend resources in accordance with restrictions imposed by debt agreements.

Restricted net position – board of directors – Restricted net position – board of directors includes resources in which the Board of Directors has identified to be used for a specific purpose through a Board action.

Unrestricted net position – Unrestricted net position represents resources derived from annual charges to connectors, septic charge revenue, and other revenues. These resources are used for transactions relating to the operations of Metro and may be used to meet current expenses for any purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are considered expended.

(i) Classification of Revenues and Expenses

Metro has classified revenues and expenses as operating, nonoperating, or capital contributions according to the following criteria:

Operating revenue and expenses – Revenue and expenses that result from providing wholesale wastewater transmission, treatment, and disposal services to 50 connectors, including cities, towns, special districts, and industrial users.

Nonoperating revenue and expenses – Revenues and expenses that are not included as operating revenues. Nonoperating revenue includes investment income and rebates from the Build America Bonds program. Nonoperating expenses include interest expense on outstanding bonds and other nonoperating expenses.

Capital contributions – Revenues that include sewer connection fees.

(j) Sewer Connection Fees

Metro charges fees for new sewer connections. Sewer connection fee receipts are used for payment of principal and interest on bonds issued to finance capacity-related facility improvements and to otherwise pay for such facilities.

(k) Compensated Absences

Metro employees earn sick leave at a rate of eight hours per month. Accumulated sick leave in excess of 960 hours is payable at one-half of the cash value at year-end or upon termination.

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Employees are entitled to 10 to 21 days of vacation leave per year depending on their length of service. A maximum of 200 hours of earned vacation leave may be carried forward to subsequent years. Unused vacation leave is paid to the employee upon termination.

Vacation and excess sick pay is recorded as an expense when earned by Metro employees. At December 31, 2021 and 2020, accrued vacation and excess sick pay aggregated \$2,579,765 and \$3,040,860, respectively.

(l) Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

(m) New and Future Accounting Pronouncements

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, which is effective for fiscal year 2021. The statement established the term annual comprehensive financial report and its acronym ACFR. Metro implemented this in the current year financial report.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is effective for fiscal year 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement postponed dates of certain provisions, including Statement No. 87, Leases and Statement No. 93, Replacement of Interbank Offered Rates. Statement No. 87 was postponed by 18 months, extending the date of implementation to fiscal year 2022. Statement No. 93 was postponed by 12 months, extending the date of implementation to fiscal year 2022.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. As noted above, the implementation date has been extended by Statement No. 95, to fiscal year 2022. Metro is determining the impact to the financial statements for fiscal year 2022.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result in the replacement of IBOR. As noted above, the implementation date has been extended by Statement No. 95 to fiscal year 2022. Metro is determining the impact to the financial statements for fiscal year 2022.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this Statement will result in more consistent financial reporting of defined contribution plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting these plans. The implementation date is fiscal year 2022. Metro is determining the impact to the financial statements for fiscal year 2022.

(n) Restatement of Previously Reported Amounts of Depreciation Expense, Accumulated Depreciation and Net Position

During fiscal year ended December 31, 2021, an error was discovered related to incorrect calculation of depreciation expense on certain capital asset additions in the system in accordance with the date

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placed in service. As a result, depreciation expense and accumulated depreciation have been understated during 2021 and in prior periods.

The cumulative effect of the error correction to Metro's financial statements as of the year ended December 31, 2020, is summarized in the table below related to the statement of net position.

| | As originally presented 2020 | Restatement | As restated 2020 |
|----------------------------------|---------------------------------|-----------------------|-------------------------|
| Noncurrent assets: | | | |
| Depreciable capital assets, net: | | | |
| Plant in service | \$ 621,093,356 | \$ (785,807) | \$ 620,307,549 |
| Equipment and vehicles | 408,578,979 | (5,214,741) | 403,364,238 |
| Net capital assets | <u>1,253,587,935</u> | <u>(6,000,548)</u> | <u>1,247,587,387</u> |
| Total assets | <u>\$ 1,746,110,329</u> | <u>\$ (6,000,548)</u> | <u>\$ 1,740,109,781</u> |
| Net position: | | | |
| Unrestricted | 172,167,463 | - | 172,167,463 |
| Restricted | 242,006,752 | - | 242,006,752 |
| Net investment in capital assets | <u>577,939,549</u> | <u>(6,000,548)</u> | <u>571,939,001</u> |
| Total net position | <u>\$ 992,113,764</u> | <u>\$ (6,000,548)</u> | <u>\$ 986,113,216</u> |

The cumulative effect of the error correction to Metro's financial statements for the year ended December 31, 2020, is summarized in the table below related to the statements of revenue, expenses, and changes in net position, and cash flows. Beginning net position in 2020 has also been restated for depreciation expense related to years prior to 2020. The total adjustment to beginning net position in 2020 was \$2,672,122.

| | As originally presented 2020 | Restatement | As restated 2020 |
|---|---------------------------------|-----------------------|-----------------------|
| Depreciation and amortization expense | \$ 51,526,116 | \$ 3,328,426 | \$ 54,854,542 |
| Operating income (loss) | <u>1,369,140</u> | <u>3,328,426</u> | <u>(1,959,286)</u> |
| Income (loss) before capital contributions | <u>(5,225,525)</u> | <u>3,328,426</u> | <u>(8,553,951)</u> |
| Increase in net position | 47,061,699 | (3,328,426) | 43,733,273 |
| Net position, beginning of year | <u>945,052,065</u> | <u>(2,672,122)</u> | <u>942,379,943</u> |
| Net position, end of year | <u>\$ 992,113,764</u> | <u>\$ (6,000,548)</u> | <u>\$ 986,113,216</u> |
| Reconciliation of operating income to net cash: | | | |
| Operating income (loss) | \$ 1,369,140 | \$ (3,328,426) | \$ (1,959,286) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | <u>51,526,116</u> | <u>3,328,426</u> | <u>54,854,542</u> |
| Net cash provided by operating activities | <u>\$ 52,108,328</u> | <u>\$ -</u> | <u>\$ 52,108,328</u> |

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(3) Cash and Investments

As of December 31, 2021 and 2020, Metro and the Pension Trust Fund had the following cash and investments:

| | December 31, | |
|--|---------------------|----------------|
| | 2021 | 2020 |
| Metro (excluding the Pension Trust Funds): | | |
| Cash and cash equivalents | | |
| Deposits | \$ 4,739,532 | \$ 4,857,516 |
| Local government investment pool (CSAFE) | 63,293,109 | 70,503,801 |
| Colorado Statewide Investment Pool | 40,924,981 | 91,969,468 |
| Certificates of Deposit, less than 90 days | 14,730,136 | — |
| U.S. Agency securities, less than 90 days | — | 1,720,464 |
| Total cash and cash equivalents | 123,687,758 | 169,051,249 |
| Investments | | |
| U.S. Treasury Notes | 119,876,055 | 83,383,056 |
| U.S. Agency securities, including mortgage-backed securities | 113,525,271 | 139,806,479 |
| Certificates of Deposit | 31,115,686 | 26,578,783 |
| Comercial Paper | 19,420,971 | 23,972,064 |
| Municipal bonds | 1,457,851 | 3,534,334 |
| Corporate bonds | 15,417,138 | 22,004,612 |
| Total cash and investments | \$ 424,500,730 | \$ 468,330,577 |
| Pension Trust Funds: | | |
| Cash and short-term investments | \$ 1,163,735 | \$ 1,145,410 |
| Public equity | 74,752,470 | 56,750,175 |
| Mutual funds | 13,800,630 | 10,540,538 |
| Private equity | 9,944,308 | 5,441,707 |
| Fixed rate debt | 19,833,178 | 26,648,753 |
| Stable value funds | 985,442 | 1,031,341 |
| Floating rate debt | 11,190,345 | 4,688,571 |
| Low volatility strategies | 340,724 | 6,427,219 |
| Real estate | 19,282,986 | 15,736,902 |
| | \$ 151,293,818 | \$ 128,410,616 |

(a) Cash Deposits

Colorado statutes require that Metro use eligible public depositories as defined by the Public Deposit Protection Act (PDPA). Under the PDPA, the depository is required to pledge eligible collateral having a market value at all times equal to at least 102% of the aggregate public deposits held by the depository not insured by the Federal Deposit Insurance Corporation.

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Eligible collateral, as defined by the PDPA, primarily includes obligations of, or guarantees by, the U.S. government, the State of Colorado, or any political subdivision thereof, and obligations evidenced by notes secured by first lien mortgages or deeds of trust on real property.

(b) *Restricted Cash and Cash Equivalents, and Investments*

Restricted cash and cash equivalents and investments are restricted for the current payment of principal and interest on outstanding bonds as required by debt covenants and amounts restricted by the Board of Directors for a specific purpose.

(c) *Investment Policy*

Metro is authorized by Colorado Statute to invest in various types of instruments that include but are not limited to the following:

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Written repurchase agreements collateralized by certain authorized securities
- Commercial paper
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain reverse repurchase agreements
- Certain certificates of participation
- Certain securities lending transactions

Metro, excluding the Pension Trust Fund, has an investment policy that regulates investments in securities that have objectives of preservation of capital and protection of investment principal, maintenance of sufficient liquidity to meet Metro's financial obligations, diversification to avoid incurring unreasonable market risks, and attainment of a market rate of return throughout budgetary and economic cycles. Eligible securities are specific to Colorado State Statutes and Metro's bond indenture agreements. The indenture agreements limit the number of U.S. Agency issuers to three creating a concentration of credit risk, but each security in the investment portfolio is rated AAA or AA+. All securities owned by Metro are in conformity with the investment policy.

The Defined Benefit Plan has an investment policy that regulates investments by hiring a qualified investment consultant to oversee qualified investment management firms who manage the assets of the Defined Benefit Plan. The investment policy establishes an asset allocation strategy, investment objectives, and investment guidelines for all assets. The asset allocation strategy is designed to be consistent with the safety and return objectives of the Defined Benefit Plan and includes allowable

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global equity, debt, alternatives, and real estate investments. All securities and investments owned by the Defined Benefit Plan are in conformity with the investment policy.

The Defined Benefit Plan’s allowable investments in equities, fixed income, and real estate are limited to qualified investment managers.

The Defined Benefit Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Metro Water Recovery Retirement Board by a majority vote of its members. The investment policy calls for cash reserves to be held in money market funds in the Plan’s operating account at the Trustee bank at a level based on the liquidity needs as determined by Metro finance staff. The following was the Retirement Board’s asset allocation policy as of December 31, 2021.

| <u>Investment Type</u> | <u>Target Allocation</u> | <u>Target Range</u> |
|------------------------|--------------------------|---------------------|
| Public equity | 55.00% | 40%-65% |
| Private equity | 5.00% | 0%-10% |
| Fixed rate debt | 15.00% | 10%-30% |
| Floating rate debt | 10.00% | 5%-15% |
| Real estate | 15.00% | 10%-20% |
| | 100.00% | |

The Defined Contribution Plan has an investment policy statement (IPS) that provides for investment objectives within the plan. The primary objective of the IPS is to provide participants with a diverse set of investment options that encompass a variety of risk/return characteristics from which the participant can self-direct their portfolio in a diversified manner. The Defined Contribution Board is responsible for selecting and monitoring investments options, while the participant selects in which option(s) they shall invest.

(d) Credit Risk

Metro manages credit risk by requiring all investments, including the use of external investment pools and money market funds, AAA, AAA-G, AAAM, AA+, AA or AA-, and including commercial paper, be P-1 or A-1 rated by nationally recognized rating agencies. All securities held by Metro meet the credit quality objective.

As of December 31, 2021, Metro invested \$15,417,138 in corporate bonds. The credit ratings for the corporate bonds are based on Standard and Poor’s rating scale, and were as follows: \$10,725,712 were rated AA-, \$2,662,546 were rated AA+, and \$2,028,880 were rated AAA.

As of December 31, 2020, Metro invested \$22,004,612 in corporate bonds. The credit ratings for the corporate bonds are based on Standard and Poor’s rating scale, and were as follows: \$3,591,345 were rated A+, \$2,602,205 were rated AA, \$11,005,991 were rated AA-, \$2,733,271 were rated AA+ and \$2,071,800 were rated AAA.

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The following is a summary of the Pension Trust Fund's debt investments at December 31, 2021 and 2020 with average credit ratings of underlying investments based on Standard & Poor's rating scale:

| | December 31, | |
|---|---------------------|---------------|
| | 2021 | 2020 |
| Western Asset Management Core Plus Bond Fund IS | | |
| Fair value | \$ 12,780,869 | \$ 14,015,674 |
| Average rating | Not rated | Not rated |
| JP Morgan Core Bond Fund | | |
| Fair value | \$ 7,052,309 | \$ 12,633,079 |
| Average rating | Not rated | Not rated |
| Bain Senior Loan Fund | | |
| Fair value | \$ 6,610,007 | \$ — |
| Average rating | Not rated | n/a |
| Golub Capital Partners International 11, L.P. | | |
| Fair value | \$ 1,750,000 | \$ 1,750,000 |
| Average rating | Not rated | Not rated |
| Principal Real Estate Debt Fund II | | |
| Fair value | \$ 1,373,845 | \$ 2,242,062 |
| Average rating | Not rated | Not rated |
| Principal Real Estate Debt Fund III | | |
| Fair value | \$ 1,456,493 | \$ 696,509 |
| Average rating | Not rated | Not rated |
| First American Money Market Government Obligations Fund | | |
| Fair value | \$ 969,772 | \$ 1,085,291 |
| Average rating | AAAm | AAAm |
| VT Cash Management Fund | | |
| Fair value | \$ 176,471 | \$ 60,099 |
| Average rating | Not rated | Not rated |

The Defined Contribution Plan has no credit risk.

(e) Custodial Credit Risk

Metro has no custodial credit risk. All securities are registered in the name of Metro and held by a third-party safekeeping agent. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form.

Custodial credit risk is the risk that in the event of a bank failure, the Defined Benefit Plan's deposits may not be returned to it. All securities are registered in the name of US Bank as the Trustee for the Plan and held by third-party safekeeping agents. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form. Other deposits may include small amounts of cash held for short periods of time prior to investment. These deposits are insured by FDIC up to \$250,000. As of December 31, 2021, the Defined Benefit Plan's deposits had a balance of \$0. As of December 31, 2020, the Defined Benefit Plan's deposits had balance of \$10.

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The Defined Contribution Plan has no custodial credit risk. All securities held in trust for the participants at ICMA-RC. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form.

(f) Concentration of Credit Risk

Metro has a concentration of credit risk where it holds more than 5% of its investment portfolio in any one security issuer, other than those explicitly guaranteed by the U.S. government. Metro's investment policy and bond indenture agreements restrict investments in U.S. Agency issuers to the three listed below:

| | Moody's Investor Service | Standard & Poor's |
|--|-------------------------------------|------------------------------|
| Federal Home Loan Bank (FHLB) | Aaa Rated | AA+ Rated |
| Federal Home Loan Mortgage Corp (FHLMC) | Aaa Rated | AA+ Rated |
| Federal National Mortgage Association (FNMA) | Aaa Rated | AA+ Rated |

As a result, each issuer represents more than 5% of the total investments, and all securities are AAA or AA+ as rated by nationally recognized rating agencies. The following U.S. Agency securities are in excess of 5% of total investments:

| Issuer | December 31, | | | |
|---------------|---------------------|------------------------------------|----------------|------------------------------------|
| | 2021 | | 2020 | |
| | Amount | Percentage of portfolio | Amount | Percentage of portfolio |
| FHLB | \$ 13,087,504 | 3.12% | \$ 19,279,911 | 4.16% |
| FHLMC | 35,569,363 | 8.47 | 41,202,621 | 8.89 |
| FNMA | 64,868,404 | 15.45 | 75,389,378 | 16.27 |
| | \$ 113,525,271 | | \$ 135,871,910 | |

A concentration of credit risk exists for the Pension Trust Fund if they hold more than 5% of the investment portfolio in any one security issuer, other than those explicitly guaranteed by the U.S. government. Mutual funds, external investment pools, and other pooled investments are also excluded from this requirement. The Pension Trust Fund has no concentration of credit risk as of December 31, 2021 and 2020.

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(g) Interest Rate Risk

Metro has no formal policy to manage interest rate risk. Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Metro uses duration as the method to identify and manage interest rate risk. Duration measures exposure to fair value changes arising from changing interest rates. Duration uses the present value of cash flows weighted for those cash flows as a percentage of the full price of the investments. A large duration indicates more price sensitivity to changing interest rates. Each security purchased has a duration analysis, and the entire portfolio has a duration calculation weighted based on the size of each investment. As of December 31, 2021 and 2020, the duration for Metro's investments was as follows:

| Type | December 31, 2021 | | |
|-------------------------|-------------------|----------------------|------------------------|
| | Fair value | Duration in Years | Call options at 100 |
| U.S. Agency securities | \$ 113,525,271 | 1.89 | \$ 16,640,000 |
| U.S. Treasury Notes | 119,876,055 | 2.39 | — |
| Corporate Bonds | 15,417,138 | 0.71 | 6,125,000 |
| Municipal Bonds | 1,457,851 | 3.42 | |
| Certificates of Deposit | 31,115,686 | 0.74 | — |
| Commercial Paper | 19,420,971 | 0.55 | — |
| Total fair value | \$ 300,812,972 | | |

| Type | December 31, 2020 | | |
|------------------------------------|-------------------|----------------------|------------------------|
| | Fair value | Duration in Years | Call options at 100 |
| U.S. Agency securities | \$ 139,806,479 | 2.77 | \$ 18,979,469 |
| U.S. Treasury Notes | 83,383,056 | 2.51 | — |
| Corporate Bonds | 22,004,612 | 1.44 | 8,982,567 |
| Municipal Bonds | 3,534,334 | 2.97 | |
| Certificates of Deposit | 26,578,783 | 1.16 | — |
| Colorado Statewide Investment Pool | 23,972,064 | 0.50 | — |
| Total fair value | \$ 299,279,328 | | |

As of December 31, 2021 and 2020, Metro invested \$63,293,109 and \$70,053,801, respectively, in Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local governments in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE operates similarly to a money market fund, and each share is equal in value to \$1.00, and are rated AAAM by Standard and Poor's rating scale. The weighted average maturity of these investments was fewer than 41 days and 34 days as of December 31, 2021 and 2020, respectively.

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The Pension Trust Fund investment policy manages its exposure to fair value losses arising from rising interest rates by specific guidelines for debt managers. As of December 31, 2021 and 2020, the Pension Trust Fund held the following debt investments.

| | December 31, | |
|---|---------------------|---------------|
| | 2021 | 2020 |
| Western Asset Management Core Plus Bond Fund IS | | |
| Balance | \$ 12,780,869 | \$ 14,015,674 |
| Modified duration (in years) | 7.3 | 12.7 |
| JP Morgan Core Bond Fund | | |
| Balance | \$ 7,052,309 | \$ 12,633,079 |
| Modified duration (in years) | 6.0 | 7.6 |
| Bain Senior Loan Fund | | |
| Balance | \$ 6,610,007 | \$ — |
| Modified duration (in years) | 0.3 | n/a |
| Golub Capital Partners International 11, L.P. | | |
| Balance | \$ 1,750,000 | \$ 1,750,000 |
| Modified duration (in years) | not available | not available |
| Principal Real Estate Debt Fund II | | |
| Balance | \$ 1,373,845 | \$ 2,242,062 |
| Modified duration (in years) | 0.5 | 1.1 |
| Principal Real Estate Debt Fund III | | |
| Balance | \$ 1,456,493 | \$ 696,509 |
| Modified duration (in years) | 1.7 | 1.4 |

Investments in money market funds of \$1,146,243 and \$1,145,390 as of December 31, 2021 and 2020, respectively, have an average maturity of fewer than 22 and 45 days, respectively.

(h) Foreign Currency Risk

Metro Water Recovery and Defined Contribution Plan were not exposed to foreign currency risk as of December 31, 2021 and 2020. For 2021 and 2020, the Defined Benefit Plan's investments managed exposure to foreign currency risk by limiting the allocation percentage of interest of global equity investments to 28.0% and 25.0%, respectively. The global equities in which the Defined Benefit Plan has invested have a fair value of \$38,118,035 and \$32,131,498, or 28.0% and 27.5% of the total portfolio at December 31, 2021 and 2020, respectively. Each fund is valued in U.S. dollars with exposure to various worldwide currencies. Any over allocation of funds are rebalanced on a regular basis.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

(i) Investment Income

Investment income for Metro, excluding the Pension Trust Fund, for the years ended December 31, 2021 and 2020 was comprised of the following:

| | December 31, | |
|---|-----------------------|---------------------|
| | 2021 | 2020 |
| Investment income | \$ 3,233,685 | \$ 4,283,252 |
| Net realized gain / (loss) on investments | 1,428,579 | 1,928,611 |
| Net unrealized gain (loss) on investments | (6,796,276) | 1,793,999 |
| Total | \$ (2,134,012) | \$ 8,005,862 |

Investment income for the Pension Trust Fund for the years ended December 31, 2021 and 2020 was comprised of the following:

| | December 31, | |
|------------------------------------|----------------------|----------------------|
| | 2021 | 2020 |
| Interest and dividend income | \$ 1,665,474 | \$ 1,211,724 |
| Net realized gain on investments | 14,418,200 | 2,989,647 |
| Net unrealized gain on investments | 5,652,466 | 9,961,674 |
| | 21,736,140 | 14,163,045 |
| Less investment expense | (358,297) | (398,795) |
| Net investment income | \$ 21,377,843 | \$ 13,764,250 |

The calculation of realized gains is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

(j) Fair Value

The Enterprise and Pension Trust Funds categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

For investments categorized as Level 1, prices are determined using quoted prices in active markets for identical securities. For investments categorized as Level 2, prices are determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use by pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted market prices for similar assets, quoted prices for identical assets in markets that are not active or other quoted prices that are not observable. For investments categorized at Level 3, prices are determined using inputs that are not observable.

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For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

Metro has the following recurring fair value measurements as of December 31, 2021 and 2020:

Investments Measured at Fair Value

| | 12/31/2021 | Fair Value Measurement Using | | |
|---|-----------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value | | | | |
| U.S. Agency securities | \$ 113,525,271 | \$ 113,525,271 | \$ - | \$ - |
| U.S. Treasury notes | 119,876,055 | 119,876,055 | - | - |
| Certificates of deposit | 45,845,822 | - | 45,845,822 | - |
| Commerical paper | 19,420,971 | - | 19,420,971 | - |
| Corporate bonds | 15,417,138 | 15,417,138 | - | - |
| Municipal bonds | 1,457,851 | 1,457,851 | - | - |
| Total investments measured at fair value | <u>315,543,108</u> | <u>250,276,315</u> | <u>65,266,793</u> | <u>-</u> |
| Investments measured at the net asset value (NAV) | | | | |
| Colorado statewide investment pool | 40,924,981 | | | |
| Investments held at amortized cost | | | | |
| LGIP - CSAFE | <u>63,293,109</u> | | | |
| Total investments measured at fair value | <u>\$ 419,761,198</u> | | | |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

Investments Measured at Fair Value

| | 12/31/2020 | Fair Value Measurement Using | | |
|---|----------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value | | | | |
| U.S. Agency securities | \$ 141,526,943 | \$ 141,526,943 | \$ - | \$ - |
| U.S. Treasury notes | 83,383,056 | 83,383,056 | - | - |
| Commerical paper | 26,578,783 | - | 26,578,783 | - |
| Certificates of deposit | 23,972,064 | - | 23,972,064 | - |
| Corporate bonds | 22,004,612 | 22,004,612 | - | - |
| Municipal bonds | 3,534,334 | 3,534,334 | - | - |
| Total investments measured at fair value | 300,999,792 | 250,448,945 | 50,550,847 | - |
| Investments measured at the net asset value (NAV) | | | | |
| Colorado statewide investment pool | 91,969,468 | | | |
| Investments measured at amortized cost | | | | |
| LGIP - CSAFE | 70,503,801 | | | |
| Total investments measured at fair value | \$ 463,473,061 | | | |

For investments measured at the Net Asset Value (NAV), Metro invested in the Colorado Statewide Investment Program, an investment program that provides Colorado local governments with tools for meeting their cash flow and investment needs. Investments are offered through the Colorado Statewide Investment Pool (“CSIP”), a local government investment pool authorized under 24-75-701 et. Seq. of the Colorado Revised Statutes. Currently, CSIP offers two investment options, 1) CSIP Liquid Portfolio and 2) CSIP Term Portfolio. The CSIP Liquid Portfolio is a fully liquid, variable rate investment option, rated AAAM by Standard and Poor’s. There are no unfunded commitments, the redemption frequency is daily and there is a one-day redemption notice. The CSIP Term Portfolio offers the ability for participants to invest in shares of fixed-rate, fixed-term investments, rated AAAs by Fitch Ratings. There are no unfunded commitments, the redemption period is planned at maturity, and the redemption period is a sixty-day minimum and one-year maximum.

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For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

The Pension Trust Fund has the following recurring fair value measurements as of December 31, 2021 and December 31, 2020:

Investments Measured at Fair Value

| | 12/31/2021 | Fair Value Measurement Using | | |
|---|-----------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value | | | | |
| Public equity | \$ 74,752,470 | \$ 74,752,470 | \$ - | \$ - |
| Fixed rate debt | 19,833,178 | 19,833,178 | - | - |
| Mutual funds | 13,800,630 | 13,800,630 | - | - |
| Total investments measured at fair value | <u>108,386,278</u> | <u>108,386,278</u> | - | - |
| Investments measured at the net asset value (NAV) | | | | |
| Private equity | 9,944,308 | | | |
| Stable value funds | 985,442 | | | |
| Floating rate debt | 11,190,345 | | | |
| Low volatility strategies | 340,724 | | | |
| Real estate | 19,282,986 | | | |
| Total investment measured at the NAV | <u>41,743,805</u> | | | |
| Total investments measured at fair value | <u>150,130,083</u> | | | |
| Investments measured at amortized cost | | | | |
| Money market funds | 1,163,735 | | | |
| Total investments | <u>\$ 151,293,818</u> | | | |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

Investments Measured at Fair Value

| | Fair Value Measurement Using | | | |
|---|------------------------------|--|---|--|
| | 12/31/2020 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value | | | | |
| Public equity | \$ 50,232,688 | \$ 50,232,688 | \$ - | \$ - |
| Fixed rate debt | 26,648,753 | 26,648,753 | - | - |
| Mutual Funds | 10,540,538 | 10,540,538 | - | - |
| Total investments measured at fair value | 87,421,979 | 87,421,979 | - | - |
| Investments measured at the net asset value (NAV) | | | | |
| Public equity | 6,517,487 | | | |
| Private equity | 5,441,707 | | | |
| Stable value funds | 1,031,341 | | | |
| Floating rate debt | 4,688,571 | | | |
| Low volatility strategies | 6,427,219 | | | |
| Real estate | 15,736,902 | | | |
| Total investment measured at the NAV | 39,843,227 | | | |
| Total investments measured at fair value | 127,265,206 | | | |
| Investments measured at amortized cost | | | | |
| Money market funds | 1,145,390 | | | |
| Total investments | \$ 128,410,596 | | | |

Metro Water Recovery

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Notes to the Basic Financial Statements

The valuation method for the Pension Trust Fund's investments at December 31, 2021 measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

| Investments measured at the NAV | Fair Value | Unfunded Commitments | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---------------------------------|----------------------|-------------------------|--|--------------------------------|
| Private equity (2) | \$ 9,944,308 | \$ 3,236,321 | n/a | n/a |
| Floating rate debt (3) | 11,190,345 | 3,260,971 | monthly, n/a, n/a, n/a | 30 days, n/a, n/a, n/a |
| Low volatility strategies (4) | 340,724 | - | semi-annually | 95 days |
| Real estate (5) | 19,282,986 | - | daily based on liquidity | 1 day |
| Stable value funds (6) | 985,442 | - | daily | n/a |
| | <u>\$ 41,743,805</u> | | | |

The valuation method for the Defined Benefit Plan's investments at December 31, 2020 measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

| Investments measured at the NAV | Fair Value | Unfunded Commitments | Redemption Frequency (if Currently Eligible) | Redemption Notice Period |
|---------------------------------|----------------------|-------------------------|--|--------------------------------|
| Public equity (1) | \$ 6,517,487 | \$ - | daily | n/a |
| Private equity (2) | 5,441,707 | 4,772,335 | n/a | n/a |
| Floating rate debt (3) | 4,688,571 | 4,222,721 | monthly, n/a, n/a, n/a | 30 days, n/a, n/a, n/a |
| Low volatility strategies (4) | 6,427,219 | - | semi-annually | 95 days |
| Real estate (5) | 15,736,902 | - | daily based on liquidity | 1 day |
| Stable value funds (6) | 1,031,341 | - | daily | n/a |
| | <u>\$ 39,843,227</u> | | | |

- (1) In this category, the domestic equity fund invests primarily in US small- and mid-capitalization equities. The fund is a commingled investment trust (CIT). The fund is open-ended with daily redemption. The Defined Benefit Plan's investment in this category were fully liquidated in 2021.
- (2) There are four investments in this category. One fund's primary purpose of developing and actively managing an investment portfolio of private equity funds and other investment vehicles, principally by making, holding and disposing of privately negotiated investments in the form of limited partner interests and securities. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets of the partnership would be liquidated over 12 to 15 years.

The second fund invests predominantly in U.S. venture capital-focused funds on a primary and secondary basis. Partnership investments will include start-up, early-stage, late-stage and growth equity funds as well as secondary funds focusing on direct investments in venture-backed and/or technology companies. The fund may re-invest proceeds of portfolio investments; provided, however, that the acquisition costs of all portfolio investments will not exceed 110% of aggregate subscriptions. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund would be liquidated over 12 years.

The third fund invests predominantly in North American and Western Europe value orientated equity investments. Partnership investments are generally traditional middle market buyouts of out-of-favor industries and companies focusing on investments in media, financial services, energy,

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and industrial companies. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund would be liquidated over 10 to 13 years.

The fourth fund invests in global venture capital direct partnership investments. Investments are primarily core venture capital, with about 25% representing seed and early stage partnerships. It is estimated that 60% of investments will be in the US and 40% allocated to international groups. Investments address a broad range of business opportunities primarily related to or enabled by technology. The fund may re-invest proceeds of portfolio investments; provided, however, that the acquisition costs of all portfolio investments will not exceed 115% of aggregate subscriptions, including secondary opportunities. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund would be liquidated over 12 years.

- (3) There are three investments in the floating rate debt category.

The first and second investments are funds that invest in higher yielding private commercial real estate debt investments, including subordinate debt investments, such as mezzanine debt, b-notes, and senior mortgages, such as bridge loans and participating construction permanent loans. Distributions of net cash flow to investors will be made on at least a quarterly basis, as available, and it is estimated that the underlying investments of the partnership would be liquidated over 7 to 10 years.

The third investment is a fund that invests primarily in senior secured, floating rate middle market loans. Distributions of net income will be made on a quarterly basis, or more frequently at the General Partner's discretion. It is expected that the underlying assets of the fund would be liquidated over 10 years.

- (4) There is one investment in the low volatility strategies category. This fund invests in U.S. and non-U.S. investment partnerships and companies, managed funds, separately managed accounts, securities and commodities with the primary objective to provide strong downside protection qualities and to produce attractive long-term risk-adjusted returns. Funds may be withdrawn with 95 days' notice on June 30 or December 31. The fund is open-ended. The Plan's investment in this category were partially liquidated in 2021, with the remaining amount to be liquidated in 2022.
- (5) This fund invests in a well-diversified real estate portfolio that reflects the overall performance of the U.S. commercial real estate market, consisting primarily of high quality, well-leased real estate properties in the multifamily, industrial, office, retail, and hotel sectors. The fund is open ended, and funds may be withdrawn daily subject to the availability of liquidity and the absence of a withdrawal queue with one-day written notice.
- (6) This category includes two funds, which are investment options of the defined contribution plan(s), which are designed to preserve capital and which are invested 100% in other capital preservation funds. Shares may be redeemed daily by participants.

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For the Years Ended December 31, 2021 and 2020

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(4) Capital Assets

For the year ended December 31, 2020, changes in capital assets consisted of the following:

| | Balance at December 31, 2019 | Additions | Disposals | Adjustments or transfers | Balance at December 31, 2020 as restated |
|----------------------------------|------------------------------------|--------------------|---------------------|-----------------------------|--|
| Nondepreciable: | | | | | |
| Land and water rights | \$ 43,468,189 | 2,274,742 | — | — | \$ 45,742,931 |
| Construction in progress | 155,177,605 | 106,835,882 | (83,842,384) | 1,566 | 178,172,669 |
| Total nondepreciable assets | <u>198,645,794</u> | <u>109,110,624</u> | <u>(83,842,384)</u> | <u>1,566</u> | <u>223,915,600</u> |
| Depreciable: | | | | | |
| Plant in service: | | | | | |
| Transmission | 310,090,395 | 9,716,018 | (62,388) | 4,278 | 319,748,303 |
| Treatment | 417,556,473 | 1,883,886 | (659,794) | (20,215,057) | 398,565,508 |
| Solids processing | 65,950,485 | 36,131,544 | — | — | 102,082,029 |
| Solids recycling | 7,497,390 | — | — | — | 7,497,390 |
| Support | 118,213,289 | 14,163,633 | — | 157,967 | 132,534,889 |
| | <u>919,308,032</u> | <u>61,895,081</u> | <u>(722,182)</u> | <u>(20,052,812)</u> | <u>960,428,119</u> |
| Equipment: | | | | | |
| Plant | 503,634,984 | 18,172,776 | (1,932,514) | 20,783,066 | 540,658,312 |
| Support | 77,571,938 | 830,042 | (127,514) | 711,254 | 78,985,720 |
| Vehicles | 20,412,093 | 3,336,644 | (1,128,837) | 233,151 | 22,853,051 |
| | <u>601,619,015</u> | <u>22,339,462</u> | <u>(3,188,865)</u> | <u>21,727,471</u> | <u>642,497,083</u> |
| Total depreciable capital assets | <u>1,520,927,047</u> | <u>84,234,543</u> | <u>(3,911,047)</u> | <u>1,674,659</u> | <u>1,602,925,202</u> |
| Less accumulated depreciation: | | | | | |
| Plant in service: | | | | | |
| Transmission | 127,392,751 | 6,159,230 | (54,711) | — | 133,497,270 |
| Treatment | 92,205,540 | 17,683,483 | (549,538) | — | 109,339,485 |
| Solids processing | 29,958,905 | 1,489,963 | — | — | 31,448,868 |
| Solids recycling | 3,916,549 | 182,150 | — | — | 4,098,699 |
| Support | 58,756,426 | 2,979,822 | — | — | 61,736,248 |
| | <u>312,230,171</u> | <u>28,494,648</u> | <u>(604,249)</u> | <u>—</u> | <u>340,120,570</u> |
| Equipment: | | | | | |
| Plant | 162,704,794 | 19,923,558 | (1,560,271) | — | 181,068,081 |
| Support | 42,317,756 | 4,584,518 | (127,514) | — | 46,774,760 |
| Vehicles | 10,464,654 | 1,851,818 | (1,026,468) | — | 11,290,004 |
| | <u>215,487,204</u> | <u>26,359,894</u> | <u>(2,714,253)</u> | <u>—</u> | <u>239,132,845</u> |
| Total accumulated depreciation | <u>527,717,375</u> | <u>54,854,542</u> | <u>(3,318,502)</u> | <u>—</u> | <u>579,253,415</u> |
| Total capital assets, net | <u>\$ 1,191,855,466</u> | <u>138,490,625</u> | <u>(84,434,929)</u> | <u>1,676,225</u> | <u>\$ 1,247,587,387</u> |

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For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

For the year ended December 31, 2021, changes in capital assets consisted of the following:

| | Balance at December 31, 2020 as restated | Additions | Disposals | Adjustments or transfers | Balance at December 31, 2021 |
|----------------------------------|--|--------------------|---------------------|-----------------------------|------------------------------------|
| Nondepreciable: | | | | | |
| Land and water rights | \$ 45,742,931 | 1,100,838 | — | — | \$ 46,843,769 |
| Construction in progress | 178,172,669 | 104,044,195 | (98,139,510) | (1,215,673) | 182,861,681 |
| Total nondepreciable assets | <u>223,915,600</u> | <u>105,145,033</u> | <u>(98,139,510)</u> | <u>(1,215,673)</u> | <u>229,705,450</u> |
| Depreciable: | | | | | |
| Plant in service: | | | | | |
| Transmission | 319,748,303 | — | (2,964,160) | 79,919 | 316,864,062 |
| Treatment | 398,565,508 | 6,503,474 | — | (5,051) | 405,063,931 |
| Solids processing | 102,082,029 | (13,879,278) | — | 3,696,469 | 91,899,220 |
| Solids recycling | 7,497,390 | — | (752,439) | — | 6,744,951 |
| Support | 132,534,889 | 24,943,986 | (3,816,245) | 75,355 | 153,737,985 |
| | <u>960,428,119</u> | <u>17,568,182</u> | <u>(7,532,844)</u> | <u>3,846,692</u> | <u>974,310,149</u> |
| Equipment: | | | | | |
| Plant | 540,658,312 | 64,003,440 | (2,001,656) | (9,505,574) | 593,154,522 |
| Support | 78,985,720 | 20,242,800 | (12,955,983) | 134,808 | 86,407,345 |
| Vehicles | 22,853,051 | 543,215 | (679,117) | — | 22,717,149 |
| | <u>642,497,083</u> | <u>84,789,455</u> | <u>(15,636,756)</u> | <u>(9,370,766)</u> | <u>702,279,016</u> |
| Total depreciable capital assets | <u>1,602,925,202</u> | <u>102,357,637</u> | <u>(23,169,600)</u> | <u>(5,524,074)</u> | <u>1,676,589,165</u> |
| Less accumulated depreciation: | | | | | |
| Plant in service: | | | | | |
| Transmission | 133,497,270 | 6,193,625 | (2,606,198) | — | 137,084,697 |
| Treatment | 109,339,485 | 7,969,099 | — | (117,434) | 117,191,150 |
| Solids processing | 31,448,869 | 1,766,115 | — | 291,487 | 33,506,471 |
| Solids recycling | 4,098,698 | 182,150 | (752,440) | — | 3,528,408 |
| Support | 61,736,248 | 3,419,118 | (3,396,321) | (20,736) | 61,738,309 |
| | <u>340,120,570</u> | <u>19,530,107</u> | <u>(6,754,959)</u> | <u>153,317</u> | <u>353,049,035</u> |
| Equipment: | | | | | |
| Plant | 181,068,081 | 33,700,887 | (1,497,771) | (178,013) | 213,093,184 |
| Support | 46,774,760 | 5,256,505 | (12,777,247) | — | 39,254,018 |
| Vehicles | 11,290,004 | 1,876,528 | (664,778) | — | 12,501,754 |
| | <u>239,132,845</u> | <u>40,833,920</u> | <u>(14,939,796)</u> | <u>(178,013)</u> | <u>264,848,956</u> |
| Total accumulated depreciation | <u>579,253,415</u> | <u>60,364,027</u> | <u>(21,694,755)</u> | <u>(24,696)</u> | <u>617,897,991</u> |
| Total capital assets, net | <u>\$ 1,247,587,387</u> | <u>147,138,643</u> | <u>(99,614,355)</u> | <u>(6,715,051)</u> | <u>\$ 1,288,396,624</u> |

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(5) Long-Term Liabilities

A summary of the changes in long-term liabilities for the years ended December 31, 2021 and 2020 is as follows:

| | <u>December 31, 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>December 31, 2021</u> | <u>Amounts due within one year</u> |
|------------------------------|------------------------------|-------------------|------------------------|------------------------------|--|
| Bonds payable | \$ 670,292,212 | \$ — | \$ (29,934,281) | \$ 640,357,931 | \$ 27,675,000 |
| Compensated absences | <u>3,040,860</u> | <u>336,065</u> | <u>(797,160)</u> | <u>2,579,765</u> | <u>167,707</u> |
| Total noncurrent liabilities | <u>\$ 673,333,072</u> | <u>\$ 336,065</u> | <u>\$ (30,731,441)</u> | <u>\$ 642,937,696</u> | <u>\$ 27,842,707</u> |

A summary of the changes in long-term liabilities for the year ended December 31, 2020 is as follows:

| | <u>December 31, 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>December 31, 2020</u> | <u>Amounts due within one year</u> |
|------------------------------|------------------------------|-----------------------|------------------------|------------------------------|--|
| Bonds payable | \$ 539,842,117 | \$ 160,636,772 | \$ (30,186,677) | \$ 670,292,212 | \$ 26,645,000 |
| Compensated absences | <u>2,426,927</u> | <u>840,122</u> | <u>(226,189)</u> | <u>3,040,860</u> | <u>247,447</u> |
| Total noncurrent liabilities | <u>\$ 542,269,044</u> | <u>\$ 161,476,894</u> | <u>\$ (30,412,866)</u> | <u>\$ 673,333,072</u> | <u>\$ 26,892,447</u> |

(6) Improvement and Refunding Bonds

Total outstanding improvement bonds and refunding bonds are summarized below:

| <u>Issue</u> | <u>Date issued</u> | <u>Amount issued</u> | <u>December 31,</u> | |
|-------------------------------|--------------------|--------------------------|-----------------------|-----------------------|
| | | | <u>2021</u> | <u>2020</u> |
| 2009B Sewer Improvement Bonds | 08/27/09 | \$ 187,380,000 | \$ 94,195,000 | \$ 94,195,000 |
| 2012A Sewer Improvement Bonds | 01/25/12 | 380,000,000 | 10,535,000 | 20,760,000 |
| 2019A Sewer Refunding Bonds | 05/17/19 | 72,830,000 | 45,765,000 | 59,620,000 |
| 2019B Sewer Refunding Bonds | 12/10/19 | 332,770,000 | 325,955,000 | 328,520,000 |
| 2020A Sewer Improvement Bonds | 10/27/20 | 146,545,000 | 146,545,000 | 146,545,000 |
| Plus premium on 2012A Bonds | | | 449,175 | 1,796,701 |
| Plus premium on 2019A Bonds | | | 3,504,630 | 4,861,260 |
| Plus premium on 2020A Bonds | | | <u>13,409,126</u> | <u>13,994,251</u> |
| Total | | | <u>\$ 640,357,931</u> | <u>\$ 670,292,212</u> |

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Principal and interest requirements on all outstanding bonds are summarized as follows at December 31, 2021:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-----------------------|-----------------------|-----------------------|
| 2022 | \$ 27,675,000 | \$ 21,239,175 | \$ 48,914,175 |
| 2023 | 28,585,000 | 20,079,253 | 48,664,253 |
| 2024 | 29,440,000 | 19,036,893 | 48,476,893 |
| 2025 | 31,085,000 | 17,854,649 | 48,939,649 |
| 2026 | 31,925,000 | 16,525,079 | 48,450,079 |
| 2027-2031 | 144,785,000 | 62,445,256 | 207,230,256 |
| 2032-2036 | 121,485,000 | 39,761,561 | 161,246,561 |
| 2037-2041 | 142,355,000 | 18,887,641 | 161,242,641 |
| 2042-2045 | 65,660,000 | 3,334,250 | 68,994,250 |
| | <u>622,995,000</u> | <u>\$ 219,163,757</u> | <u>\$ 842,158,757</u> |
| Unamortized premiums | 17,362,931 | | |
| | <u>\$ 640,357,931</u> | | |

All of Metro's revenues are pledged toward the repayment of these bonds. For these bonds there are no assets pledged as collateral. If the Bonds are not paid at the date of maturity then interest will continue to be paid at the original interest rate until those Bonds, both principal and interest, are paid in full.

(a) Series 2009B

On August 27, 2009, Metro issued \$187,380,000 of Series 2009B Sewer Improvement Bonds, bearing interest at 4.718% to 5.775%, for the purpose of financing construction of long-range capital improvement projects. The 2009B Bonds were issued as Direct Pay Build America Bonds. Build America Bonds were created as part of the American Recovery and Reinvestment Act of 2009 and are taxable bonds to the bond holder. Metro receives a direct federal subsidy in the amount of 35 percent of the interest payment on the Build America Bonds. Metro recorded \$1,795,394 and \$1,792,534 from the United States Treasury for the fiscal years ended December 31, 2021 and 2020 related to the federal subsidy received on these bonds.

As part of the issuance of the Series 2019A Sewer Refunding Bonds, a portion of the 2009B bonds were refunded, in the amount of \$78,875,000. The remaining outstanding series 2009B bonds, in the amount of \$94,195,000, are due in annual installments of \$17,475,000 to \$20,250,000 beginning April 1, 2025 through April 1, 2029.

(b) Series 2012A

On January 25, 2012, Metro issued \$380,000,000 of Series 2012A Sewer Improvement Bonds, bearing interest at 3.00% to 5.00%, for the purpose of financing construction of long-range capital improvement projects. On December 10, 2019, the portion of the Series 2012A Bonds maturing on or after April 1, 2023 in the aggregate amount of \$311,740,000 were defeased as part of the issuance of the 2019B Taxable Sewer Refunding Bonds. The remaining tax-exempt bonds in the aggregate amount of \$30,685,000 are due in annual installments of \$9,925,000 to \$10,535,000 April 1, 2020 through April 1, 2022.

(c) Series 2019A

On May 17, 2019, Metro issued \$72,830,000 of Series 2019A Sewer Refunding Bonds, bearing interest of 5.00%, for the purpose of refunding a portion of the Series 2009B Bonds outstanding in the aggregate amount of \$78,875,000 with an interest rate of 5.00%. Proceeds from the 2019A Bonds were deposited with the Escrow Agent. The portion of the 2009B Bonds were called and defeased on May 17, 2019

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and the escrow account closed. As a result, the refunded 2009B bonds were defeased and the liability for those bonds has been removed from Metro's statement of net position as of December 31, 2019.

The refunding was undertaken to reduce total debt service payments over the next five years by \$4.2 million and resulted in an economic gain of \$4.0 million. The 2019A Bonds are due in annual installments ranging from \$13,210,000 to \$15,995,000 beginning April 1, 2020 through April 1, 2024.

(d) Series 2019B

On December 10, 2019, Metro issued \$332,770,000 of Series 2019B Taxable Sewer Refunding Bonds, bearing interest ranging from 1.00% to 3.15%, for the purpose of defraying the cost of refunding and paying the principal and interest on the 2012A Bonds maturing on or after April 1, 2023 in the aggregate amount of \$311,740,000. The net proceeds of \$331,789,575 from the 2019B Bonds, after payment of \$980,425 underwriting fees and other issuance costs were deposited into an escrow account to provide for all future debt service payments of the refunded 2012A bonds. As a result, the refunded 2012A bonds are considered to be defeased in substance, and the liability for those bonds has been removed from Metro's statement of net position as of December 31, 2019.

The refunding was undertaken to reduce total debt service payments over the next ten years by \$26.7 million and resulted in a difference between reacquisition price and the net carrying amount of the old debt of \$5.6 million. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being amortized as a component of interest expense through the life of the 2019B bonds. The refunding resulted in an economic gain of \$19.6 million. The bonds are taxable and due in annual installments of \$4,250,000 to \$23,320,000 beginning April 1, 2020 through April 1, 2041.

(e) Series 2020A

On October 27, 2020, Metro issued \$146,545,000 of Series 2020A Sewer Improvement Bonds, bearing interest at 2.00% to 5.00%, for the purpose of financing construction of long-range capital improvement projects. The 2020A Bonds are due in annual installments ranging from \$5,095,000 to \$17,035,000 beginning April 1, 2030 through April 1, 2045.

(f) Bond Covenants

There are certain covenants associated with Metro's bonds. As of December 31, 2021 and 2020, the management of Metro believes they are in substantive compliance with these requirements.

(7) Retirement Plans

(a) General

Metro offers two retirement plans to employees. Employees hired on or before December 31, 2012 are under the Defined Benefit Plan. Employees hired on or after January 1, 2013 are under the Defined Contribution Plan. Additional information on each plan follows below.

(b) Defined Benefit Plan

Plan Description

The Defined Benefit Plan is a single-employer, defined benefit pension plan covering all employees of Metro hired on or before December 31, 2012. The Defined Benefit Plan is administered by a retirement board, which consists of seven members who are appointed by the Board of Directors of Metro. The provisions of the Defined Benefit Plan give Metro's Board of Directors the right and authority to establish and amend the contribution requirements and benefit provisions of the Defined Benefit Plan. The costs of administering the Defined Benefit Plan are paid from the Defined Benefit Plan's investment earnings.

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Benefits Provided

The Defined Benefit Plan provides retirement, death, and disability benefits to Plan members and their beneficiaries. Participants are fully vested in Plan benefits after completion of five years of eligible service. Employees who terminate employment at age 65 generally receive the Normal Retirement Benefit, which is equal to 2% of their final average salary multiplied by the number of years of credited service. The final average salary is the average annual salary for the three highest consecutive years out of the participant's last 10 years of employment.

Employees who terminate employment after completing 10 years of service before the age of 65 are eligible for the Early Retirement Benefit, which is equal to the Normal Retirement Benefit reduced by 1/15th for each of the first 5 years and 1/30th for each additional year by which the payments precede the normal retirement age (age 65).

Employees who terminate employment after completing 10 years of service before age 65 and having the sum of age plus years of service equal to at least 80 are eligible for the Rule of 80 Benefit. The Rule of 80 Benefit is calculated in the same manner as the Normal Retirement Benefit.

Disability benefits are paid to participants who become totally and permanently disabled who meet the eligibility requirements for the Normal Retirement Benefit or the Early Retirement Benefit.

Benefits Terms

The standard method of paying benefits to participants is in monthly payments. The Plan also allows participants to elect a combination of a lump-sum distribution and monthly payments or certain other annuity options. The Board of Directors has elected occasionally, in the past, to make ad hoc postretirement increases for monthly payments to participants to adjust payments for the effect of inflation using the consumer pricing index. These ad hoc payments are at the discretion of the Board of Directors and are not required by the Plan.

A description of the Defined Benefit Plan and the vesting and benefit provisions are included in the official plan document. Copies of this document as well as the Defined Benefit Plan's financial statements are available from the Human Resources Division of Metro.

At December 31, 2021 and 2020, the Defined Benefit Plan's membership consisted of the following:

| | 2021 | 2020 |
|--|------|------|
| Retirees and beneficiaries eligible to receive benefits as of December 31 | 275 | 246 |
| Terminated employees entitled to, but not yet receiving, benefits | 125 | 138 |
| Active plan members | 172 | 200 |
| Total | 572 | 584 |

i) Summary of Significant Accounting Policies

(i) Basis of Accounting

The financial statements of the Defined Benefit Plan are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental accounting in accordance with the Governmental Accounting Standards Board (GASB).

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Investment income is recorded when earned. Expenses are recorded when liabilities are incurred. Metro's contributions are recognized when due, and Metro has made a formal commitment to provide the contribution. Employee contributions are recognized when due, as the contributions are withheld from the employee's paychecks. Benefits and refunds are recognized when due and payable in accordance with the terms of the Defined Benefit Plan.

(ii) Contributions

Employee contributions to the Defined Benefit Plan were prohibited from 1979 to July 2007. However, changes to the Defined Benefit Plan, effective July 8, 2007, require employee contributions, which range from 1% in 2007 to 7% in 2015 and beyond. The payroll for employees covered by the Defined Benefit Plan for the years ended December 31, 2021 and 2020 was \$19,580,679 and \$20,312,130, respectively. Metro's total payroll for the years ended December 31, 2021 and 2020 was \$36,280,395 and \$35,587,131 respectively

During 2021 and 2020, contributions made by Metro totaled \$8,115,278 and \$6,219,293, respectively. Employee contributions to the Defined Benefit Plan totaled \$1,310,784 and \$1,420,295, respectively.

(iii) Valuation of Investments

The Defined Benefit Plan is a noninsured trust retirement plan, with a bank or trust company authorized to exercise trust powers in Colorado as trustee. As such, the Plan's assets are invested using the "Colorado Uniform Prudent Investor Act" found in the provisions of Part 3 of Article 1 of Title 15, C.R.S.

The Defined Benefit Plan assets are invested and managed as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances. In satisfying this standard, all fiduciaries shall exercise reasonable care, skill, and caution. Investment decisions should be evaluated within the context of the entire portfolio (rather than on an individual investment basis) and as part of an overall investment strategy having risk and return objectives reasonably suited to the Retirement Plan's purpose.

Separate accounts, mutual funds, and other investment vehicles may be used based upon the most favorable approach for the Plan's circumstances, assuming the vehicle meets the Fiduciary Standard and specific guidelines for the manager. It is recognized that if a pooled fund is used, the fund's investment manager, rather than the Defined Benefit Plan, sets the fund's investment policies, strategies, objectives, guidelines, and restrictions.

Mutual funds are recorded at quoted market prices at December 31, 2021 and 2020. The underlying properties held within the real estate fund, Principal U.S. Property account, are appraised annually and financial statements are audited by an internationally recognized accounting firm. The Defined Benefit Plan invests funds in the Fidelity Institutional Small/Mid Cap Core Commingled Pool, an institutional class investment that is valued monthly. The pool's fair value is based on the market values of the underlying publicly traded equities that make up the pool. The Defined Benefit Plan also invests in low volatility strategies, liquid real assets, and floating rate debt funds, which are valued monthly, and private equity funds, which are valued quarterly. These investments are valued at their fair value as determined by the custodian under the direction of the Defined Benefit Plan with the assistance of an independent consultant.

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ii) Net Pension Liability

Metro's net pension liability was measured as of December 31, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 and 2021, respectively.

iii) Changes in the Net Pension Liability

| Changes in Net Pension Liability | Total Pension Liability | Increase (Decrease) Plan Fiduciary Net Position | Net Pension Liability |
|--|--------------------------------|--|------------------------------|
| | (a) | (b) | (a) - (b) |
| Balances as of December 31, 2019 | \$ 149,412,205 | \$ 105,541,153 | \$ 43,871,052 |
| Changes for the year: | | | |
| Service cost | 2,114,148 | — | 2,114,148 |
| Interest on total pension liability | 10,312,587 | — | 10,312,587 |
| Effect of economic/demographic gains or losses | 1,602,483 | — | 1,602,483 |
| Benefit payments | (8,552,016) | (8,552,016) | — |
| Employer contributions | — | 6,219,293 | (6,219,293) |
| Member contributions | — | 1,420,295 | (1,420,295) |
| Net investment income | — | 12,170,741 | (12,170,741) |
| Administrative expenses | — | (63,397) | 63,397 |
| Balances as of December 31, 2020 | <u>154,889,407</u> | <u>116,736,069</u> | <u>38,153,338</u> |
| Changes for the year: | | | |
| Service cost | 2,023,921 | — | 2,023,921 |
| Interest on total pension liability | 10,660,366 | — | 10,660,366 |
| Effect of economic/demographic gains or losses | 2,849,251 | — | 2,849,251 |
| Effect of assumption changes or inputs | 9,076,232 | — | 9,076,232 |
| Benefit payments | (9,403,818) | (9,403,818) | — |
| Employer contributions | — | 8,115,278 | (8,115,278) |
| Member contributions | — | 1,310,784 | (1,310,784) |
| Net investment income | — | 19,609,021 | (19,609,021) |
| Administrative expenses | — | (64,979) | 64,979 |
| Balances as of December 31, 2021 | <u>\$ 170,095,359</u> | <u>\$ 136,302,355</u> | <u>\$ 33,793,004</u> |

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iv) Actuarial assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2021 and 2020 were based on the results of an actuarial experience study for the period 2010-2014:

| | December 31, | |
|---------------------------|--|--|
| | 2021 | 2020 |
| Actuarial valuation date | January 1, 2022 | January 1, 2021 |
| Measurement date | December 31, 2021 | December 31, 2020 |
| Inflation | 2.25% | 2.50% |
| Salary increases, | Graded by age | Graded by age |
| Mortality rate | Pub-2010 Healthy Employee and Retiree Mortality Table for General Employees Projected Generationally Using the Most Recent MP Scale Published by the Society of Actuaries on December 31, 2019 | Pub-2010 Healthy Employee and Retiree Mortality Table for General Employees Projected Generationally Using the Most Recent MP Scale Published by the Society of Actuaries on December 31, 2019 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Investment rate of return | 6.50% | 7.00% |

v) Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of Metro as of December 31, 2021, calculated using the discount rate of 6.5%, as well as what Metro's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

| | December 31, 2021 | | |
|-----------------------|-------------------|------------------|---------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | 5.50% | Rate 6.50% | 7.50% |
| Net pension liability | \$ 53,331,585 | \$ 33,793,004 | \$ 17,305,740 |

The following presents the net pension liability of Metro as of December 31, 2020, calculated using the discount rate of 7.00%, as well as what Metro's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

| | December 31, 2020 | | |
|-----------------------|-------------------|------------------|---------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | 6.00% | Rate 7.00% | 8.00% |
| Net pension liability | \$ 55,833,719 | \$ 33,153,338 | \$ 23,188,932 |

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vi) Long-term expected rate of return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per CAPTRUST's investment consulting practice as of December 31, 2021. The long-term expected rate of return is as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Arithmetic Real Rate of Return</u> |
|--------------------|--------------------------|--|
| Public Equity | 55% | 8.52% |
| Private Equity | 5% | 11.40% |
| Fixed Rate Debt | 15% | 2.05% |
| Floating Rate Debt | 5% | 2.10% |
| Private Credit | 5% | 8.05% |
| Real Estate | 15% | 6.68% |

vii) Discount rate

The discount rates used to measure the total pension liability was 6.50% for the year ended December 31, 2021 and 7.00% for the year ended December 31, 2020. The projection of cash used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate that Metro contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

viii) Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the years ended December 31, 2021 and 2020, Metro recognized pension expense of \$7,691,780 and \$6,803,247, respectively. At December 31, 2021 and 2020, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>December 31, 2021</u> | |
|--|--|---|
| | <u>Deferred (Inflows) of Resources</u> | <u>Deferred Outflows of Resources</u> |
| Differences between expected and actual experience | \$ — | \$ 2,313,796 |
| Changes of assumptions | — | 5,947,789 |
| Net difference between projected and actual earnings | <u>(13,421,420)</u> | <u>—</u> |
| Total | <u>\$ (13,421,420)</u> | <u>\$ 8,261,585</u> |

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| | December 31, 2020 | |
|--|--|---|
| | Deferred (Inflows) of Resources | Deferred Outflows of Resources |
| Differences between expected and actual experience | \$ — | \$ 1,839,347 |
| Changes of assumptions | — | 3,012,302 |
| Net difference between projected and actual earnings | (6,074,648) | — |
| Total | \$ (6,074,648) | \$ 4,851,649 |

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

| | |
|-------------|--------------|
| 2022 | \$ 2,893,425 |
| 2023 | (2,514,383) |
| 2024 | (3,251,082) |
| 2025 | (2,287,795) |
| 2026 | — |
| Thereafter* | — |

*Note that additional future deferred (inflows) and outflows of resources may impact these numbers.

(c) Defined Contribution Plan

Effective on and after January 1, 2013 all new employees are under the Defined Contribution Plan. Employees in the DC Plan are required to contribute 6% of their earnings to the Plan. Metro matches the mandatory employee contributions with an additional 6% contribution. Employee contributions are deducted from each bi-weekly paycheck, and this amount together with Metro's matching portion, is sent each payday to the DC Plan's administrator, the International City/County Management Association (ICMA). As of December 31, 2021 and 2020 there were 247 and 225 active plan members. Metro's contributions for the years ended December 31, 2021 and 2020 were \$1,024,392 and \$905,657, respectively.

For the years ended December 31, 2021 and 2020, the Statement of Net Position for the Defined Contribution Plan is as follows:

| | December 31, | |
|--|---------------------|---------------|
| | 2021 | 2020 |
| Assets: | | |
| Investments, at fair value | | |
| Cash and short-term investments | \$ 176,471 | \$ 60,099 |
| Mutual funds | 13,800,630 | 10,540,538 |
| Stable value funds | 985,442 | 1,031,341 |
| Total investments, at fair value | 14,962,543 | 11,631,978 |
| Fiduciary net position restricted for pension benefits | \$ 14,962,543 | \$ 11,631,978 |

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For the years ended December 31, 2021 and 2020, the Statement of Changes in Net Position for the Defined Contribution Plan is as follows:

| | December 31, | |
|---|---------------------|---------------|
| | 2021 | 2020 |
| Additions: | | |
| Investment income | | |
| Net appreciation in fair value of investments | \$ 1,768,822 | \$ 1,593,509 |
| Net investment income | 1,768,822 | 1,593,509 |
| Contributions from employer | 1,024,392 | 905,657 |
| Contributions from employee | 1,088,046 | 1,237,434 |
| Total additions | 3,881,260 | 3,736,600 |
| Benefit payments | 536,163 | 332,532 |
| Administrative expenses | 14,532 | 4,407 |
| Total deductions | 550,695 | 336,939 |
| Net increase in plan fiduciary net position | 3,330,565 | 3,399,661 |
| Fiduciary net position restricted for pension benefits: | | |
| Beginning of year | 11,631,978 | 8,232,317 |
| End of year | \$ 14,962,543 | \$ 11,631,978 |

(8) Postemployment Healthcare Plan

(a) General

Metro administers a single-employer defined postemployment healthcare plan. Metro provides healthcare benefits including coverage for medical insurance to retirees and their spouses up to age 65, and limited reimbursement for medical premiums. The Colorado Revised Code allows, but does not mandate, Metro to provide postemployment benefits. Authority for Metro to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Colorado Revised Statute sections 24-19-102 and 24-19-103 of the Colorado Revised Code. The healthcare plan is “pay-as-you-go” and does not have an OPEB Trust Fund, thus does not have a publicly available financial report.

Employees covered by benefit terms. As of December 31, 2021, the following employees were covered by the benefit terms:

| | 2021 | 2020 |
|--|-------------|-------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 232 | 224 |
| Inactive employees entitled to but not yet receiving benefit payments | — | — |
| Active employees | 381 | 396 |
| Total | 613 | 620 |

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(b) Funding Policy

Authority for Metro funding of the postemployment healthcare plan comes from Metro’s Board of Directors. There are no required contributions from plan members. The plan is financed on a pay-as-you-go basis.

(c) Total OPEB Liability

Metro’s total OPEB liability was based on the January 1, 2021 valuation date and measurement dates of December 31, 2020 and December 31, 2019, respectively. Metro’s total OPEB liability was \$12,273,631 and \$11,900,947 for the years ended December 31, 2021 and December 31, 2020, respectively.

(d) Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant assumptions underlying the actuarial calculations at December 31, 2021 and December 31, 2020 are as follows:

| | December 31, | |
|--------------------------|--|--|
| | 2021 | 2020 |
| Actuarial valuation date | January 1, 2021 | January 1, 2019 |
| Measurement date | December 31, 2020 | December 31, 2019 |
| Inflation | 2.50% | 2.50% |
| Salary increases, | Graded by age | Graded by age |
| | Pub-2010 General Employees mortality table fully generational | Pub-2010 General Employees mortality table fully generational |
| Mortality rate | using scale MP2019 | using scale MP2019 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| | Level Percent of Pay | Level Percent of Pay |
| Discount rate | 2.12% | 2.74% |

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index at the measurement date.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period 2010 through 2014.

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(e) *Changes in the Total OPEB Liability*

| Increase/Decrease in Total OPEB Liability | Fiscal Year Ending: | |
|--|----------------------|----------------------|
| | December 31, 2021 | December 31, 2020 |
| Balance at Beginning of Year | \$ 11,900,947 | \$ 9,941,368 |
| Changes for the year: | | |
| Service cost | 573,363 | 417,645 |
| Interest on Total OPEB liability | 334,914 | 415,846 |
| Effect of economic/demographic gains or losses | (815,101) | — |
| Effect of assumptions changes or inputs | 785,257 | 1,563,331 |
| Benefit payments | (505,749) | (437,243) |
| Balances at End of Year | <u>\$ 12,273,631</u> | <u>\$ 11,900,947</u> |

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of Metro, as well as what Metro's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

| | December 31, 2021 | | |
|--------------------|-------------------|---------------|---------------|
| | Current Discount | | |
| | 1% Decrease | Rate 2.12% | 1% Increase |
| Net OPEB liability | \$ 13,794,727 | \$ 12,273,631 | \$ 10,997,094 |

| | December 31, 2021 | | |
|--------------------|--------------------|-----------------|---------------|
| | Current Healthcare | | |
| | 1% Decrease | Cost Trend Rate | 1% Increase |
| Net OPEB liability | \$ 11,599,138 | \$ 12,273,631 | \$ 13,107,367 |

| | December 31, 2020 | | |
|--------------------|-------------------|---------------|---------------|
| | Current Discount | | |
| | 1% Decrease | Rate 2.74% | 1% Increase |
| Net OPEB liability | \$ 13,297,501 | \$ 11,900,947 | \$ 10,719,009 |

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| | | December 31, 2020 | | |
|--------------------|----|---------------------------|------------------------|--------------------|
| | | Current Healthcare | | |
| | | 1% Decrease | Cost Trend Rate | 1% Increase |
| Net OPEB liability | \$ | 11,231,013 | \$ | 11,900,947 |
| | | | | \$ 12,721,077 |

(f) OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the years ended December 31, 2021 and 2020, Metro recognized OPEB expense of \$1,165,539 and \$1,094,530, respectively. At December 31, 2021 and 2020, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | | December 31, 2021 | | |
|---|----|--|---|-----------|
| | | Deferred (Inflows) of Resources | Deferred Outflows of Resources | |
| Differences between expected and actual experience | \$ | (711,924) | \$ | 401,201 |
| Changes of assumptions | | (225,113) | | 2,012,586 |
| Total (prior to post-Measurement Date contributions): | | (937,037) | | 2,413,787 |
| Contributions made subsequent to measurement date | | — | | 179,154 |
| Net deferred outflow / (inflow) of resources | \$ | (937,037) | \$ | 2,592,941 |

| | | December 31, 2020 | | |
|---|----|--|---|-----------|
| | | Deferred (Inflows) of Resources | Deferred Outflows of Resources | |
| Differences between expected and actual experience | \$ | — | \$ | 481,441 |
| Changes of assumptions | | (279,276) | | 1,561,691 |
| Total (prior to post-Measurement Date contributions): | | (279,276) | | 2,043,132 |
| Contributions made subsequent to measurement date | | — | | 171,501 |
| Net deferred outflow / (inflow) of resources | \$ | (279,276) | \$ | 2,214,633 |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

Contributions made after the measurement date will be recognized as expenses in future periods and not included in the table below. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:

| | | |
|-------------|----|---------|
| 2022 | \$ | 257,262 |
| 2023 | | 257,262 |
| 2024 | | 259,435 |
| 2025 | | 275,073 |
| 2026 | | 239,481 |
| Thereafter* | | 188,237 |

*Note that additional future deferred (inflows) and outflows of resources may impact these numbers. For this purpose, deferred outflows from contributions subsequent to the measurement date are not shown.

(9) Deferred Compensation Plan

Metro offers its participants a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (Section 457). The plan, available to all Metro’s employees, permits deferral of a portion of the employees’ salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Since the plan assets are held in trust by a third party, and Metro does not have a governing board that manages the Plan, Metro’s basic financial statements exclude such Section 457 plan assets and associated liability in accordance with GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

(10) Service Agreements

Metro has entered into service agreements with each of the member municipalities and special connectors who provide for, among other things, charges for service to such connectors. Annual charges are based on the budgeted expenses of Metro for the year and are payable to Metro in quarterly installments by each of the connectors. The rates charged to connectors are based on the quantity and quality of the sewage flow received and treated.

For the years ended December 31, 2021 and 2020, Metro’s connectors and related revenue consisted of the following:

| <u>Classification</u> | <u>Year ended December 31, 2021</u> | | <u>Year ended December 31, 2020</u> | |
|-----------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Number</u> | <u>Amount</u> |
| Member municipalities | 22 | \$ 123,256,122 | 22 | \$ 122,410,596 |
| Special connectors | 27 | 12,184,702 | 28 | 13,030,228 |
| | <u>49</u> | <u>\$ 135,440,824</u> | <u>50</u> | <u>\$ 135,440,824</u> |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

(11) Board of Directors Restricted Amounts

Included in the balance of restricted net position of Metro are funds restricted by Metro’s Board of Directors (Board) for specific purposes. Board restrictions were as follows:

| | December 31, | |
|---|---------------|---------------|
| | 2021 | 2020 |
| 90 day expense reserve plus \$1 million | \$ 25,786,056 | \$ 24,518,373 |
| Sewer connection charge reserve | 25,000,000 | 25,000,000 |
| Total restricted amount | \$ 50,786,056 | \$ 49,518,373 |

(12) Risk Management

Metro is exposed to various risks of loss related to property, auto, health, and workers’ safety, for which Metro carries commercial insurance. Metro’s commercial insurance coverage has remained substantially the same from the prior year. Metro retains the first \$100,000 of any property loss. There were two loss claims filed in 2021, both filed with Zurich American Insurance Company. The first claim loss was sustained on January 14, 2021, for fire loss to the new South Bar Building construction project. Metro is working to execute a contract with Horizon Mechanical Services. Actual costs incurred as of December 31, 2021 totaled \$540,900. The claim remains open at December 31, 2021. The second claim loss was sustained on March 16, 2021, Clarifier Cover Failure at the Northern Treatment Plant due to heavy snow accumulation during a winter storm. Metro has been working with the original manufacturer, Ultraflote, to replace the covers. Late in 2021 Metro was notified by Ultraflote’s legal team that they are filing for Chapter 11. Based on this information, Metro is unsure if Ultraflote will be able to replace the damaged covers, and therefore will be going out to bid for a different manufacturer for the covers. Actual costs incurred as of December 31, 2021 totaled \$244,854. The claim remains open at December 31, 2021, pending resolution of replacing the covers.

Metro carries insurance for public entity liability exposure with the Colorado Special District Property and Liability Pool with a limit of \$2,000,000 per occurrence. As of December 31, 2021 and 2020, there were no claims outstanding against Metro that were required to be reported in the accompanying financial statements.

(13) Commitments and Contingencies

Metro is a party to various lawsuits resulting from risks inherent in its operations. After consulting with legal counsel, Metro management has concluded that the final disposition of these matters will not have a significant adverse effect on Metro’s 2021 basic financial statements.

As of December 31, 2021, Metro had various commitments totaling approximately \$259.3 million for the construction of major capital improvements, growth, and replacement projects. Funding of these projects will be provided through annual charges for services, bond proceeds, investment earnings, and unrestricted net position. The largest projects, representing 62.3% of this total, are the Sand Creek and Second Creek Basins Regional Plan and the Lift Station Fixed Asset Rehabilitation – with remaining costs of \$161.6 million.

(a) Suncor Air and Soil Contamination

In November 2012, while trenching to install utilities on property leased from Metro, Suncor Energy USA Inc. (Suncor) identified groundwater contamination from the light non-aqueous phase liquids. Suncor notified Metro staff and the Colorado Department of Public Health and Environment (CDPHE).

Metro Water Recovery

For the Years Ended December 31, 2021 and 2020

Notes to the Basic Financial Statements

In 2011, increasing levels of both dissolved and un-dissolved petroleum products was observed in various locations on Metro's Robert W. Hite Treatment Facility (RWHTF). Metro began working with Suncor staff to address the situation, including having Suncor 1) install skimming devices to remove the free product from monitoring wells, 2) install additional monitoring wells to determine the source of the contamination, and 3) construct concrete "collars" around Metro's Sand Creek Interceptor to prevent Suncor's product from running along the Interceptor to Metro's RWHTF. Metro staff began their own independent monitoring, and met with Suncor staff to discuss safety issues, reimbursement of costs, additional monitoring requirements, and future remediation.

Previously, in November 2011, Metro employees observed petroleum-like odors in other areas of the RWHTF and Metro conducted atmospheric tests in those areas. As a result of these tests, portions of the Technical Services Building were closed and equipment was installed to enhance ventilation. Since November 2011, Suncor has increased its efforts to monitor and remove both dissolved and un-dissolved petroleum products from Metro property, and is responsible for developing and implementing long-term plans for remediation.

In response to the critical nature of the situation; the pace at which response actions were being initiated by the CDPHE, the Environmental Protection Agency (EPA) and Suncor on and around the RWHTF; and the lack of in-house environmental contamination expertise, Metro staff determined outside assistance was necessary, and, as a result hired an independent consultant and outside legal counsel to assist with the rapidly developing situation.

In December 2011, the consultant was engaged to assist Metro with monitoring and mitigating the air and soil contamination originating from the Suncor property. In February 2012, the Board of Directors appropriated \$1.5 million for the work related to the Suncor petroleum contamination. Metro has paid ARCADIS approximately \$13,100 and \$34,000 in 2021 and 2020, respectively, in the monitoring efforts. Metro did not incur outside legal counsel costs during 2021 and 2020.

Also in February 2012, Metro signed an Access and License Agreement with Suncor in which Suncor agreed to pay a fee of \$40,000 per quarter through 2017 for access to Metro's site. Metro signed a First Amendment to Access and License Agreement with Suncor in December 2017, extending the original terms of the Access Agreement through December 15, 2022. This amount, together with ARCADIS costs and certain other direct expenses, is billed to and reimbursed by Suncor on a quarterly basis. Suncor is fully responsible for remainder (not a liability of Metro) and has reimbursed Metro approximately \$180,000 and \$194,000 in 2021 and 2020, respectively.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
December 31, 2021

| | Fiscal Year Ending December 31 | | | | | | | | | |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 2,023,921 | \$ 2,114,148 | \$ 1,965,109 | \$ 2,010,528 | \$ 2,054,219 | \$ 2,118,343 | \$ 2,300,707 | \$ 2,440,541 | N/A | N/A |
| Interest on total pension liability | 10,660,366 | 10,312,587 | 9,690,475 | 9,316,712 | 8,968,077 | 8,516,917 | 8,048,386 | 7,836,723 | N/A | N/A |
| Effect on plan changes | - | - | - | - | - | - | - | - | N/A | N/A |
| Effect of economic / demographic (gains) or losses | 2,849,251 | 1,602,483 | 1,710,776 | 1,055,325 | 1,588,268 | 1,723,846 | (113,453) | (1,826,177) | N/A | N/A |
| Effect of assumption changes or inputs | 9,076,232 | - | 8,032,806 | - | 3,286,291 | - | 5,444,418 | - | N/A | N/A |
| Benefit payments | (9,403,818) | (8,552,016) | (7,240,476) | (7,085,818) | (6,758,280) | (5,817,753) | (5,757,870) | (5,408,869) | N/A | N/A |
| Net change in total pension liability | 15,205,952 | 5,477,202 | 14,158,690 | 5,276,747 | 9,138,575 | 6,541,353 | 9,922,188 | 3,042,218 | N/A | N/A |
| Total pension liability, beginning | 154,889,407 | 149,412,205 | 135,253,515 | 129,976,768 | 120,838,193 | 114,296,840 | 104,374,652 | 101,332,434 | N/A | N/A |
| Total pension liability, ending (a) | \$ 170,095,359 | \$ 154,889,407 | \$ 149,412,205 | \$ 135,253,515 | \$ 129,976,768 | \$ 120,838,193 | \$ 114,296,840 | \$ 104,374,652 | N/A | N/A |
| Fiduciary Net Position | | | | | | | | | | |
| Employer contributions | \$ 8,115,278 | \$ 6,219,293 | \$ 5,700,935 | \$ 5,019,996 | \$ 4,756,434 | \$ 4,228,249 | \$ 4,722,308 | \$ 4,679,000 | N/A | N/A |
| Member contributions | 1,310,784 | 1,420,295 | 1,472,473 | 1,483,945 | 1,560,619 | 1,636,552 | 1,631,561 | 1,421,235 | N/A | N/A |
| Investment income net of investment expenses | 19,609,021 | 12,170,741 | 14,823,703 | (2,770,025) | 11,752,741 | 6,300,119 | (244,970) | 5,461,900 | N/A | N/A |
| Benefit payments | (9,403,818) | (8,552,016) | (7,240,476) | (7,085,818) | (6,758,280) | (5,817,753) | (5,757,870) | (5,408,869) | N/A | N/A |
| Administrative expenses | (64,979) | (63,397) | (76,414) | (48,345) | (55,461) | (46,271) | (62,749) | (51,140) | N/A | N/A |
| Net change in plan fiduciary net position | 19,566,286 | 11,194,916 | 14,680,221 | (3,400,247) | 11,256,053 | 6,300,896 | 288,280 | 6,102,126 | N/A | N/A |
| Fiduciary net position, beginning | 116,736,069 | 105,541,153 | 90,860,932 | 94,261,179 | 83,005,126 | 76,704,230 | 76,415,950 | 70,313,824 | N/A | N/A |
| Fiduciary net position, ending (b) | \$ 136,302,355 | \$ 116,736,069 | \$ 105,541,153 | \$ 90,860,932 | \$ 94,261,179 | \$ 83,005,126 | \$ 76,704,230 | \$ 76,415,950 | N/A | N/A |
| Net pension liability, ending = (a) - (b) | \$ 33,793,004 | \$ 38,153,338 | \$ 43,871,052 | \$ 44,392,583 | \$ 35,715,589 | \$ 37,833,067 | \$ 37,592,610 | \$ 27,958,702 | N/A | N/A |
| Fiduciary net position as a % of total pension liability | 80.13% | 75.37% | 70.64% | 67.18% | 72.52% | 68.69% | 67.11% | 73.21% | N/A | N/A |
| Covered payroll | \$ 19,580,679 | \$ 20,312,130 | \$ 20,599,400 | \$ 20,935,048 | \$ 22,351,010 | \$ 23,323,075 | \$ 23,834,625 | \$ 25,353,510 | N/A | N/A |
| Net pension liability as % of covered | 172.58% | 187.84% | 212.97% | 212.05% | 159.79% | 162.21% | 157.72% | N/A | N/A | N/A |

This schedule is presented to illustrate the requirement to show information for 10 years. Information earlier than 2014 was not available

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Required Supplementary Information

Schedule of Employer Contributions (Unaudited)
Ten Years Ended December 31, 2021

| Fiscal Year Ending December 31 | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|--------------------------------------|---|------------------------------------|--|--------------------|--|
| 2012 | \$ 3,977,529 | \$ 3,977,529 | \$ - | \$ 22,854,848 | 17.40% |
| 2013 | 5,009,539 | 5,009,539 | - | 25,039,481 | 20.01% |
| 2014 | 4,679,000 | 4,679,000 | - | 25,353,510 | 18.46% |
| 2015 | 4,722,308 | 4,722,308 | - | 23,834,625 | 19.81% |
| 2016 | 4,228,249 | 4,228,249 | - | 23,323,075 | 18.13% |
| 2017 | 4,756,434 | 4,756,434 | - | 22,351,010 | 21.28% |
| 2018 | 5,019,996 | 5,019,996 | - | 20,935,048 | 23.98% |
| 2019 | 5,700,935 | 5,700,935 | - | 20,599,400 | 27.68% |
| 2020 | 6,219,293 | 6,219,293 | - | 20,312,130 | 30.62% |
| 2021 | 8,115,278 | 8,115,278 | - | 19,580,679 | 41.45% |

Notes to Schedule

Valuation date:

Actuarially determined contribution amount is calculated as of January 1st of the fiscal year in which the contributions are reported

Methods and assumptions used for funding policy:

| | |
|---------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar over a 10-year period, closed period |
| Asset valuation method | Five year non-asymptotic |
| Inflation | 2.25% |
| Salary increases | Graded by age |
| Investment rate of return | 6.50% |
| Retirement age | Table of rates by Age and Eligibility |
| Mortality | Pub-2010 Healthy Employee and Retiree Mortality Table for General Employees Projected Generationally Using the Most Recent MP Scale Published by the Society of Actuaries on December 31, 2019 |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020
Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
December 31, 2021

| | Fiscal Year Ending December 31 | | | | | | | | | |
|--|--------------------------------|---------------|---------------|---------------|---------------|---------------|------|------|------|------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Total OPEB Liability | | | | | | | | | | |
| Service Cost | \$ 573,363 | \$ 417,645 | \$ 400,532 | \$ 373,620 | \$ 376,564 | N/A | N/A | N/A | N/A | N/A |
| Interest on total OPEB liability | 334,914 | 415,846 | 324,085 | 331,010 | 307,477 | N/A | N/A | N/A | N/A | N/A |
| Effect of changes to benefit terms | — | — | — | — | — | N/A | N/A | N/A | N/A | N/A |
| Effect of economic / demographic (gains) or losses | (815,101) | — | 641,921 | — | — | N/A | N/A | N/A | N/A | N/A |
| Effect of assumption changes or inputs | 785,257 | 1,563,331 | (259,185) | 312,414 | (171,947) | N/A | N/A | N/A | N/A | N/A |
| Benefit payments | (505,749) | (437,243) | (369,979) | (389,041) | (341,659) | N/A | N/A | N/A | N/A | N/A |
| Net change in total OPEB liability | 372,684 | 1,959,579 | 737,374 | 628,003 | 170,435 | N/A | N/A | N/A | N/A | N/A |
| Total OPEB liability, beginning | \$ 11,900,947 | \$ 9,941,368 | \$ 9,203,994 | \$ 8,575,991 | \$ 8,405,556 | N/A | N/A | N/A | N/A | N/A |
| Total OPEB liability, ending | \$ 12,273,631 | \$ 11,900,947 | \$ 9,941,368 | \$ 9,203,994 | \$ 8,575,991 | \$ 8,405,556 | N/A | N/A | N/A | N/A |
| Covered payroll | \$ 35,587,131 | \$ 34,021,941 | \$ 31,917,750 | \$ 30,439,922 | \$ 29,436,219 | \$ 27,618,839 | N/A | N/A | N/A | N/A |
| Net pension liability as of % of covered payroll | 34.49% | 34.98% | 31.15% | 30.24% | 29.14% | 30.43% | N/A | N/A | N/A | N/A |

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with GASB standards, they should not be reported.

SCHEDULES

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Schedules

Schedule of Revenue and Expenses - Budget and Actual
Year ended December 31, 2021

| | Year-to-date Actual | Budget 2021 | Variance – Favorable (Unfavorable) |
|---|--------------------------------|------------------------|---|
| Operating revenue: | | | |
| Annual charges to connectors | \$ 135,440,824 | \$ 135,440,824 | \$ — |
| Septic charge revenue | 88,620 | 232,000 | (143,380) |
| Other operating income | 1,734,820 | 2,928,250 | (1,193,430) |
| | 137,264,264 | 138,601,074 | (1,336,810) |
| Operating expenses: | | | |
| Operations and maintenance: | | | |
| Wastewater transmission | 1,644,226 | 1,449,495 | (194,731) |
| Wastewater treatment | 20,890,370 | 19,021,631 | (1,868,739) |
| Solids processing | 9,900,646 | 11,967,257 | 2,066,611 |
| Solids recycling | 9,381,060 | 10,507,494 | 1,126,434 |
| Technical management and support | 23,051,947 | 25,076,877 | 2,024,930 |
| Administrative and general | 24,470,094 | 25,763,737 | 1,293,643 |
| | 89,338,343 | 93,786,491 | 4,448,148 |
| Operating revenue in excess of expenses (excluding depreciation) | 47,925,921 | 44,814,583 | 3,111,338 |
| Nonoperating revenue: | | | |
| Interest | 2,545,275 | 2,333,391 | 211,884 |
| Other | 3,114,766 | — | 3,114,766 |
| Total nonoperating revenue | 5,660,041 | 2,333,391 | 3,326,650 |
| Nonoperating expenses: | | | |
| Capital (operations and management) | 203,102 | 287,000 | 83,898 |
| Debt service | 48,824,174 | 50,281,000 | 1,456,826 |
| | 49,027,276 | 50,568,000 | 1,540,724 |
| Revenue over expenses | 4,558,686 | \$ (3,420,026) | \$ 7,978,712 |
| Reconciliation to change in net position: | | | |
| Add: | | | |
| Sewer connection fees | 59,198,692 | | |
| Capital outlay | 203,102 | | |
| Debt service | 48,824,174 | | |
| Capital asset, sewer and A&C interest | 2,116,989 | | |
| Net decrease in the fair value of investments | (6,796,276) | | |
| Deduct: | | | |
| Depreciation | (60,339,330) | | |
| Interest expense included in debt service above | (18,676,197) | | |
| Nonoperating expenses | (2,754,979) | | |
| OPEB expense | (1,165,539) | | |
| OPEB employer payments | 505,749 | | |
| OPEB contributions post measurement date | 179,154 | | |
| OPEB contributions post measurement date prior year | (171,501) | | |
| Employer contribution expense | (7,691,780) | | |
| Pension expense | 8,115,278 | | |
| Increase in net position | \$ 26,106,222 | | |

Capital (operations and management) only includes the portion of capital expenditures related to operations.

Additional capital expenditures are shown on Footnote 5.

See accompanying independent auditors' report.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Schedules

Schedule of Operating Expenses - Budget and Actual
Year ended December 31, 2021

| | <u>Year-to-date Actual</u> | <u>Budget 2021</u> | <u>Variance – Favorable (Unfavorable)</u> |
|----------------------------------|--------------------------------|------------------------|---|
| Operations and maintenance: | | | |
| Wastewater transmission: | | | |
| Personnel | \$ 1,252,441 | \$ 987,490 | \$ (264,951) |
| Materials and fuel | 193,439 | 266,500 | 73,061 |
| Utilities | 176,078 | 156,700 | (19,378) |
| Outside services | 18,178 | 24,000 | 5,822 |
| Support services | 4,090 | 14,805 | 10,715 |
| | <u>1,644,226</u> | <u>1,449,495</u> | <u>(194,731)</u> |
| Wastewater treatment: | | | |
| Personnel | 9,718,809 | 9,442,653 | (276,156) |
| Materials and fuel | 1,493,532 | 1,338,500 | (155,032) |
| Chemicals | 3,375,941 | 2,747,600 | (628,341) |
| Utilities | 5,900,925 | 5,223,278 | (677,647) |
| Outside services | 280,014 | 138,000 | (142,014) |
| Support services | 121,149 | 131,600 | 10,451 |
| | <u>20,890,370</u> | <u>19,021,631</u> | <u>(1,868,739)</u> |
| Solids processing: | | | |
| Personnel | 2,200,541 | 2,793,395 | 592,854 |
| Materials and fuel | 860,614 | 1,049,000 | 188,386 |
| Chemicals | 4,175,540 | 4,657,500 | 481,960 |
| Utilities | 1,223,732 | 1,552,862 | 329,130 |
| Outside services | 1,440,219 | 1,914,500 | 474,281 |
| | <u>9,900,646</u> | <u>11,967,257</u> | <u>2,066,611</u> |
| Solids recycling: | | | |
| Personnel | 4,338,042 | 4,637,094 | 299,052 |
| Materials and fuel | 2,498,330 | 2,352,950 | (145,380) |
| Chemicals | 1,658,170 | 1,940,000 | 281,830 |
| Utilities | 18,032 | 32,000 | 13,968 |
| Outside services | 867,625 | 1,545,450 | 677,825 |
| Support services | 861 | — | (861) |
| | <u>9,381,060</u> | <u>10,507,494</u> | <u>1,126,434</u> |
| Total operations and maintenance | <u>41,816,302</u> | <u>42,945,877</u> | <u>1,129,575</u> |

See accompanying independent auditors' report.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Schedules

Schedule of Operating Expenses - Budget and Actual
Year ended December 31, 2021

| | <u>Year-to-date Actual</u> | <u>Budget 2021</u> | <u>Variance – Favorable (Unfavorable)</u> |
|--|--------------------------------|------------------------|---|
| Technical Management and Support: | | | |
| Operations and Maintenance: | | | |
| Personnel (1) | \$ 5,311,355 | \$ 5,949,398 | \$ 638,043 |
| Materials and fuel | 1,041,370 | 1,176,039 | 134,669 |
| Utilities | 582,557 | 418,860 | (163,697) |
| Outside services | 1,661,385 | 1,517,000 | (144,385) |
| Support services | 81,518 | 105,095 | 23,577 |
| | <u>8,678,185</u> | <u>9,166,392</u> | <u>488,207</u> |
| Resource recovery and reuse: | | | |
| Personnel | 1,631,576 | 1,411,390 | (220,186) |
| Materials and fuel | 421,695 | 369,000 | (52,695) |
| Utilities | 140,660 | 141,750 | 1,090 |
| Outside services | 622,398 | 591,800 | (30,598) |
| Support services | 36,589 | 90,575 | 53,986 |
| | <u>2,852,918</u> | <u>2,604,515</u> | <u>(248,403)</u> |
| Laboratory: | | | |
| Personnel | 5,450,532 | 5,477,349 | 26,817 |
| Materials and fuel | 918,852 | 1,061,198 | 142,346 |
| Outside services | 466,860 | 454,720 | (12,140) |
| Support services | 23,283 | 58,553 | 35,270 |
| | <u>6,859,527</u> | <u>7,051,820</u> | <u>192,293</u> |
| Engineering: | | | |
| Personnel | 4,530,355 | 6,061,150 | 1,530,795 |
| Materials and fuel | 15,073 | 11,000 | (4,073) |
| Outside services | 71,924 | 137,000 | 65,076 |
| Support services | 43,965 | 45,000 | 1,035 |
| | <u>4,661,317</u> | <u>6,254,150</u> | <u>1,592,833</u> |
| Total technical management and support | <u>23,051,947</u> | <u>25,076,877</u> | <u>2,024,930</u> |

See accompanying independent auditors' report.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Schedules

Schedule of Operating Expenses - Budget and Actual
Year ended December 31, 2021

| | <u>Year-to-date Actual</u> | <u>Budget 2021</u> | <u>Variance – Favorable (Unfavorable)</u> |
|----------------------------------|--------------------------------|------------------------|---|
| Administrative and general: | | | |
| Personnel (1) | \$ 17,081,288 | \$ 17,818,329 | \$ 737,041 |
| Materials and fuel | 409,195 | 606,620 | 197,425 |
| Outside services | 3,766,328 | 4,273,260 | 506,932 |
| Support services | 3,213,283 | 3,065,528 | (147,755) |
| Total administrative and general | <u>24,470,094</u> | <u>25,763,737</u> | <u>1,293,643</u> |
| Total operating system | 89,338,343 | 93,786,491 | 4,448,148 |
| Capital Outlay | 203,102 | 287,000 | 83,898 |
| Total Metro system | <u>\$ 89,541,445</u> | <u>\$ 94,073,491</u> | <u>\$ 4,532,046</u> |

(1) Personnel has been decreased by \$1,520,323 to reflect costs relating to capital projects that were capitalized during 2021

(2) See Schedule of Revenue and Expenses - Budget and Actual for reconciling expenses

See accompanying independent auditors' report.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Schedules

Combining Statement of Net Position - Fiduciary Funds
Year Ended December 31, 2021

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|--|------------------------------------|--|--------------------------|
| Assets: | | | |
| Investments, at fair value: | | | |
| Cash and short-term investments | \$ 987,264 | \$ 176,471 | \$ 1,163,735 |
| Public equity | 74,752,470 | - | 74,752,470 |
| Mutual funds | - | 13,800,630 | 13,800,630 |
| Private equity | 9,944,308 | - | 9,944,308 |
| Fixed rate debt | 19,833,178 | - | 19,833,178 |
| Stable value funds | - | 985,442 | 985,442 |
| Floating rate debt | 11,190,345 | - | 11,190,345 |
| Low volatility strategies | 340,724 | - | 340,724 |
| Real estate | 19,282,986 | - | 19,282,986 |
| Total investments, at fair value: | <u>136,331,275</u> | <u>14,962,543</u> | <u>151,293,818</u> |
| Total assets | <u>136,331,275</u> | <u>14,962,543</u> | <u>151,293,818</u> |
| Liabilities: | | | |
| Accrued administrative expenses | 28,920 | - | 28,920 |
| Fiduciary net position restricted for pension benefits | <u>\$ 136,302,355</u> | <u>\$ 14,962,543</u> | <u>\$ 151,264,898</u> |

Combining Statement of Net Position -Fiduciary Funds
Year Ended December 31, 2020

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|--|------------------------------------|--|--------------------------|
| Assets: | | | |
| Investments, at fair value: | | | |
| Cash and short-term investments | \$ 1,085,311 | \$ 60,099 | \$ 1,145,410 |
| Public equity | 56,750,175 | - | 56,750,175 |
| Mutual funds | - | 10,540,538 | 10,540,538 |
| Private equity | 5,441,707 | - | 5,441,707 |
| Fixed rate debt | 26,648,753 | - | 26,648,753 |
| Stable value funds | - | 1,031,341 | 1,031,341 |
| Floating rate debt | 4,688,571 | - | 4,688,571 |
| Low volatility strategies | 6,427,219 | - | 6,427,219 |
| Real estate | 15,736,902 | - | 15,736,902 |
| Total investments, at fair value: | <u>116,778,638</u> | <u>11,631,978</u> | <u>128,410,616</u> |
| Total assets | <u>116,778,638</u> | <u>11,631,978</u> | <u>128,410,616</u> |
| Liabilities: | | | |
| Accrued administrative expenses | 42,569 | - | 42,569 |
| Fiduciary net position restricted for pension benefits | <u>\$ 116,736,069</u> | <u>\$ 11,631,978</u> | <u>\$ 128,368,047</u> |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Schedules

Combining Statement of Changes in Net Position - Fiduciary Funds
December 31, 2021

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|---|------------------------------------|--|--------------------------|
| Additions: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | \$ 18,301,844 | \$ 1,768,822 | \$ 20,070,666 |
| Interest and dividend income | 1,665,474 | - | 1,665,474 |
| Less investment expense | (358,297) | - | (358,297) |
| Net investment income | 19,609,021 | 1,768,822 | 21,377,843 |
| Contributions from employer | 8,115,278 | 1,024,392 | 9,139,670 |
| Contributions from employee | 1,310,784 | 1,088,046 | 2,398,830 |
| Total additions | 29,035,083 | 3,881,260 | 32,916,343 |
| Deductions: | | | |
| Benefit payments | 9,403,818 | 536,163 | 9,939,981 |
| Administrative expenses | 64,979 | 14,532 | 79,511 |
| Total deductions | 9,468,797 | 550,695 | 10,019,492 |
| Net increase in plan fiduciary net position | 19,566,286 | 3,330,565 | 22,896,851 |
| Fiduciary net position restricted for pension benefits: | | | |
| Beginning of year | 116,736,069 | 11,631,978 | 128,368,047 |
| End of year | \$ 136,302,355 | \$ 14,962,543 | \$ 151,264,898 |

Combining Statement of Changes in Net Position - Fiduciary Funds
December 31, 2020

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|---|------------------------------------|--|--------------------------|
| Additions: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | \$ 11,357,812 | \$ 1,593,509 | \$ 12,951,321 |
| Interest and dividend income | 1,211,724 | - | 1,211,724 |
| Less investment expense | (398,795) | - | (398,795) |
| Net investment income | 12,170,741 | 1,593,509 | 13,764,250 |
| Contributions from employer | 6,219,293 | 905,657 | 7,124,950 |
| Contributions from employee | 1,420,295 | 1,237,434 | 2,657,729 |
| Total additions | 19,810,329 | 3,736,600 | 23,546,929 |
| Deductions: | | | |
| Benefit payments | 8,552,016 | 332,532 | 8,884,548 |
| Administrative expenses | 63,397 | 4,407 | 67,804 |
| Total deductions | 8,615,413 | 336,939 | 8,952,352 |
| Net increase in plan fiduciary net position | 11,194,916 | 3,399,661 | 14,594,577 |
| Fiduciary net position restricted for pension benefits: | | | |
| Beginning of year | 105,541,153 | 8,232,317 | 113,773,470 |
| End of year | \$ 116,736,069 | \$ 11,631,978 | \$ 128,368,047 |



III. STATISTICAL SECTION

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Index

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

I. Financial Trends 79

These schedules contain trend information to help the reader understand how Metro's financial performance and well-being have changed over time.

Net Position by Component
Changes in Net Position
Annual Revenue by Source
Annual Expenses by Type
Nonoperating Revenues and Expenses

II. Revenue Capacity..... 84

These schedules contain information to help the reader assess Metro's most significant revenue sources.

Wastewater Treated
Annual Sewer Connections
Number of Sewer Customers by Type
Ten Largest Customers

III. Debt Capacity 88

These schedules present information to help the reader assess the affordability of Metro's current levels of outstanding debt and Metro's ability to issue additional debt in the future.

Pledged Revenue Coverage
Ratios of Outstanding Debt

IV. Demographic and Economic Information..... 90

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

Demographic and Economic Statistics
Ten Largest Employers

V. Operating Information..... 92

These schedules contain service and infrastructure information to help the reader understand how the information in Metro's financial report relates to the services Metro provides and the activities performed.

Number of Employees by Activity
Operating Indicators by Function/Program

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020
Statistical Section

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|----------------|---------------------|----------------|----------------|---------------------|----------------|---------------------|
| | 2021 | 2020 as restated | 2019 as restated | 2018 | 2017 ^(e) | 2016 | 2015 | 2014 ^(e) | 2013 | 2012 ^(d) |
| Net Position by Component (Last Ten Fiscal Years) (Unaudited) | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | |
| Net Investment in capital assets | \$ 642,950,326 | \$ 571,939,001 | \$ 646,389,366 | \$ 571,522,642 | \$ 510,877,257 | \$ 460,051,937 | \$ 429,463,120 | \$ 415,810,616 | \$ 395,807,892 | \$ 394,336,618 |
| Restricted | 153,506,900 | 192,488,379 | 32,330,709 | 31,052,196 | 29,921,766 | 30,015,798 | 28,751,323 | 19,240,514 | 42,784,764 | 29,392,546 |
| Unrestricted | 215,762,211 | 221,685,836 | 263,659,868 | 293,952,857 | 296,623,363 | 300,634,133 | 269,101,343 | 229,052,829 | 194,045,456 | 161,508,493 |
| Total Enterprise Fund net position | \$ 1,012,219,437 | \$ 986,113,216 | \$ 942,379,943 | \$ 896,527,695 | \$ 837,422,386 | \$ 790,701,868 | \$ 727,315,786 | \$ 664,103,959 | \$ 632,638,112 | \$ 585,237,657 |

- (1) As restated for implementation of GASB No. 65.
- (2) As restated for implementation of GASB No. 68.
- (3) As restated for implementation of GASB No. 75.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Changes in Net Position
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal Year | | Operating revenue | Operating expenses | Operating income (loss) | Nonoperating revenues/ expenses | Income/Loss before capital contributions | Capital contributions and special items (1) | Change in net position |
|-------------|-----|----------------------|-----------------------|----------------------------|---------------------------------------|--|--|------------------------------|
| 2012 | (1) | \$ 103,130,010 | \$ 99,697,501 | \$ 3,432,509 | \$ (15,018,081) | \$ (11,585,572) | \$ 42,559,521 | \$ 30,973,949 |
| 2013 | | 110,809,466 | 84,314,050 | 26,495,416 | (12,869,919) | 13,625,497 | 33,774,958 | 47,400,455 |
| 2014 | (2) | 115,723,735 | 84,868,290 | 30,855,445 | (1,807,331) | 29,048,114 | 34,639,805 | 63,687,919 |
| 2015 | | 120,903,118 | 95,001,708 | 25,901,410 | (7,787,632) | 18,113,778 | 45,098,049 | 63,211,827 |
| 2016 | | 127,174,092 | 103,622,742 | 23,551,350 | (14,230,026) | 9,321,324 | 54,064,758 | 63,386,082 |
| 2017 | (3) | 128,756,972 | 117,910,988 | 10,845,984 | (20,165,815) | (9,319,831) | 59,490,896 | 50,171,065 |
| 2018 | | 132,848,289 | 121,721,978 | 11,126,311 | (16,176,605) | (5,050,294) | 64,155,603 | 59,105,309 |
| 2019 | | 134,209,798 | 129,973,134 | 4,236,664 | (7,344,290) | (3,107,626) | 51,631,996 | 48,524,370 |
| 2020 | (4) | 138,461,087 | 140,420,373 | (1,959,286) | (6,594,665) | (8,553,951) | 52,287,224 | 43,733,273 |
| 2021 | | 137,264,264 | 149,906,313 | (12,642,049) | (20,450,422) | (33,092,471) | 59,198,692 | 26,106,221 |

- (1) As restated for implementation of GASB No. 65.
(2) As restated for implementation of GASB No. 68.
(3) As restated for implementation of GASB No. 75.
(4) As restated for depreciation adjustment, see Note 2(n)

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Annual Revenues by Source
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal Year | Annual charges to connectors | Other operating revenue | Sewer connection fees (1) | Investment income (loss) | Other nonoperating revenue and special items | Total revenue |
|-------------|------------------------------------|-------------------------------|---------------------------------|-----------------------------|---|------------------|
| 2012 | \$ 101,760,858 | \$ 1,369,152 | \$ 42,559,521 | \$ 4,335,939 | \$ 4,670,815 | \$ 154,696,285 |
| 2013 | 109,901,727 | 907,739 | 33,774,958 | (34,201) | 4,296,684 | 148,846,907 |
| 2014 | 114,847,305 | 876,430 | 34,639,805 | 4,597,918 | 8,722,469 | 163,683,927 |
| 2015 | 120,015,434 | 887,684 | 45,098,049 | 3,020,955 | 3,711,621 | 172,733,743 |
| 2016 | 124,516,013 | 2,658,079 | 54,064,758 | 110,946 | 4,002,317 | 185,352,113 |
| 2017 | 127,006,333 | 1,750,639 | 59,490,896 | 3,931,505 | 3,741,451 | 195,920,824 |
| 2018 | 129,546,460 | 3,301,829 | 64,155,603 | 5,844,697 | 3,629,718 | 206,478,307 |
| 2019 | 132,137,389 | 2,072,409 | 51,631,996 | 11,317,707 | 2,703,617 | 199,863,118 |
| 2020 | 135,440,824 | 3,020,263 | 52,287,224 | 8,005,862 | 2,812,479 | 201,566,652 |
| 2021 | 135,440,824 | 1,823,440 | 59,198,692 | (2,134,013) | 1,827,756 | 196,156,699 |

(1) The District received \$12.4 million for the purchase of additional BOD capacity from Denver International Airport in 2012 in addition to \$30.1 million of Sewer Connection Charges.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020
Statistical Section

Annual Expenses by Type
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal Year | Wastewater transmission | Wastewater treatment | Solids processing | Solids recycling | Engineering services | Laboratory services | Support operations and maintenance | Administrative and general | Depreciation | Total operating expenses | Nonoperating expenses | Total expenses |
|-------------|-------------------------|----------------------|-------------------|------------------|----------------------|---------------------|------------------------------------|----------------------------|---------------|--------------------------|-----------------------|----------------|
| 2012 | \$ 1,706,342 | \$ 13,544,517 | \$ 7,563,354 | \$ 5,081,222 | \$ 2,393,154 | \$ 3,595,125 | \$ 6,389,269 | \$ 15,444,651 | \$ 43,979,867 | \$ 99,697,501 | \$ 24,024,835 | \$ 123,722,336 |
| 2013 | 1,796,093 | 13,566,221 | 7,761,947 | 5,260,754 | 2,377,180 | 3,984,998 | 7,179,686 | 15,427,226 | 26,959,945 | 84,314,050 | 17,132,402 | 101,446,452 |
| 2014 | (1) 1,735,774 | 14,367,188 | 7,823,389 | 5,537,914 | 2,170,828 | 3,952,942 | 6,279,562 | 15,628,555 | 27,372,138 | 84,868,290 | 15,127,718 | 99,996,008 |
| 2015 | 1,769,041 | 15,071,499 | 7,965,783 | 6,743,753 | 2,430,194 | 4,417,412 | 7,116,253 | 17,450,740 | 32,037,033 | 95,001,708 | 14,520,208 | 109,521,916 |
| 2016 | 1,727,967 | 16,961,517 | 7,690,712 | 8,211,750 | 2,156,632 | 5,082,336 | 7,460,951 | 18,560,772 | 35,770,105 | 103,622,742 | 18,343,289 | 121,966,031 |
| 2017 | (2) 1,611,834 | 17,080,977 | 8,417,218 | 8,401,488 | 3,286,382 | 5,429,026 | 9,037,837 | 21,206,232 | 43,439,994 | 117,910,988 | 27,838,771 | 145,749,759 |
| 2018 | 1,933,139 | 18,086,763 | 8,668,269 | 9,286,612 | 3,312,549 | 5,990,846 | 9,573,120 | 22,778,547 | 42,092,133 | 121,721,978 | 25,651,020 | 147,372,998 |
| 2019 | 2,103,035 | 19,343,183 | 10,260,429 | 9,599,778 | 3,650,622 | 6,969,050 | 11,709,653 | 22,358,081 | 43,979,303 | 129,973,134 | 21,365,614 | 151,338,748 |
| 2020 | (3) 1,349,024 | 19,801,990 | 10,192,371 | 8,617,925 | 4,064,644 | 6,617,457 | 10,577,124 | 24,345,296 | 54,854,542 | 140,420,373 | 17,413,006 | 157,833,379 |
| 2021 | 1,648,306 | 20,930,548 | 9,912,537 | 9,400,521 | 4,687,119 | 6,882,740 | 11,560,117 | 24,545,094 | 60,339,331 | 149,906,313 | 20,144,165 | 170,050,478 |

- (1) As restated for implementation of GASB No. 68.
- (2) As restated for implementation of GASB No. 75.
- (3) As restated for depreciation adjustment, see Note 2(n)

Approximately \$2.9 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2012. Approximately \$3.2 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2013. Approximately \$3.2 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2014. Approximately \$3.2 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2015. Approximately \$3.3 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2016. Approximately \$2.6 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2017. Approximately \$2.5 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2018. Approximately \$2.4 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2019. Approximately \$2.1 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2020. Approximately \$1.5 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2021.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Nonoperating Revenues and Expenses
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal year | | Investment income (expense) | Interest expense | Bond issuance costs | Intergovernmental revenue (expense) | Gain (loss) on disposal of capital assets | Other revenue/ (expense) | Total nonoperating revenues/ (expenses) |
|-------------|-----|-----------------------------------|---------------------|---------------------------|---|---|--------------------------------|--|
| 2011 | (1) | \$ 4,335,939 | \$ (20,694,707) | \$ (1,207,232) | \$ 3,610,722 | \$ (250,768) | \$ (812,035) | \$ (15,018,081) |
| 2013 | | (34,201) | (16,372,226) | - | 3,388,663 | 48,161 | 99,684 | (12,869,919) |
| 2014 | | 4,597,918 | (11,885,426) | - | 3,349,848 | (2,828,938) | 4,959,267 | (1,807,331) |
| 2015 | | 3,020,955 | (12,743,455) | - | 3,351,653 | (968,698) | (448,087) | (7,787,632) |
| 2016 | | 110,946 | (15,210,068) | - | 3,364,291 | 280,252 | (2,775,447) | (14,230,026) |
| 2017 | | 3,931,505 | (21,751,909) | - | 3,476,704 | (336,518) | (5,485,597) | (20,165,815) |
| 2018 | | 5,844,697 | (23,853,490) | - | 3,376,025 | (663,251) | (880,586) | (16,176,605) |
| 2019 | | 11,317,707 | (19,269,915) | (1,407,833) | 2,187,548 | (68,975) | (102,822) | (7,344,290) |
| 2020 | | 8,005,862 | (16,354,709) | (628,676) | 1,814,187 | (262,363) | 831,034 | (6,594,665) |
| 2021 | | (2,134,013) | (18,676,197) | - | 1,804,018 | (1,270,399) | (173,832) | (20,450,423) |

(1) As restated for implementation of GASB No. 65.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Wastewater Treated
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal Year | Average gallons of wastewater treated (millions) | Annual charges (millions) | Annual charges per average million gallons per day (millions) |
|--------------------|---|--|--|
| 2012 | 129.0 | 101.8 | 0.8 |
| 2013 | 130.0 | 110.0 | 0.8 |
| 2014 | 133.0 | 115.0 | 0.9 |
| 2015 | 148.0 | 120.0 | 0.8 |
| 2016 | 137.0 | 124.5 | 0.9 |
| 2017 | 133.0 | 127.0 | 1.0 |
| 2018 | 129.0 | 129.5 | 1.0 |
| 2019 | 133.0 | 132.1 | 1.0 |
| 2020 | 129.0 | 135.4 | 1.0 |
| 2021 | 134.6 | 135.4 | 1.0 |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Annual Sewer Connections
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal year | Total sewer connections | Cost per single family residential equivalent |
|--------------------|--|--|
| 2012 | 9,112 | 3,310 |
| 2013 | 8,606 | 3,960 |
| 2014 | 8,804 | 3,960 |
| 2015 | 11,826 | 3,960 |
| 2016 | 14,022 | 4,220 |
| 2017 | 15,827 | 4,220 |
| 2018 | 18,549 | 4,270 |
| 2019 | 13,251 | 4,270 |
| 2020 | 12,047 | 4,340 |
| 2021 | 13,005 | 4,550 |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Number of Sewer Customers by Type

(Last Ten Fiscal Years)

(Unaudited)

| Fiscal year | Municipalities | Special connectors | Industrial | Total |
|--------------------|-----------------------|-------------------------------|-------------------|--------------|
| 2012 | 22 | 25 | 2 | 49 |
| 2013 | 22 | 25 | 2 | 49 |
| 2014 | 22 | 25 | 2 | 49 |
| 2015 | 22 | 26 | 2 | 50 |
| 2016 | 22 | 26 | 2 | 50 |
| 2017 | 22 | 26 | 2 | 50 |
| 2018 | 22 | 26 | 2 | 50 |
| 2019 | 22 | 26 | 2 | 50 |
| 2020 | 22 | 26 | 2 | 50 |
| 2021 | 22 | 26 | 2 | 50 |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Ten Largest Customers
(Current Year and Nine Years Ago)
(Unaudited)

| Customer | Fiscal year 2021 | |
|---|-------------------------|-------------------|
| | Sewer revenue | |
| | Amount | Percentage |
| City and County of Denver | \$ 61,805,143 | 45.6% |
| City of Aurora | 25,626,315 | 18.9% |
| City of Thornton | 8,784,655 | 6.5% |
| City of Arvada | 8,334,764 | 6.2% |
| City of Lakewood | 2,849,993 | 2.1% |
| North Washington Street Water and Sanitation District | 2,689,809 | 2.0% |
| City of Westminster | 2,571,967 | 1.9% |
| Bancroft-Clover Water and Sanitation District | 2,569,737 | 1.9% |
| Green Mountain Water and Sanitation District | 2,023,538 | 1.5% |
| Lakehurst Water and Sanitation District | 1,549,719 | 1.1% |
| Subtotal (10 largest) | 118,805,640 | 87.7% |
| Balance from other customers | 16,635,184 | 12.3% |
| Grand Totals | \$ 135,440,824 | 100.0% |

| Customer | Fiscal year 2012 | |
|---|-------------------------|-------------------|
| | Sewer revenue | |
| | Amount | Percentage |
| City and County of Denver | \$ 44,367,414 | 43.6% |
| City of Aurora | 19,661,571 | 19.3% |
| City of Thornton | 6,603,731 | 6.5% |
| City of Arvada | 6,540,959 | 6.4% |
| City of Lakewood | 2,237,024 | 2.2% |
| City of Westminster | 2,014,583 | 2.0% |
| Bancroft-Clover Water and Sanitation District | 1,996,727 | 2.0% |
| Green Mountain Water and Sanitation District | 1,755,064 | 1.7% |
| North Washington Street Water and Sanitation District | 1,458,168 | 1.4% |
| Lakehurst Water and Sanitation District | 1,430,752 | 1.4% |
| Subtotal (10 largest) | 88,065,993 | 86.5% |
| Balance from other customers | 13,694,865 | 13.5% |
| Grand Totals | \$ 101,760,858 | 100.0% |

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020
Statistical Section

Pledged Revenue Coverage
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal year | Operating revenues | Sewer connection fees (2) | Interest on Investments | Gross revenues (3)(5) | Less operating expenses (1) | Net available revenues | Debt service - revenue bonds | | Coverage ratio | |
|-------------|--------------------|---------------------------|-------------------------|-----------------------|-----------------------------|------------------------|------------------------------|---------------|----------------|-------|
| | | | | | | | Principal | Interest (4) | | Total |
| 2012 | \$ 103,130,010 | \$ 42,559,521 | \$ 4,335,939 | \$ 150,025,470 | \$ 58,429,059 | \$ 91,596,411 | \$ 14,440,000 | \$ 21,290,694 | \$ 35,730,694 | 2.56 |
| 2013 | 110,809,466 | 33,774,958 | (34,201) | 144,550,223 | 60,225,319 | 84,324,904 | 10,710,000 | 26,131,299 | 36,841,299 | 2.29 |
| 2014 | 115,723,735 | 34,639,805 | 4,597,918 | 154,961,458 | 61,987,561 | 92,973,897 | 11,160,000 | 25,709,902 | 36,869,902 | 2.52 |
| 2015 | 120,903,118 | 45,098,049 | 3,020,955 | 169,022,122 | 65,807,672 | 103,214,450 | 12,005,000 | 25,219,771 | 37,224,771 | 2.77 |
| 2016 | 127,174,092 | 54,064,758 | 110,946 | 181,349,796 | 66,325,434 | 115,024,362 | 21,620,000 | 24,445,259 | 46,065,259 | 2.50 |
| 2017 | 128,756,972 | 59,490,896 | 3,931,505 | 192,179,373 | 73,405,388 | 118,773,985 | 22,370,000 | 23,286,846 | 45,656,846 | 2.60 |
| 2018 | 132,848,289 | 64,155,603 | 5,844,697 | 202,848,589 | 76,682,721 | 126,165,868 | 23,160,000 | 22,299,275 | 45,459,275 | 2.78 |
| 2019 | 134,209,798 | 51,631,996 | 11,317,707 | 197,159,501 | 82,125,678 | 115,033,823 | 23,985,000 | 21,609,030 | 45,594,030 | 2.52 |
| 2020 | 138,461,087 | 52,287,224 | 8,005,862 | 198,754,173 | 85,320,687 | 113,433,486 | 27,385,000 | 15,547,363 | 42,932,363 | 2.64 |
| 2021 | 137,264,264 | 59,198,692 | (2,134,012) | 194,328,944 | 89,338,343 | 104,990,601 | 26,645,000 | 20,375,156 | 47,020,156 | 2.23 |

- (1) Operating expenses include capitalized wages and capital outlay, excluding depreciation. Source: ACFR Schedule 2
- (2) The District received \$12.4 million for the purchase of additional BOD capacity from Denver International Airport in 2012 in addition to \$30.1 million of Sewer Connection Charges.
- (3) As restated for implementation of GASB No. 68 in 2014.
- (4) Net of 2009B BABS interest refund.
- (5) As restated for implementation of GASB No. 75 2017.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Ratios of Outstanding Debt
(Last Ten Fiscal Years)
(Unaudited)

| Fiscal Year | Outstanding principal - revenue bonds (thousands of dollars) | Personal income (thousands of dollars) | Per capita personal income | Outstanding principal debt to personal income |
|--------------------|---|---|---|--|
| 2011 | \$ 683,148 | \$ 134,735,338 | \$ 50,936 | \$ 0.51 |
| 2013 | 670,062 | 140,122,755 | 51,946 | 0.48 |
| 2014 | 656,685 | 148,684,245 | 53,983 | 0.44 |
| 2015 | 642,543 | 157,531,669 | 55,975 | 0.41 |
| 2016 | 618,786 | 162,316,535 | 56,892 | 0.38 |
| 2017 | 594,280 | 172,311,400 | 59,660 | 0.34 |
| 2018 | 569,574 | 188,515,221 | 64,287 | 0.30 |
| 2019 | 539,842 | 199,503,851 | 67,236 | 0.27 |
| 2020 | 670,292 | 208,852,979 | 69,822 | 0.32 |
| 2021 | 640,358 | N/A | N/A | N/A |

N/A: not available at time of compilation

Source: Bureau of Economic Analysis - U.S. Department of Commerce

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Demographic and Economic Statistics
(Last Ten Calendar Years)
(Unaudited)

| Fiscal Year | Population (1) | Personal income (thousands of dollars) | Per capita personal income | Unemployment rate |
|-------------|----------------|---|----------------------------------|----------------------|
| 2012 | 2,645,209 | \$ 134,735,338 | \$ 50,936 | 7.4% |
| 2013 | 2,697,476 | 140,122,755 | 51,946 | 6.5% |
| 2014 | 2,754,258 | 148,684,245 | 53,983 | 4.8% |
| 2015 | 2,814,330 | 157,531,669 | 55,975 | 3.6% |
| 2016 | 2,853,077 | 162,316,535 | 56,892 | 3.1% |
| 2017 | 2,888,227 | 172,311,400 | 59,660 | 3.1% |
| 2018 | 2,932,415 | 188,515,221 | 64,287 | 3.6% |
| 2019 | 2,967,239 | 199,503,851 | 67,236 | 2.5% |
| 2020 | 2,991,231 | 208,852,979 | 69,822 | 6.4% |
| 2021 | N/A | N/A | N/A | 4.2% |

(1) Represents the population of Metropolitan Denver.

N/A: not available at time of printing

Source: U.S. Bureau of Economic Analysis and U.S. Department of Labor

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020

Statistical Section

Ten Largest Employers
(Current Year and Nine Years Ago)
(Unaudited)

| Employer | 2021 | | |
|------------------------------|----------------------|----------------------------|------|
| | Employees | Percentage of total (1) | Rank |
| UCHealth | 12,390 | 0.73% | 1 |
| HealthONE | 9,000 | 0.53 | 2 |
| Amazon | 8,560 | 0.51 | 3 |
| Lockheed Martin Corporation | 7,540 | 0.45 | 4 |
| United Airlines | 6,930 | 0.41 | 5 |
| Centura Health | 6,610 | 0.39 | 6 |
| JBS | 6,000 | 0.35 | 7 |
| Children's Hospital Colorado | 5,980 | 0.35 | 8 |
| Comcast | 5,590 | 0.33 | 9 |
| Kaiser Permanente | 4,700 | 0.28 | 10 |
| Total | <u><u>73,300</u></u> | | |

| Employer | 2012 | | |
|---------------------------------|----------------------|----------------------------|------|
| | Employees | Percentage of total (2) | Rank |
| HealthONE | 10,280 | 0.72% | 1 |
| Exempla Healthcare | 7,260 | 0.51 | 2 |
| Lockheed Martin | 7,030 | 0.50 | 3 |
| Centura Health | 6,920 | 0.49 | 4 |
| CenturyLink | 6,850 | 0.48 | 5 |
| Kaiser Permanente | 6,170 | 0.43 | 6 |
| Comcast Corporation | 5,000 | 0.35 | 7 |
| United Airlines | 4,600 | 0.32 | 8 |
| DISH Network | 4,420 | 0.31 | 9 |
| Children's Hospital of Colorado | 4,400 | 0.31 | 10 |
| Total | <u><u>62,930</u></u> | | |

Source: Metro Denver Economic Development Corporation
 (1) Total employed - 2021 1,691,353
 (2) Total employed - 2012 1,419,108

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020
Statistical Section

Number of Employees by Activity
(Last Ten Fiscal Years)
(Unaudited)

| | Full-time-equivalent employees as of December 31, | | | | | | | | | |
|---|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020* | 2019 | 2018 | 2017 | 2016* | 2015 | 2014 | 2013 | 2012 |
| Administrative Services | 52.00 | 56.00 | 63.00 | 62.00 | 58.00 | 59.00 | 66.00 | 67.00 | 67.00 | 67.00 |
| Comprehensive Planning | 4.00 | 3.00 | — | — | — | — | — | — | — | — |
| Engineering | 44.75 | 44.75 | 39.75 | 38.00 | 36.75 | 37.75 | 39.75 | 38.75 | 38.00 | 40.00 |
| Environmental Services | 71.00 | 81.00 | 77.00 | 70.00 | 68.50 | 70.50 | 68.50 | 63.50 | 61.50 | 59.00 |
| Human Resources | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 5.00 | — | — | — | — |
| Maintenance | 69.00 | 72.00 | 79.00 | 79.00 | 69.00 | 73.00 | — | — | — | — |
| Northern Treatment Plant | 19.00 | 21.00 | — | — | — | — | 11.25 | 3.00 | 2.00 | 2.00 |
| Office of the General Counsel | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | — | — | — | — |
| Office of the Chief Executive Officer (including legal services from 2011-2015) | 7.00 | 4.00 | 4.00 | 3.00 | 2.00 | 3.00 | 8.00 | 7.00 | 7.00 | 5.00 |
| Operations | 36.00 | 35.00 | 46.00 | 45.00 | 42.00 | 46.00 | — | — | — | — |
| RWHTF Operations and Maintenance | — | — | — | — | — | — | 133.75 | 136.00 | 136.00 | 139.00 |
| Resource, Recovery & Reuse | 61.00 | 66.00 | 70.00 | 73.00 | 72.00 | 71.00 | 43.00 | 38.00 | 41.00 | 44.00 |
| Strategy & Communication | 8.00 | 8.00 | — | — | — | — | — | — | — | — |
| Technology & Innovation | 19.00 | 7.00 | 15.00 | 16.00 | 12.00 | 9.00 | — | — | — | — |
| Total | 405.75 | 411.75 | 407.75 | 400.00 | 374.25 | 376.25 | 370.25 | 353.25 | 352.50 | 356.00 |

* Information for 2016 updated with re-organization during 2017 Budget preparation process.

* Information for 2020 updated with re-organization during 2022 Budget preparation process.

Metro Water Recovery
For the Years Ended December 31, 2021 and 2020
Statistical Section

Operating Indicators by Function/Program
(Last Ten Fiscal Years)
(Unaudited)

| Function/Program: | Fiscal Year | | | | | | | | | |
|--------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Wastewater Treatment | | | | | | | | | | |
| Number of Wastewater Plants | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Treatment Capacity (mgd) (1) | 249 | 249 | 249 | 249 | 249 | 249 | 225 | 225 | 225 | 225 |
| Average Flow Treated (mgd) (1) | 135 | 129 | 133 | 129 | 133 | 137 | 148 | 133 | 130 | 129 |
| BOD (tpd) (2) (3) | 169 | 168 | 171 | 162 | 160 | 166 | 164 | 155 | 156 | 142 |
| TSS (tpd) (4) | 171 | 171 | 186 | 170 | 181 | 171 | 170 | 168 | 170 | 148 |
| Flow Permit Limits | 249 | 249 | 249 | 249 | 249 | 249 | 220 | 220 | 220 | 220 |
| BOD Permit Limits | 240 | 240 | 240 | 240 | 240 | 240 | 212 | 212 | 212 | 212 |
| Biosolids: | | | | | | | | | | |
| Dry tons distributed | 28,895 | 29,983 | 29,338 | 30,621 | 30,149 | 29,640 | 28,961 | 27,525 | 26,068 | 27,026 |
| Truck miles driven | 873,294 | 873,054 | 907,080 | 866,302 | 890,286 | 867,581 | 839,631 | 736,493 | 663,805 | 819,752 |
| Truck loads | 6,841 | 6,957 | 6,843 | 7,173 | 7,005 | 6,622 | 6,527 | 6,001 | 5,818 | 6,326 |
| Acres biosolids applied to | 12,850 | 15,786 | 13,697 | 13,360 | 13,975 | 16,537 | 16,765 | 16,912 | 13,965 | 15,222 |
| Facility inspection: | | | | | | | | | | |
| Line cleaning - feet | 153,490 | 205,392 | 179,636 | 181,607 | 183,216 | 189,260 | 182,485 | 181,627 | 170,939 | 167,537 |
| Surface inspection - number | 2,352 | 2,255 | 2,502 | 2,478 | 2,624 | 2,788 | 2,481 | 2,910 | 2,259 | 2,349 |
| TV inspection - feet | 81,893 | 138,336 | 106,617 | 129,479 | 114,576 | 176,982 | 131,356 | 149,829 | 133,263 | 136,206 |
| Cogeneration production: | | | | | | | | | | |
| Energy output - kwhs (5) | 33,152,566 | 33,152,566 | 34,023,964 | 31,765,767 | 28,792,361 | 30,421,280 | 32,183,360 | 30,869,600 | 31,838,560 | 31,603,520 |
| District-Wide Personnel at Year-End: | 405.75 | 411.75 | 407.75 | 400.00 | 374.25 | 376.25 | 370.25 | 353.25 | 352.50 | 356 |

- (1) mgd: million gallons per day
- (2) BOD: biochemical oxygen demand
- (3) tpd: tons per day
- (4) TSS: total suspended solids
- (5) kwhs: kilowatt hours



6450 York St
Denver, Colorado 80029
www.metrowaterrecovery.com