

METRO WATER RECOVERY

STATE OF COLORADO



The new electrical transmission service substation at Robert W. Hite Treatment Facility.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended December 31, 2025 and 2024



**METRO
WATER
RECOVERY®**

STATE OF COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024

PREPARED BY:

ACCOUNTING DIVISION
ADMINISTRATIVE SERVICES DEPARTMENT



Metro's service area map

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Table of Contents

| | Page |
|---|------|
| Table of Contents | i |
| I. INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 |
| GFOA Certificate of Achievement | 8 |
| Metro Officials..... | 9 |
| Organization Chart..... | 10 |
| II. FINANCIAL SECTION | |
| Independent Auditors’ Report..... | 12 |
| Management’s Discussion and Analysis (Unaudited) | 16 |
| Basic Financial Statements | |
| Statements of Net Position..... | 23 |
| Statements of Revenue, Expenses, and Changes in Net Position | 25 |
| Statements of Cash Flows..... | 26 |
| Statements of Fiduciary Net Position | 27 |
| Statements of Changes in Fiduciary Net Position..... | 28 |
| Notes to Basic Financial Statements..... | 29 |
| Required Supplementary Information | |
| Schedule of Changes in Net Pension Liability and Related Ratios | 72 |
| Schedule of Employer Contributions..... | 73 |
| Schedule of Changes in Total OPEB Liability and Related Ratios | 74 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Table of Contents
Continued

| | Page |
|--|------|
| Supplementary Information | |
| Combining Statement of Net Position – Fiduciary Funds December 31, 2025 and December 31, 2024..... | 76 |
| Combining Statement of Changes in Net Position – Fiduciary Funds December 31, 2025 and December 31, 2024..... | 77 |
| Schedules | |
| Schedule of Revenue and Expenses – Budget and Actual – Year ended December 31, 2025..... | 79 |
| Schedule of Operating Expenses – Budget and Actual – Year ended December 31, 2025..... | 80 |
| III. STATISTICAL SECTION | |
| Statistical Section Index..... | 85 |
| Net Position by Component (Last Ten Fiscal Years) | 86 |
| Changes in Net Position (Last Ten Fiscal Years) | 87 |
| Annual Revenues by Source (Last Ten Fiscal Years)..... | 88 |
| Annual Expenses by Type (Last Ten Fiscal Years)..... | 89 |
| Non-operating Revenues and Expenses (Last Ten Fiscal Years) | 90 |
| Wastewater Treated (Last Ten Fiscal Years)..... | 91 |
| Annual Sewer Connections (Last Ten Fiscal Years) | 92 |
| Number of Sewer Customers by Type (Last Ten Fiscal Years) | 93 |
| Ten Largest Customers (Current Year and Nine Years Ago)..... | 94 |
| Pledged Revenue Coverage (Last Ten Fiscal Years)..... | 95 |
| Ratios of Outstanding Debt (Last Ten Fiscal Years) | 96 |
| Demographic and Economic Statistics (Last Ten Calendar Years)..... | 97 |
| Ten Largest Employers (Current Year and Nine Years Ago)..... | 98 |
| Number of Employees by Activity (Last Ten Fiscal Years)..... | 99 |
| Operating Indicators by Function/Program (Last Ten Fiscal Years)..... | 100 |

I. INTRODUCTORY SECTION



William J. (Mickey) Conway, Chief Executive Officer

March 30, 2025

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, 2025 and 2024 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. For a detailed analysis of Metro's financial information, please refer to the Management's Discussion and Analysis in the Financial Section, which provides an overview and analysis of the financial activities for the years ended December 31, 2025 and 2024 beginning on page 15.

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 50 municipal and special district members (Member Municipalities and Special Connectors) collect wastewater and deliver it to Metro's interceptor lines. Metro also receives flow from 15 Indirect Connectors through Member Municipalities and Special Connectors. Metro treats an average of 139 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). 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
For the Years Ended December 31, 2025 and 2024

Metro's service area totals approximately 817 square miles, located in all or part of six counties: Adams, Arapahoe, Denver, Douglas, Jefferson, and Weld. In 2025, the six-county area had an estimated total population of 3.0 million of which Metro estimates it serves an approximate population of 2 million.

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 2025 expects Metro Denver to continue with positive growth, however, at a somewhat slower pace. Colorado and the Metro Denver area continue to see growth in the labor market and expect the unemployment rate to remain moderately low around 4% in the near term. Colorado consumer habits continue to shift to services and tend to be a bit more reactive to economic conditions compared to the national average. Colorado CPI is expected to remain stable in near term.

Metro has seen a leveling of prices compared to 2023 and 2024, when Metro experienced the impacts from the inflationary economic cycle. Metro saw large increases in prices for materials and fuels, chemicals, and utilities and significant escalation of capital project costs. Local unemployment rates remain low, which led to labor shortages accompanied by higher-than-average turnover rates. However, in 2025, Metro's turnover rate slowed significant and many vacant positions were filled in 2025. Metro's continues to fill vacancies and reduce turnover through focusing on Employer of Choice strategies.

Sewer Connection Charge revenue remained somewhat stable in 2025, though slightly lower than expected. Growth in Metro Denver construction continues though at a slightly slower pace, primarily due to the higher interest rates. Economists forecast that housing starts will be on the rise year over year starting in 2026. Metro will continue to budget relatively conservatively for these revenues.

Metro continues to track a variety of economic conditions which may affect future operations and budget projections. Metro continues to experience wages and benefits increases 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, 2025 and 2024

MAJOR INITIATIVES

Strategic Planning

Metro’s Board of Directors adopted the Strategic Plan in the spring of 2023 to enhance its value to the organization and provide strategic guidance for the future. This Strategic Plan is focused on organizational values and strategic pillars that will guide Metro’s work in the next several years.

Led by employees from start to finish, the strategic plan now has a grand total of four values, which are:



The Strategic Plan was also streamlined to include key components rather than tactics. The plan outlines three pillars—Our People, Our Work, and Our Communities—with two focus areas within each pillar.



Metro Water Recovery

For the Years Ended December 31, 2025 and 2024

Metro identified key results that could be achieved within each of its pillars and focus areas. Each year, Metro will select projects that align with focus areas and have the highest potential to positively impact and move the organization toward achieving its desired results. For 2026, several key projects have been identified to help achieve desired results, including the following:

Employee Engagement and Growth

- Enhanced reputation as a top employer with a clear value proposition.
- Fostered engaged, empowered, and well-equipped staff.
- Provided tailored training to support employees' growth.

Our People

- Prioritize inclusion audit initiatives and actions

Our Work

- Asset Management (AM) Implementation – finalize asset management reference manual
- Metro Integrated Plan – framework development
- Thermal Energy Program – create actionable thermal energy roadmap
- Framework for the Organization of Employee-Driven Sustainability Practices – develop and implement selected practices

Resource Optimization

- Increased the value of Metro's finite resources through innovation.
- Invested strategically to enhance Metro's position as the utility of the future.
- Maintained responsible and transparent financial management.

Sustainability

- Defined internal sustainability objectives and implemented sustainable practices.
- Proactively engaged in regional environmental issues.
- Prioritized environmental impact analysis in project decisions.

Engagement and Outreach

- Improved understanding of community environmental, financial, and social priorities.
- Increased community awareness of Metro's value and resources.
- Cultivated community partnerships to discuss concerns, educate stakeholders, and promote mutual understanding.

Water Partnerships

- Fostered effective relationships with connectors, elected officials, and regulators at all levels.
- Established foundation for addressing long-term regional water and environmental priorities.

Our Communities

- External Engagement Framework – implementation through department coordination
- Regional Water Reuse Feasibility Study – develop reuse planning roadmap

Enterprise Asset Management:

Metro selected and implemented a new Enterprise Asset Management (EAM) software program, NEXGEN Asset Management. The system went live in October 2025. The new software will help facilitate routine processes for asset management, work order management, and materials management. Many departments at Metro use EAM software daily, including Maintenance, Purchasing, Resource Recovery and Reuse, Transmissions, and Warehouse. Metro's old system has been used since 1993, did not adequately meet Metro's business requirements, and was not positioned to accommodate future needs without significant upgrades and reconfiguration. Metro's transition to NEXGEN went well and staff is working on maximizing the value of the new system in daily work and asset management activities.

Enterprise Resource Planning Software:

Metro selected and is implementing a new Enterprise Resource Planning solution, Oracle Fusion Cloud (Fusion). Metro's current system has been used since 1993. The current system does not adequately meet Metro's business requirements and is not positioned to accommodate future needs without significant upgrades and reconfiguration. Fusion includes best practices and modern technology and interfaces allowing for more flexibility and scalability of business processes. Replacing the current system provides an opportunity for Metro to:

- Analyze and improve process efficiency
- Increase access to data and reports to all users
- Increase productivity through integrated electronic forms and workflows to automate processes and eliminate unnecessary paper shuffling
- Reduce the number of systems used for financial processes
- Improve system security and accessibility



Metro's transition Fusion is anticipated to take 12 months, with a scheduled go-live in September 2026.

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, 2025 and 2024

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 2025 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, 2025 and 2024.

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. 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 \$1.3 billion through 2036 to rebuild aging facilities, pay for needed improvements due to increased regulations, and build additional infrastructure to address growth throughout its service area. Metro anticipates cash financing as well as bond financing. On March 4 2026, Metro issued the 2026A Sewer Improvement Bonds in the amount of \$136 million to pay for several large projects, including the North Secondary Improvements Project.

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, Baker Tilly US, LLP, on the financial statements is included in this report.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

AWARDS

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 fiscal year ended December 31, 2024. This was the 37th consecutive year (1987-2024) that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. 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.

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

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Metro Water Recovery
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

METRO OFFICIALS

BOARD OF DIRECTORS

Officers of the Board

Sarah Niyork : Chair
Marena Lertch : Chair Pro Tem
Janet Kieler : Treasurer
Delbert Smith : Secretary

Members of the Board

| | | |
|--------------------|---------------------|-------------------|
| Curt Aldstadt | Joe Drew | Cat Olukotun |
| Mike Barrett | Mary Gearhart | Josh Redman |
| Cody Berg | Joan Iler | Thomas Roode |
| Clint Blackhurst | Craig Kocian | Greg Sekera |
| Travis Bogan | Laura Kroeger | Peter Spanberger |
| Nadine Caldwell | Bob LeGare | Mary Beth Susman |
| John Chavez | Martin Majors | Dennis Towndrow |
| Jolon Clark | George Mazzotti, Jr | Dominic Vessa |
| David Councilman | Jamie Miller | Johnny Watson |
| Deborah Crisp | Charlie Miller | Jennifer Williams |
| G. Clark Davenport | Jason O'Shea | Ronald Younger |
| James DeHerrera | | |

Staff Officials

| | |
|----------------------|--|
| William J. Conway | Chief Executive Officer |
| Emily E. Jackson | Chief Legal Officer |
| Liam M. Cavanaugh | Deputy CEO and Chief Operating Officer |
| Dawn M. Ambrosio | Chief Strategy Officer |
| Colleen M. Dempsey | Chief Human Resources Officer |
| Molly M. Kostelecky | Chief Financial Officer |
| Sherman Papke | Chief Technical Officer |
| Tanja Rauch-Williams | Chief Innovation Officer |
| Martin J. Alvis | Director of Operations |
| Erin L. Bertolli | Director of External Affairs |
| Kimberly N. Cowan | Director of NTP Operations and Maintenance |
| Shawn M. Fredrickson | Director of Information Technology |
| Daniel Freedman | Director of Technology and Innovation |
| 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 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Organization Table
December 31, 2025



Employees by Department at 12/31/2025

| | |
|-----------------------------|------------|
| Maintenance | 80 |
| Northern Treatment Plant | 34 |
| Operations | 42 |
| Resource Recovery and Reuse | 72 |
| Administrative Services | 30 |
| Comprehensive Planning | 5 |
| Engineering | 49 |
| Environmental Services | 80 |
| External Affairs | 5 |
| Human Resources | 14 |
| Information Technology | 26 |
| Office of the CEO | 10 |
| Legal | 5 |
| Strategy and Communication | 10 |
| Technology and Innovation | 21 |
| Total | 483 |

II. FINANCIAL SECTION

Report of Independent Auditors

The Board of Directors
Metro Water Recovery

Report on the Audit of the Financial Statements

Opinions

We have audited the statements of net position of the enterprise fund and fiduciary net position of the pension trust as of December 31, 2025 and 2024, and the related statements of revenue, expenses, and changes in net position, and cash flows of the enterprise fund, and changes in fiduciary net position of the pension trust fund of Metro Water Recovery (Metro) as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Metro'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 the enterprise fund and fiduciary net position of the pension trust fund of Metro Water Recovery as of December 31, 2025 and 2024, 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 Opinions

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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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.

Emphasis of Matter – Restatement of Prior Year Financial Statements

As discussed in Note 1 to the financial statements, Metro restated its financial statements as of and for the year ended December 31, 2024, to correct for misstatements related to capital assets, accumulated depreciation, depreciation expense, and net position. Our opinion is not modified with respect to this matter.

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 Metro'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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'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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Changes in Total 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The Combining Statement of Net Position – Fiduciary Funds, Combining Statement of Changes in Net Position – Fiduciary Funds, Schedule of Revenues and Expenses Budget to Actual, Schedule of Operating Expenses Budget to Actual, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 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, 2026 on our consideration of Metro'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'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's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Denver, Colorado
March 30, 2026

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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, 2025 and 2024. This discussion and analysis is presented for Metro's primary operations.

Financial Highlights

- Metro's net position of \$1,175 million at December 31, 2025 increased during 2025 by \$37 million or approximately 3.3%.
- Annual charge revenue increased \$16 million, or 10.0%, totaling \$170 million in 2025 due to the increase in annual charge rate of 10.0%.
- Total operating expenses increased \$6 million in 2025 due primarily to increases in wages and benefits and treatment costs.

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.

Required Financial Statements

The financial statements of Metro 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.

The statement of cash flows report cash receipts, cash payments, and net changes in cash resulting from operating, investing, capital financing, and noncapital financing activities. This statement 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. The pension trust fund includes both the Defined Benefit Retirement Plan and the Defined Contribution Plan for Metro.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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 Water Recovery, assets plus deferred outflows of resources, exceeded liabilities plus deferred inflows of resources by \$1,175 million at December 31, 2025 and \$1,138 million at December 31, 2024.

Unrestricted non-capital assets totaled approximately \$262 million and \$326 million at year-end 2025 and 2024, respectively. These balances primarily represent unrestricted cash, cash equivalents, investments, and accounts receivable from connectors. Restricted assets totaled \$39 million and \$40 million at year-end 2025 and 2024, respectively. These restricted assets represent cash, cash equivalents, and investments restricted by bond covenants required to be used for debt-funded capital projects and future debt service payments. Capital assets totaled \$1,482 million and \$1,426 million at year-end 2025 and 2024, respectively. These assets include investments in wastewater plant, including pipelines and buildings, machinery, equipment, vehicles and right-to-use assets.

Current liabilities totaled approximately \$65 million and \$77 million at year-end 2025 and 2024, respectively. The balances include accounts 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 \$532 million and \$578 million at year-end 2025 and 2024, 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 (80.9%) in 2025 and (75.2%) in 2024, and reflect its investment in capital assets (e.g., sewers, buildings, machinery, and equipment) less related debt. Net investment in capital assets totaled \$951 million and \$855 million at year-end 2025 and 2024, respectively. The net increase as of December 31, 2025, of \$95 million over 2024 is primarily due to a \$55 million net increase in capital assets plus \$61 million net increase in construction in progress combined with a decrease in outstanding capital-related borrowings. Metro uses these assets to provide wholesale wastewater transmission and treatment for approximately 715 square miles of the Denver metropolitan area and serves more than 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 \$35 million and \$35 million at year-end 2025 and 2024, respectively. Unrestricted net position comprises the remainder of the balance. This net position may be used for any purpose. Included in the unrestricted net position are amounts designated by the Board of Directors for specific purposes. Unrestricted net position totaled approximately \$189 million and \$247 million at year-end 2025 and 2024, respectively.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Management's Discussion and Analysis

Table A-1
Condensed Summary of Net Position

(In thousands)

| | December 31, | | |
|----------------------------------|---------------------|---------------------|---------------------|
| | 2025 | 2024 as restated | 2023 |
| Unrestricted assets | \$ 262,404 | \$ 325,711 | \$ 354,634 |
| Restricted assets | 39,323 | 40,468 | 68,584 |
| Capital assets, net | <u>1,481,669</u> | <u>1,426,212</u> | <u>1,362,513</u> |
| Total assets | <u>1,783,396</u> | <u>1,792,391</u> | <u>1,785,731</u> |
| Deferred outflows of resources | <u>3,641</u> | <u>6,695</u> | <u>10,999</u> |
| Current liabilities | 66,437 | 76,809 | 68,866 |
| Noncurrent liabilities | <u>531,520</u> | <u>578,216</u> | <u>616,157</u> |
| Total liabilities | <u>597,957</u> | <u>655,025</u> | <u>685,023</u> |
| Deferred inflows of resources | <u>13,955</u> | <u>6,308</u> | <u>6,987</u> |
| Net investment in capital assets | 950,793 | 855,321 | 775,237 |
| Restricted - bonds | 35,209 | 35,842 | 62,461 |
| Unrestricted, as restated | <u>189,123</u> | <u>246,589</u> | <u>267,022</u> |
| Total net position | <u>\$ 1,175,125</u> | <u>\$ 1,137,752</u> | <u>\$ 1,104,720</u> |

The primary variances between 2025, 2024, and 2023 in Summary of Net Position are related to capital assets, restricted assets, and noncurrent liabilities. Net capital assets increased by \$55 million and \$64 million during 2025 and 2024, respectively, due primarily to additions in construction in progress and completion of projects. Unrestricted assets decreased by \$63 million and \$29 million during 2025 and 2024, respectively, due primarily to the use of cash and investments for construction projects. Restricted assets decreased by \$1 million during 2025 and \$28 million during 2024. The decrease in 2024 was due primarily to the spend down of bond proceeds from 2020. Noncurrent liabilities decreased by \$46 million in 2025 and \$38 million during 2024 due primarily to the principal payments on outstanding bonds. For further information, please see the capital assets and debt administration discussion on pages 19 – 20.

As can be seen in the following Table A-2, net position increased \$37 million to \$1,175 million in 2025 and \$33 million to \$1,138 million in 2024 as restated. The increase in net position in 2025 was primarily due to receiving \$51 million in sewer connection fees reduced by loss before sewer connection fees of \$14 million. The increase in net position in 2024 was primarily due to receiving \$57 million in sewer connection fees reduced by loss before capital contributions to changes in net position of \$25 million, as restated.

During 2025, Metro determined that certain assets related to capital projects should have been capitalized rather than reported as construction in progress as of December 31, 2024. Additionally, several items included in construction in progress should have been expensed as of December 31, 2024. Therefore, nondepreciable capital assets were overstated by \$10.6 million, depreciable assets were understated by \$9.3 million, depreciation was understated by \$0.4 million, nonoperating expenses were understated by \$0.9 million and net investment in capital assets were overstated by \$1.3 million. Financial statements for 2024 are restated in this report. For further information, please see the notes to the financial statements.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Management's Discussion and Analysis

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

| | for the year ended December 31, | | |
|---|--|--------------------------|--------------|
| | 2025 | 2024, as restated | 2023 |
| Annual charges to connectors | \$ 170,732 | \$ 155,211 | \$ 145,057 |
| Land application revenue | 118 | 125 | 177 |
| Other operating revenue | 7,171 | 7,923 | 4,213 |
| Total operating revenue | 178,021 | 163,259 | 149,447 |
| Investment revenue | 14,890 | 14,353 | 16,816 |
| Intergovernmental revenue | 449 | 1,795 | 1,804 |
| Other revenue | 7,998 | 5,661 | 3,712 |
| Total revenue | 201,358 | 185,068 | 171,779 |
| Operations and maintenance expenses | 59,787 | 57,267 | 53,886 |
| Technical management and support | 31,138 | 26,581 | 27,341 |
| Administrative and general | 35,781 | 39,112 | 33,360 |
| Depreciation and amortization | 68,648 | 66,070 | 69,307 |
| Total operating expenses | 195,354 | 189,030 | 183,894 |
| Interest expense | 15,402 | 17,229 | 17,740 |
| Studies expense | 4,651 | 3,567 | 9,902 |
| Total nonoperating expenses | 20,053 | 20,796 | 27,642 |
| Total expenses | 215,407 | 209,826 | 211,536 |
| (Loss) before capital contributions | (14,049) | (24,758) | (39,757) |
| Capital contributon - sewer connection fees | 51,422 | 57,790 | 103,411 |
| Increase in net position | 37,373 | 33,032 | 63,654 |
| Net position, beginning of year | 1,137,752 | 1,104,720 | 1,041,066 |
| Ending net position | \$ 1,175,125 | \$ 1,137,752 | \$ 1,104,720 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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 2025 including sewer connection fees increased by approximately \$9.9 million or 9.0%, and total expenses increased by approximately \$6 million or 2.6% from 2024. The major factors that drove these results and other changes during 2025 include:

- Operating revenue increased by \$15 million in 2025 primarily due to the increase in Annual Charges revenue, which had an overall rate increase of 10.0% from 2024.
- Sewer connection fees decreased approximately \$6 million, or 12.4%, totaling \$52 million in 2025. This decrease is primarily due to the mild slowing of new construction in the Denver metropolitan area.
- The \$6 million increase in total expenses is primarily due to the increase in wages and benefits and treatment costs.

In Table A-2, total revenue for 2024 including sewer connection fees decreased by approximately \$32 million or 11.7%, and total expenses decreased by approximately \$2 million or 1.9% from 2023. The major factors that drove these results and other changes during 2024 include:

- Operating revenue increased by \$13.8 million in 2024 primarily due to the increase in Annual Charges revenue, which had an overall rate increase of 7.0% from 2023.
- Sewer connection fees decreased approximately \$46 million, or 44.1%, totaling \$58 million in 2024. During 2023, Metro received the full buy-in payments for existing connections from a Connector in the amount of \$46,597,324. This payment amounted to almost half of the sewer connection revenue in 2023.
- The \$2 million decrease in total expenses included a small increase in operating expenses of \$5 million netted against a decrease of \$7 million in nonoperating expenses. Operating costs in 2024 appear to have stabilized in relation to the significant increases in costs due to inflationary factors in 2022 and 2023.

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2025 and 2024, Metro's investment in capital assets amounted to \$1.482 billion and \$1.426 billion, respectively (net of accumulated depreciation), as shown in the following Table A-3. The \$55 million increase in net capital assets in 2025 was primarily due to approximately \$61 million in additions to construction in progress for various ongoing wastewater and improvement and rehabilitation projects offset by completed projects placed in service of \$61 million and by \$67 million of depreciation expense.

The following projects incurred such costs for 2025: Electrical Transmission Service Substation - \$45 million, RWHTF Biogas Utilization - \$27 million, Peracetic Acid Disinfection System - \$5 million, and North Secondary Upgrades - \$10 million. The remaining additions of \$25 million was a result of additions to numerous smaller projects.

The \$66 million increase in net capital assets in 2024 was primarily due to approximately \$137 million in additions to construction in progress for various ongoing wastewater improvement and rehabilitation projects offset by completed projects placed in service of \$217 million and by \$65 million of depreciation expense.

The following projects incurred such costs for 2024: Electrical Transmission Service Substation - \$32 million, Peracetic Acid Disinfection System - \$13 million, Lift Station - \$12 million, and North Secondary Upgrades - \$10 million. The remaining additions of \$19 million to construction in progress was a result of other additions to numerous smaller projects.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Management's Discussion and Analysis

Construction in progress increased by \$61 million in 2025. The \$122 million in additions to construction in progress in 2025 discussed above, was offset by \$61 million in completed projects, such as the Peracetic Acid Disinfection System and the NTP Post Digestion Sidestream Improvement Project, which were transferred to plant and equipment. Construction in progress decreased by \$80 million in 2024. The \$137 million in additions to construction in progress in 2024 discussed above, was offset by \$217 million in completed projects, such as the Second Creek Interceptor and the NTP Primary Clarifier Cover Replacement, which were transferred to plant and equipment.

The increase in net capital assets in 2025 and 2024 was offset by capital asset disposals of \$2 million and \$1 million, respectively.

Table A-3
Capital Assets
(In thousands)

| | 2025 | 2024 | 2023 |
|--|--------------|--------------|--------------|
| Land, land improvements and water rights | \$ 52,480 | \$ 52,271 | \$ 46,952 |
| Plant in service | 1,250,400 | 1,228,171 | 1,041,214 |
| Vehicles and equipment | 790,828 | 757,865 | 742,564 |
| Construction in progress | 214,931 | 153,753 | 234,243 |
| Right-to-use equipment | 371 | 371 | 371 |
| Right-to-use subscriptions | 13,414 | 7,661 | 6,053 |
| | 2,322,424 | 2,200,092 | 2,071,397 |
| Less accumulated depreciation | (840,755) | (773,880) | (708,884) |
| Net capital assets | \$ 1,481,669 | \$ 1,426,212 | \$ 1,362,513 |

Debt Administration

At December 31, 2025 and 2024, Metro's long-term debt consisted of approximately \$518 million and \$549 million in bonds payable, respectively. Metro's underlying bond ratings are as follows:

| | |
|-----------------------------------|------------------------------|
| Moody's Investors Services | Standard & Poor's |
| Aa1 | AAA |

On March 12, 2025, Metro issued \$73,625,000 of Series 2025A Sewer Refunding Bonds, bearing interest at 2.95%, for the purpose of defraying the cost of refunding and paying in full the principal and interest Series 2009B Sewer Improvement Bonds. This transaction was undertaken to reduce interest costs as well as eliminate the risk of further reduction or elimination of the direct federal subsidy.

After the end of the year, on March 4 2026, Metro issued the 2026A Sewer Improvement Bonds in the amount of \$136 million to pay for several large construction projects.

Additional information on Metro's capital assets and long-term debt can be found in notes 4, 5, 6, and 14 to the financial statements.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Management's Discussion and Analysis

Fiduciary Fund

As of December 31, 2025 and 2024, the net position of the pension trust fund totaled \$198 million and \$169 million, respectively. The increase in fiduciary net position in 2025 was primarily due to net appreciation in the fair value of investments of \$20 million and contributions netted against benefit payments. In 2025, contributions to the pension trust fund amounted to \$17 million, which is about the same as 2024.

Next Year's Budgets and Rates

Metro approved a \$151 million 2026 Operation and Maintenance Budget, an increase of \$8 million from 2025. The increase is primarily from budgeted wage increases and increases in employee benefit costs, as well as an increase in outside services. Metro also approved Annual Charges for Service totaling \$184 million, an 8.0% increase from 2025. 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 2026 totals \$146 million, an increase of \$25 million from the 2025 Capital Projects Budget of \$121 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
As of December 31, 2025 and 2024

Basic Financial Statements

Statements of Net Position

| | 2025 | 2024, as restated |
|---|---------------|--------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 69,882,961 | \$ 88,189,106 |
| Investments | — | — |
| Accounts receivable | 14,339,657 | 16,791,792 |
| Due from other governments | 897,694 | 1,346,542 |
| Accrued interest receivable | 1,347,300 | 1,400,033 |
| Materials and supplies inventories, net of loss reserve of \$250,000 | 12,556,760 | 10,995,902 |
| Prepaid expenses and other assets | 1,886,630 | 1,404,633 |
| | 100,911,002 | 120,128,008 |
| Restricted: | | |
| Cash and cash equivalents | 29,563,199 | 31,016,431 |
| Total current assets | 130,474,201 | 151,144,439 |
| Noncurrent assets: | | |
| Investments | 161,493,078 | 205,583,179 |
| Nondepreciable capital assets: | | |
| Land and water rights | 52,480,337 | 52,271,372 |
| Construction in progress | 214,931,079 | 153,752,683 |
| | 267,411,416 | 206,024,055 |
| Depreciable capital assets, net: | | |
| Plant in service | 816,864,856 | 827,177,011 |
| Equipment and vehicles | 392,391,330 | 391,105,738 |
| Right-to-use lease asset | — | 74,177 |
| Right-to-use subscriptions | 5,001,554 | 1,831,282 |
| Net capital assets | 1,481,669,156 | 1,426,212,263 |
| Restricted: | | |
| Investments | 9,760,022 | 9,451,454 |
| Total noncurrent assets | 1,652,922,256 | 1,641,246,896 |
| Total assets | 1,783,396,457 | 1,792,391,335 |
| Deferred outflows of resources: | | |
| Pension related | 1,561,933 | 4,001,505 |
| OPEB related | 2,078,844 | 2,693,079 |
| Total deferred outflows of resources | 3,640,777 | 6,694,584 |

Continued on next page

Metro Water Recovery
As of December 31, 2025 and 2024

Basic Financial Statements

Statements of Net Position

| | 2025 | 2024, as restated |
|--|------------------|--------------------------|
| Current liabilities: | | |
| Accounts payable | \$ 24,001,336 | \$ 35,226,021 |
| Accrued payroll | 2,730,270 | 2,208,941 |
| Compensated absences | 2,296,284 | 1,832,758 |
| Lease liability | — | 77,852 |
| Subscription liability | 1,247,677 | 1,016,539 |
| Total OPEB liability | 1,151,880 | 736,052 |
| | 31,427,447 | 41,098,163 |
| Payable from restricted assets: | | |
| Accrued interest payable | 4,114,047 | 4,625,944 |
| Bonds payable | 30,895,000 | 31,085,000 |
| Total current liabilities | 66,436,494 | 76,809,107 |
| Noncurrent liabilities: | | |
| Compensated absences | 5,363,197 | 4,593,942 |
| Bonds payable | 486,734,458 | 517,863,749 |
| Subscription liability, net of current portion | 170,149 | 470,378 |
| Net pension liability | 30,403,760 | 43,069,090 |
| Total OPEB liability | 8,832,372 | 12,205,856 |
| Other accrued liabilities | 16,200 | 12,700 |
| Total noncurrent liabilities | 531,520,136 | 578,215,715 |
| Total liabilities | 597,956,630 | 655,024,822 |
| Deferred inflows of resources: | | |
| Pension related | 5,388,681 | — |
| OPEB related | 4,549,555 | 2,023,659 |
| 2019B bond deferred gain on refunding | 4,017,131 | 4,284,940 |
| Total deferred inflows of resources | 13,955,367 | 6,308,599 |
| Net position: | | |
| Net investment in capital assets | 950,793,310 | 855,321,562 |
| Restricted – bonds | 35,209,173 | 35,841,941 |
| Unrestricted | 189,122,754 | 246,588,994 |
| Total net position | \$ 1,175,125,237 | \$ 1,137,752,497 |

See accompanying notes to basic financial statements.

Metro Water Recovery

Basic Financial Statements

Statements of Revenue, Expenses, and Changes in Net Position For the year ended December 31,

| | 2025 | 2024, as restated |
|---|------------------|-------------------|
| Operating revenue: | | |
| Annual charges to connectors | \$ 170,732,234 | \$ 155,211,121 |
| Environmental Attributes | 3,523,588 | 4,747,825 |
| Land application revenue | 118,077 | 124,956 |
| Other operating revenue | 3,646,809 | 3,174,879 |
| Total operating revenue | 178,020,708 | 163,258,781 |
| Operating expenses: | | |
| Operations and maintenance: | | |
| Wastewater transmission | 3,039,534 | 2,246,470 |
| Wastewater treatment | 31,866,595 | 32,004,483 |
| Solids processing | 12,856,882 | 12,084,967 |
| Solids recycling | 12,023,835 | 10,931,386 |
| | 59,786,846 | 57,267,306 |
| Technical management and support: | | |
| Engineering services | 5,858,858 | 6,125,059 |
| Laboratory services | 10,067,260 | 7,059,175 |
| Support operation and maintenance | 15,211,674 | 13,397,259 |
| | 31,137,792 | 26,581,493 |
| Administrative and general | 35,781,363 | 39,111,484 |
| Depreciation and amortization expense | 68,648,268 | 66,069,703 |
| Total operating expenses | 195,354,269 | 189,029,986 |
| Operating loss | (17,333,561) | (25,771,205) |
| Nonoperating revenues (expenses): | | |
| Investment revenue | 14,889,752 | 14,353,248 |
| Interest expense | (15,402,427) | (17,229,387) |
| Intergovernmental revenue | 448,848 | 1,795,393 |
| Studies expense | (4,650,962) | (3,566,311) |
| Other revenue | 7,998,651 | 5,660,522 |
| Net nonoperating expense | 3,283,862 | 1,013,465 |
| Loss before capital contributions | (14,049,699) | (24,757,740) |
| Capital contributions – sewer connection fees | 51,422,439 | 57,789,996 |
| Increase in net position | 37,372,740 | 33,032,256 |
| Net position, beginning of year | 1,137,752,497 | 1,104,720,241 |
| Net position, end of year | \$ 1,175,125,237 | \$ 1,137,752,497 |

See accompanying notes to basic financial statements.

Metro Water Recovery

Basic Financial Statements

Statements of Cash Flows For the year ended December 31,

| | 2025 | 2024, as restated |
|---|-----------------|--------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 178,413,545 | \$ 161,841,599 |
| Cash payments to employees | (84,709,016) | (73,948,377) |
| Cash payments to suppliers for goods and services | (57,790,828) | (52,196,992) |
| Other receipts | 9,239,948 | 5,865,459 |
| Net cash provided by operating activities | 45,153,649 | 41,561,689 |
| Cash flows from capital and related financing activities: | | |
| Sewer connection fees | 54,264,770 | 63,931,646 |
| Acquisition and construction of capital assets | (131,274,038) | (124,483,188) |
| Proceeds from issuance of capital debt | 60,741,148 | — |
| Principal paid on capital debt | (90,700,000) | (29,440,000) |
| Interest paid on capital debt | (17,274,763) | (18,872,439) |
| Proceeds from sale of capital assets | 491,174 | (84,285) |
| Net cash (used in) capital and related financing activities | (123,751,709) | (108,948,266) |
| Cash flows from noncapital financing activities: | | |
| Intergovernmental revenue received | 897,696 | 897,699 |
| Net cash provided by noncapital financing activities | 897,696 | 897,699 |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investments | 435,424,378 | 385,626,973 |
| Purchase of investments | (387,484,359) | (407,954,802) |
| Interest and dividends received | 10,000,969 | 9,223,852 |
| Net cash provided by (used in) investing activities | 57,940,988 | (13,103,977) |
| Net increase in cash and cash equivalents | (19,759,376) | (79,592,855) |
| Cash and cash equivalents, beginning of year | 119,205,537 | 198,798,392 |
| Cash and cash equivalents, end of year | \$ 99,446,161 | \$ 119,205,537 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating (loss) | \$ (17,333,561) | \$ (25,771,205) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 68,648,268 | 66,069,703 |
| Decrease in accounts receivable | 391,496 | 1,205,500 |
| (Increase) in inventory | (1,560,859) | (1,553,763) |
| (Increase)/decrease in prepaid expenses and other | (481,997) | 550 |
| Decrease in deferred outflows | 3,053,807 | 4,304,854 |
| Increase/(decrease) in accounts payable and other accrued liabilities | (2,940,377) | 5,456,017 |
| Increase in accrued payroll and compensated absences | 1,754,110 | 1,963,864 |
| (Decrease) in unearned revenue | — | (2,630,089) |
| (Decrease) in lease liability | (77,852) | (77,387) |
| (Decrease) in subscription liability | (69,091) | (84,641) |
| (Decrease) in net pension liability | (12,665,330) | (7,903,665) |
| Increase/(decrease) in total OPEB liability | (2,957,656) | 908,207 |
| Increase/(decrease) in deferred inflows | 7,646,768 | (678,134) |
| Capitalized wages | (2,378,286) | (1,450,193) |
| Other receipts | 4,124,209 | 1,802,071 |
| Net cash provided by operating activities | \$ 45,153,649 | \$ 41,561,689 |
| Noncash investing, capital, and financing activities: | | |
| Unrealized (gain) on investments | \$ (3,849,917) | \$ (4,913,366) |
| Amortization of bond premium | (1,360,439) | (1,376,494) |
| Amortization of 2019B bond deferred inflow of resources | (267,809) | (267,809) |
| (Gain) loss on retirement of capital assets | 775,179 | (299,547) |
| Subscriptions | (3,085,416) | (1,360,894) |
| Capital contributions - sewer connection fees current period | (13,534,633) | (15,595,272) |
| Net proceeds of bond refunding | 77,705,620 | |

See accompanying notes to basic financial statements.

Metro Water Recovery

As of December 31, 2025

Basic Financial Statements

**Statements of Fiduciary Net Position
Pension Trust Fund**

| | <u>2025</u> | <u>2024</u> |
|---------------------------------|-----------------------|-----------------------|
| Assets | | |
| Cash and short-term investments | \$ 1,438,294 | \$ 964,182 |
| Investments, at fair value: | | |
| Public equity | 69,331,884 | 58,969,402 |
| Mutual funds | 31,226,130 | 22,812,198 |
| Private equity | 8,559,239 | 9,436,609 |
| Fixed rate debt | 50,759,476 | 43,169,858 |
| Stable value funds | 1,875,893 | 1,646,671 |
| Floating rate debt | 16,826,438 | 14,334,114 |
| Real estate | 18,205,062 | 17,492,410 |
| Total assets | <u>198,222,416</u> | <u>168,825,444</u> |
| Liabilities | | |
| Accrued administrative expenses | <u>16,441</u> | <u>11,947</u> |
| Fiduciary net position | | |
| Restricted for pension benefits | <u>\$ 198,205,975</u> | <u>\$ 168,813,497</u> |

See accompanying notes to basic financial statements.

Metro Water Recovery

Basic Financial Statements

Statements of Changes in Fiduciary Net Position Pension Trust Fund, for the year ended December 31,

| | <u>2025</u> | <u>2024</u> |
|---|-----------------------|-----------------------|
| Additions: | | |
| Investment income | | |
| Net appreciation in fair value of investments | \$ 19,871,485 | \$ 10,861,336 |
| Interest and dividend income | 3,758,689 | 3,465,865 |
| Less investment expense | <u>(413,824)</u> | <u>(381,600)</u> |
| Net investment income | 23,216,350 | 13,945,601 |
| Contributions from employer | 13,381,601 | 13,360,515 |
| Contributions from employees | <u>3,516,972</u> | <u>3,201,958</u> |
| Total additions | <u>40,114,923</u> | <u>30,508,074</u> |
| Deductions: | | |
| Benefit payments | 10,579,206 | 12,111,913 |
| Administrative expenses | <u>143,239</u> | <u>93,419</u> |
| Total deductions | <u>10,722,445</u> | <u>12,205,332</u> |
| Net increase in fiduciary net position | 29,392,478 | 18,302,742 |
| Fiduciary net position restricted for pension benefits: | | |
| Beginning of year | <u>168,813,497</u> | <u>150,510,755</u> |
| End of year | <u>\$ 198,205,975</u> | <u>\$ 168,813,497</u> |

See accompanying notes to basic financial statements.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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. Metro 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 four 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, Mission Square. As of December 31, 2025 and 2024 there were 330 and 309 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 resources, net position, revenue, and expenses. Government resources are allocated to and accounted

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value, for which Metro has none. 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:

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

| | 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. See Note 3(j) 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.

(g) Leases

Metro is a lessee for various noncancelable leases of equipment. For leases with a maximum possible term of 12 months or less at commencement, Metro recognizes expense based on the provisions of the lease contract. For all other leases (i.e. those that are not short-term), Metro recognizes a lease liability and an intangible right-to-use lease asset.

At lease commencement, Metro measures the lease liability at the present value of payments expected to be made during the lease term. If the present value of payments expected to be made is below \$10,000, then expenses will be recognized as short-term leases. Subsequently, for all other leases, the lease liability is reduced by the principal portion of lease payments made. The lease asset (right-to-use) is initially measured as the initial amount of the lease liability plus ancillary cost to place the asset into use, plus lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term. The lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The interest rate used for 2025 and 2024 was the lessor’s discount rate of 3%.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

Metro monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset. There was no remeasurement of leases during fiscal year 2025.

Leases are reported with capital assets and lease liabilities are reported with current liabilities and noncurrent liabilities (long-term) in the Statement of Net Position.

(h) Subscriptions

Metro has entered into a variety of noncancelable subscription-based information technology arrangements. For subscriptions with a maximum possible term of 12 months or less at commencement, Metro recognizes expense based on the provisions of the subscription arrangements. For all other subscription arrangements (i.e. those that are not short-term), Metro recognizes a subscription liability and an intangible right-to-use subscription asset.

Metro measures the subscription liability at the present value of payments expected to be made during the subscription term. If the present value of payments expected to be made is below \$10,000, then expenses are recognized as an operating expense. Subsequently, for all other subscriptions, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset (right-to-use) is initially measured as the initial amount of the subscription liability plus ancillary cost to place the asset into use. The subscription asset is amortized into amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

The interest rate used for 2025 and 2024 was Metro's incremental borrowing rate equaling to the tax-exempt bond interest rate of 3.5%.

Metro monitors changes in circumstances that may require remeasurement of a subscription. When certain changes occur that are expected to significantly affect the amount of the subscription liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset. There was no remeasurement of subscriptions during fiscal years 2025 and 2024.

Subscription arrangements are reported with capital assets and subscription liabilities are reported with current liabilities and noncurrent liabilities (long-term) in the Statement of Net Position.

(i) 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. See Note 7(b)(viii) for additional information.

Changes in the components of the total OPEB liability is reported as deferred outflow of resources and deferred inflow of resources. See Note 8(f) for additional information.

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 \$4,017,131 and \$4,284,940 as of December 31, 2025 and December 31, 2024, respectively. See Note 6(b) for additional information.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(j) 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 – includes resources which Metro is legally or contractually obligated to spend resources in accordance with restrictions imposed by debt agreements.

Unrestricted net position – Unrestricted net position represents resources derived from annual charges to connectors, septic charge revenue, and other revenues. This category includes resources the Board of Directors has identified to be used for a specific purpose through a Board action. 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.

(k) 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 51 connectors, 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.

(l) 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.

(m) 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. Metro accrues a liability for sick leave and benefit related payments that is more likely than not to be used by employees as well as estimated excess leave to be paid upon termination at the current pay rates at year end.

Employees are entitled to 100 to 168 hours 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. Metro accrues a liability for vacation leave and benefit related payments at the current pay rates at year end for accrued but unpaid vacation leave.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

Vacation and sick pay is recorded as an expense when earned by Metro employees. At December 31, 2025 and 2024, accrued vacation and sick pay aggregated to \$7,659,481 and \$6,426,700, respectively.

(n) 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.

(o) New and Future Accounting Pronouncements

The following GASB statement was implemented for the fiscal year ended December 31, 2025, as required, and did not impact Metro's financial statements:

- GASB Statement No. 102, *Certain Risk Disclosures*, effective for periods after June 15, 2024

The following GASB statements are in the process of implementation for future reporting periods:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, which updates the presentation of financial statements, enhances the management's discussion and analysis (MD&A), and improves the clarity and usefulness of financial information for users.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which establishes new disclosure requirements for certain types of capital assets, including those that are held for sale or otherwise disposed of, to improve the relevance and consistency of financial reporting.
- GASB Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events, to enhance information needs of financial statement users.

Management is currently evaluating the impact of these changes and developing the necessary processes to ensure full compliance upon adoption.

(p) Restatement of Previously Reported Amounts for Correction of an Error

During 2025, Metro determined that certain assets related to capital projects should have been capitalized rather than reported as construction in progress as of December 31, 2024. Additionally, several items included in construction in progress should have been expensed as of December 31, 2024. Therefore, nondepreciable capital assets were overstated by \$10.6 million, depreciable assets were understated by \$9.3 million, depreciation was understated by \$0.4 million, and nonoperating expenses were understated by \$0.9 million. The cumulative effect to Metro's financial statements as of the year ended December 31, 2024, is summarized in the table below related to the statement of net position.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

| | <u>2024 as originally presented</u> | <u>Correction of error</u> | <u>2024 as restated</u> |
|----------------------------------|---|----------------------------|-------------------------|
| Noncurrent assets: | | | |
| Nondepreciable capital assets: | | | |
| Construction in progress | \$ 164,303,082 | (10,550,399) | 153,752,683 |
| Depreciable capital assets: | | | |
| Plant in service | 817,863,690 | 9,313,321 | 827,177,011 |
| Total assets | <u>\$ 1,793,628,413</u> | <u>\$ (1,237,078)</u> | <u>\$ 1,792,391,335</u> |
| | | | |
| Net position: | | | |
| Net investment in capital assets | 856,558,640 | (1,237,078) | 855,321,562 |
| Restricted - bonds | 35,841,941 | - | 35,841,941 |
| Unrestricted | 246,588,994 | - | 246,588,994 |
| Total net position | <u>\$ 1,138,989,575</u> | <u>\$ (1,237,078)</u> | <u>\$ 1,137,752,497</u> |

The cumulative effect to Metro's financial statements ended December 31, 2024, is summarized in the table below related to the statements of revenue, expenses, and changes in net position, and cash flows.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

| | 2024 as originally presented | Correction of error | 2024 as restated |
|---|---------------------------------|---------------------|------------------|
| Operating Expenses: | | | |
| Depreciation and amortization | \$ 65,685,868 | \$ 383,835 | \$ 66,069,703 |
| Operating (loss) | (25,387,370) | (383,835) | (25,771,205) |
| Operating revenues (expenses): | | | |
| Studies expense | (2,713,067) | (853,244) | (3,566,311) |
| Loss before capital contributions | (23,520,661) | (853,244) | (24,373,905) |
| Increase in net position | 34,269,335 | (1,237,079) | 33,032,256 |
| Net position, beginning of year | 1,104,720,241 | | 1,104,720,241 |
| Net position, end of year | \$ 1,138,989,576 | \$ (1,237,079) | \$ 1,137,752,497 |
| | | | |
| Cash flows from operating activities: | | | |
| Cash payments to suppliers for goods and services | (51,343,748) | (853,244) | (52,196,992) |
| Net cash provided by operating activities | 42,414,933 | (853,244) | 41,561,689 |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | (125,720,267) | 1,237,079 | (124,483,188) |
| Proceeds from the sales of capital assets | 299,550 | (383,835) | (84,285) |
| Net cash used in capital and related financing activities | (109,801,510) | 853,244 | (108,948,266) |
| Reconciliation of operating (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ (25,387,370) | \$ (383,835) | \$ (25,771,205) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 65,685,868 | 383,835 | 66,069,703 |
| Other receipts | 2,655,315 | (853,244) | 1,802,071 |
| Net cash provided by operating activities | \$ 42,414,933 | \$ (853,244) | \$ 41,561,689 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(3) Cash and Investments

As of December 31, 2025 and 2024, Metro and the Pension Trust Fund had the following cash and investments:

| | December 31, | |
|--|---------------------|----------------|
| | 2025 | 2024 |
| Metro (excluding the Pension Trust Funds): | | |
| Cash and cash equivalents | | |
| Deposits | \$ 2,500,703 | \$ 7,148,357 |
| Local government investment pool (CSAFE) | 34,363,726 | 64,887,585 |
| Colorado Statewide Investment Pool | 32,968,705 | 28,424,731 |
| U.S. Treasury notes, less than 90 days | 29,613,027 | 18,744,864 |
| Total cash and cash equivalents | 99,446,161 | 119,205,537 |
| Investments | | |
| U.S. Treasury notes | 134,482,546 | 173,172,279 |
| U.S. Agency securities, including mortgage-backed securities | — | 6,764,445 |
| Certificates of Deposit | 1,512,855 | 1,492,485 |
| Supra-national agency bonds | 2,223,588 | 2,210,066 |
| Bank notes | — | 1,426,708 |
| Municipal bonds | 3,060,343 | 3,402,778 |
| Corporate bonds | 29,973,768 | 26,565,872 |
| Total investments | 171,253,100 | 215,034,633 |
| Total cash and investments | \$ 270,699,261 | \$ 334,240,170 |
| Pension Trust Funds: | | |
| Cash and short-term investments | \$ 1,438,294 | \$ 964,182 |
| Public equity | 69,331,884 | 58,969,402 |
| Mutual funds | 31,226,130 | 22,812,198 |
| Private equity | 8,559,239 | 9,436,609 |
| Fixed rate debt | 50,759,476 | 43,169,858 |
| Stable value funds | 1,875,893 | 1,646,671 |
| Floating rate debt | 16,826,438 | 14,334,114 |
| Real estate | 18,205,062 | 17,492,410 |
| | \$ 198,222,416 | \$ 168,825,444 |

(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 fair 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.

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.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(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 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.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

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, 2025.

| <u>Investment Type</u> | <u>Target Allocation</u> | <u>Target Range</u> |
|------------------------|--------------------------|---------------------|
| Public equity | 40.00% | 35%-45% |
| Private equity | 5.00% | 0%-10% |
| Fixed rate debt | 30.00% | 25%-35% |
| 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, be rated AAA, AAA-G, AAAM, AA+, AA or AA- at the time of purchase, and including commercial paper, be A-1 rated by Standard & Poor’s or the equivalent rating of a nationally recognized rating agency. All securities held by Metro meet the credit quality objective.

As of December 31, 2025, Metro invested \$29,973,768 in corporate bonds. The credit ratings for the corporate bonds are based on Standard and Poor’s rating scale, and were as follows: \$1,044,362 were rated AAA, \$3,326,798 were rated AA+, \$1,288,932 were rated AA, \$14,908,803 were rated AA-, \$4,795,526 were rated A+, and \$4,609,347 were rated at A. The bonds rated A+ and A meet Metro’s investment through ratings by another nationally recognized rating agency.

As of December 31, 2024, Metro invested \$26,565,872 in corporate bonds. The credit ratings for the corporate bonds are based on Standard and Poor’s rating scale, and were as follows: \$1,991,154 were rated AA+, \$5,347,688 were rated AA, \$11,088,332 were rated AA-, \$6,598,277 were rated A+, and \$1,540,421 were rated at A. The bonds rated A+ and A meet Metro’s investment through ratings by another nationally recognized rating agency.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

The following is a summary of the Pension Trust Fund's debt investments at December 31, 2025 and 2024 with average credit ratings of underlying investments based on Standard & Poor's rating scale:

| | December 31 | |
|---|---------------|---------------|
| | 2025 | 2024 |
| JP Morgan Core Bond Fund | | |
| Balance | \$ 33,316,193 | \$ 29,190,237 |
| Average rating | not rated | not rated |
| Dodge & Cox Income Fund | | |
| Balance | 17,443,283 | 13,979,621 |
| Average rating | not rated | not rated |
| Bain Senior Loan Fund | | |
| Balance | \$ 9,107,265 | \$ 8,734,144 |
| Average rating | not rated | not rated |
| Golub Capital Partners International 11, L.P. | | |
| Balance | \$ 1,750,000 | \$ 1,800,220 |
| Average rating | not rated | not rated |
| Principal Real Estate Debt Fund II | | |
| Balance | \$ — | \$ 223,665 |
| Average rating | not rated | not rated |
| Principal Real Estate Debt Fund III | | |
| Balance | \$ 2,065,968 | \$ 2,092,547 |
| Average rating | not rated | not rated |
| Principal Real Estate Open End Debt Fund | | |
| Balance | \$ 3,903,205 | \$ 1,483,538 |
| 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, 2025, the Defined Benefit Plan's deposits had a balance of \$0. As of December 31, 2024, the Defined Benefit Plan's deposits had a balance of \$33,175.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

The Defined Contribution Plan has no custodial credit risk. All securities held in trust for the participants at MissionSquare. 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 |
| Federal Farm Credit Bank (FFCB) | 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. Metro did not hold any U.S. Agency securities in excess of 5% of total investments in 2025 and 2024.

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, 2025 and 2024.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(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, 2025 and 2024, the duration for Metro's investments was as follows:

| Type | December 31, 2025 | | |
|-----------------------------|-------------------|----------------------|------------------------|
| | Fair value | Duration in Years | Call options at 100 |
| U.S. Treasury Notes | \$ 134,482,546 | 2.36 | \$ — |
| Certificates of deposit | 1,512,855 | 1.02 | — |
| Supra-national agency bonds | 2,223,588 | 0.98 | — |
| Municipal Bonds | 3,060,343 | 2.97 | — |
| Corporate Bonds | 29,973,768 | 2.02 | 23,325,000 |
| Total fair value | \$ 171,253,100 | | |

| Type | December 31, 2024 | | |
|-----------------------------|-------------------|----------------------|------------------------|
| | Fair value | Duration in Years | Call options at 100 |
| U.S. Treasury Notes | \$ 173,172,279 | 2.77 | \$ — |
| U.S. Agency securities | 6,764,445 | 1.12 | 6,790,000 |
| Certificates of deposit | 1,492,485 | 1.91 | — |
| Supra-national agency bonds | 2,210,066 | 1.88 | — |
| Bank notes | 1,426,708 | 1.44 | 1,410,000 |
| Municipal Bonds | 3,402,778 | 2.68 | — |
| Corporate Bonds | 26,565,872 | 2.02 | 15,734,000 |
| Total fair value | \$ 215,034,633 | | |

As of December 31, 2025 and 2024, Metro invested \$34,363,726 and \$64,887,585, 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 24 days and 21 days as of December 31, 2025 and 2024, respectively.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

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, 2025 and 2024, the Pension Trust Fund held the following debt investments.

| | December 31 | |
|---|---------------|---------------|
| | 2025 | 2024 |
| JP Morgan Core Bond Fund | | |
| Balance | \$ 33,316,193 | \$ 29,190,237 |
| Modified duration (in years) | 6.1 | 6.1 |
| Dodge & Cox Income Fund | | |
| Balance | 17,443,283 | 13,979,621 |
| Modified duration (in years) | 6.1 | 6.3 |
| Bain Senior Loan Fund | | |
| Balance | \$ 9,107,265 | \$ 8,734,144 |
| Modified duration (in years) | 0.1 | 0.1 |
| Golub Capital Partners International 11, L.P. | | |
| Balance | \$ 1,750,000 | \$ 1,800,220 |
| Modified duration (in years) | not available | not available |
| Principal Real Estate Debt Fund II | | |
| Balance | \$ — | \$ 223,665 |
| Modified duration (in years) | — | 0.1 |
| Principal Real Estate Debt Fund III | | |
| Balance | \$ 2,065,968 | \$ 2,092,547 |
| Modified duration (in years) | 0.7 | 0.4 |
| Principal Real Estate Open End Debt Fund | | |
| Balance | \$ 3,903,205 | \$ 1,483,538 |
| Modified duration (in years) | not available | not available |

Investments in money market funds of \$1,417,863 and \$931,091 for December 31, 2025 and 2024, respectively, have an average maturity of fewer than 45 and 32 days, for December 31, 2025 and 2024, respectively.

(h) Foreign Currency Risk

Metro Water Recovery and Defined Contribution Plan were not exposed to foreign currency risk as of December 31, 2025 and 2024. For 2025 and 2024, the Defined Benefit Plan's investments managed exposure to foreign currency risk by limiting the allocation percentage of interest of global equity investments to 25.0% and 25.0%, respectively. The global equities in which the Plan has invested have a fair value of \$35,703,921 and \$36,759,211, or 21.6% and 25.5% of the total portfolio at December 31, 2025 and 2024, respectively. Each fund is valued in U.S. dollars with exposure to various worldwide currencies. Any overallocation of funds are rebalanced on a regular basis.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(i) Investment Income

Investment income for Metro, excluding the Pension Trust Fund, for the years ended December 31, 2025 and 2024 was comprised of the following:

| | December 31, | |
|---|----------------------|----------------------|
| | 2025 | 2024 |
| Investment income | \$ 8,492,315 | \$ 11,205,371 |
| Net realized gain (loss) on investments | 2,547,520 | (1,765,489) |
| Net unrealized gain on investments | 3,849,917 | 4,913,366 |
| Total | \$ 14,889,752 | \$ 14,353,248 |

Investment income for the Pension Trust Fund for the years ended December 31, 2025 and 2024 was comprised of the following:

| | December 31, | |
|---|----------------------|----------------------|
| | 2025 | 2024 |
| Interest and dividend income | \$ 3,758,689 | \$ 3,465,865 |
| Net realized gain on investments | 9,994,531 | 14,015,578 |
| Net unrealized gain (loss) on investments | 9,876,954 | (3,154,242) |
| | 23,630,174 | 14,327,201 |
| Less investment expense | (413,824) | (381,600) |
| Net investment income | \$ 23,216,350 | \$ 13,945,601 |

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.

Metro has the following recurring fair value measurements as of December 31, 2025:

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

Investments Measured at Fair Value

| | 12/31/2025 | 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. Treasury notes | \$ 134,482,546 | \$ 134,482,546 | \$ - | \$ - |
| Certificates of deposit | 1,512,855 | - | 1,512,855 | - |
| Supra-national agency bonds | 2,223,588 | - | 2,223,588 | - |
| Municipal bonds | 3,060,343 | 3,060,343 | - | - |
| Corporate bonds | 29,973,768 | - | 29,973,768 | - |
| Total investments measured at fair value | 171,253,100 | 137,542,889 | 33,710,211 | - |
| Investments measured at the net asset value (NAV) | | | | |
| Colorado statewide investment pool | 32,968,705 | | | |
| Investments held at amortized cost | | | | |
| LGIP - CSAFE | 34,363,726 | | | |
| Total investments | 238,585,531 | | | |
| Cash and cash equivalents | 32,113,729 | | | |
| Total cash and investments | \$ 270,699,260 | | | |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

Metro has the following recurring fair value measurements as of December 31, 2024:

Investments Measured at Fair Value

| | 12/31/2024 | 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. Treasury notes | \$ 173,172,279 | \$ 173,172,279 | \$ - | \$ - |
| U.S. Agency securities | 6,764,445 | 6,764,445 | - | - |
| Certificates of deposit | 1,492,485 | 1,492,485 | - | - |
| Supra-national agency bonds | 2,210,066 | - | 2,210,066 | - |
| Bank notes | 1,426,708 | - | 1,426,708 | - |
| Municipal bonds | 3,402,778 | 3,402,778 | - | - |
| Corporate bonds | 26,565,872 | - | 26,565,872 | - |
| Total investments measured at fair value | 215,034,633 | 184,831,987 | 30,202,646 | - |
| Investments measured at the net asset value (NAV) | | | | |
| Colorado statewide investment pool | 28,424,731 | | | |
| Investments held at amortized cost | | | | |
| LGIP - CSAFE | 64,887,585 | | | |
| Total investments | 308,346,949 | | | |
| Cash and cash equivalents | 25,893,221 | | | |
| Total cash and investments | \$ 334,240,170 | | | |

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.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

The Pension Trust Fund has the following recurring fair value measurements as of December 31, 2025:

Investments Measured at Fair Value

| | 12/31/2025 | 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 | \$ 69,331,884 | \$ 69,331,884 | \$ - | \$ - |
| Fixed rate debt | 50,759,476 | 50,759,476 | - | - |
| Mutual funds | 31,226,130 | 31,226,130 | - | - |
| Total investments measured at fair value | \$ 151,317,490 | \$ 151,317,490 | \$ - | \$ - |
| Investments measured at the net asset value (NAV) | | | | |
| Private equity | 8,559,239 | | | |
| Stable value funds | 1,875,893 | | | |
| Floating rate debt | 16,826,438 | | | |
| Real estate | 18,205,062 | | | |
| Total investment measured at the NAV | 45,466,632 | | | |
| Total investments measured at fair value | 196,784,122 | | | |
| Investments measured at amortized cost | | | | |
| Money market funds | 1,438,294 | | | |
| Total investments | \$ 198,222,416 | | | |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

The Pension Trust Fund has the following recurring fair value measurements as of December 31, 2024:

Investments Measured at Fair Value

| | 12/31/2024 | 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 | \$ 58,969,402 | \$ 58,969,402 | \$ - | \$ - |
| Fixed rate debt | 43,169,858 | 43,169,858 | - | - |
| Mutual funds | 22,812,198 | 22,812,198 | - | - |
| Total investments measured at fair value | <u>\$ 124,951,458</u> | <u>\$ 124,951,458</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments measured at the net asset value (NAV) | | | | |
| Private equity | 9,436,609 | | | |
| Stable value funds | 1,646,671 | | | |
| Floating rate debt | 14,334,114 | | | |
| Real estate | 17,492,410 | | | |
| Total investment measured at the NAV | <u>42,909,804</u> | | | |
| Total investments measured at fair value | <u>167,861,262</u> | | | |
| Investments measured at amortized cost | | | | |
| Money market funds | 931,007 | | | |
| Total investments | <u>168,792,269</u> | | | |
| Cash and cash equivalents | 33,175 | | | |
| Total cash and investments | <u>\$ 168,825,444</u> | | | |

Metro Water Recovery

For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

The valuation method for investments at December 31, 2025 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 (1) | \$ 8,559,239 | \$ 3,688,201 | n/a | n/a |
| Floating rate debt (2) | 16,826,438 | 763,992 | monthly, n/a, n/a, n/a, quarterly | 30 days, n/a, n/a, n/a, 90-days |
| Real estate (3) | 18,205,062 | - | daily based on liquidity | 1 day |
| Stable value fund (4) | 1,875,893 | - | daily | n/a |
| | <u>\$ 45,466,632</u> | | | |

The valuation method for investments at December 31, 2024 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 (1) | \$ 9,436,609 | \$ 1,667,661 | n/a | n/a |
| Floating rate debt (2) | 14,334,114 | 3,798,987 | monthly, n/a, n/a, n/a, quarterly | 30 days, n/a, n/a, n/a, 90-days |
| Real estate (3) | 17,492,410 | - | daily based on liquidity | 1 day |
| Stable value fund (4) | 1,646,671 | - | daily | n/a |
| | <u>\$ 42,909,804</u> | | | |

(1) There are six 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 will 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 such that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund will 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, and industrial companies. The nature of the investments in this type is that distributions are received

Metro Water Recovery

For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund will 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 will be liquidated over 12 years.

The fifth fund invests predominantly in existing interests in private equity funds and related assets purchased in the secondary market. 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 will be liquidated over 11 to 13 years.

The sixth fund invests predominantly venture capital, growth equity, and other private equity funds. This includes investments in both venture capital and growth equity as well as directly or indirectly in portfolio companies which intends to provide investors with exposure to multiple stages of the company lifecycle, geographies, sectors, and vintage years. It is expected that the underlying assets of the fund will be liquidated over 15 years.

- (2) There are five investments in the floating rate debt category. The first is a fixed income fund that invests in actively managed investments in senior secured, floating rate assets and, to a limited degree, in secured bonds. The fund invests in a diversified portfolio of issuers in North America and Europe across a broad range of industries. Funds may be withdrawn monthly with 30 days written notice. The fund is open-ended.

The second and third 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 will be liquidated over seven to 10 years.

The fourth 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 will be liquidated over 10 years.

The fifth investment is a fund that invests in higher yielding private commercial real estate debt investments, primarily senior mortgages and mezzanine investments. Distributions of net cash flow to investors will be made on at least a quarterly basis, as available. Funds may be withdrawn quarterly with 90 days written notice. This fund is open-ended.

- (3) 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,

Metro Water Recovery

For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

and funds may be withdrawn daily subject to the availability of liquidity and the absence of a withdrawal queue with one-day written notice.

- (4) 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.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(4) Capital Assets

For the year ended December 31, 2025, changes in capital assets consisted of the following:

| | Balance at December 31, 2024, as restated | | Additions | Disposals | Adjustments or transfers | Balance at December 31, 2025 |
|--|---|----------------------|--------------------|--------------------|-----------------------------|------------------------------------|
| Nondepreciable: | | | | | | |
| Land and water rights | \$ | 52,271,372 | 208,965 | — | — | \$ 52,480,337 |
| Construction in progress | | 153,752,683 | 122,745,926 | — | (61,567,530) | 214,931,079 |
| Total nondepreciable assets | | <u>206,024,055</u> | <u>122,954,891</u> | <u>—</u> | <u>(61,567,530)</u> | <u>267,411,416</u> |
| Depreciable: | | | | | | |
| Plant in service: | | | | | | |
| Transmission | | 523,806,510 | 377,541 | — | 8,749,256 | 532,933,307 |
| Treatment | | 412,961,287 | 2,699,312 | (400,340) | 917,757 | 416,178,016 |
| Solids processing | | 122,221,881 | 239,113 | — | 998,394 | 123,459,388 |
| Solids recycling | | 6,744,951 | — | — | — | 6,744,951 |
| Support | | 162,436,678 | 8,173,131 | — | 474,221 | 171,084,030 |
| | | <u>1,228,171,307</u> | <u>11,489,097</u> | <u>(400,340)</u> | <u>11,139,628</u> | <u>1,250,399,692</u> |
| Equipment: | | | | | | |
| Plant | | 640,018,197 | 30,100,707 | (2,007,238) | 1,608,225 | 669,719,891 |
| Support | | 93,264,708 | 1,261,848 | (11,668) | 71,737 | 94,586,625 |
| Vehicles | | 24,581,637 | 2,239,424 | (390,393) | 90,918 | 26,521,586 |
| | | <u>757,864,542</u> | <u>33,601,979</u> | <u>(2,409,299)</u> | <u>1,770,880</u> | <u>790,828,102</u> |
| Right-to-use assets | | | | | | |
| Leased equipment | | 370,886 | — | — | — | 370,886 |
| Subscriptions | | 7,661,690 | 5,752,677 | — | — | 13,414,367 |
| | | <u>8,032,576</u> | <u>5,752,677</u> | <u>—</u> | <u>—</u> | <u>13,785,253</u> |
| Total depreciable capital assets | | <u>1,994,068,425</u> | <u>50,843,753</u> | <u>(2,809,639)</u> | <u>12,910,508</u> | <u>2,055,013,047</u> |
| Less accumulated depreciation and amortization: | | | | | | |
| Plant in service: | | | | | | |
| Transmission | | 158,324,495 | 10,499,681 | — | 142,733 | 168,966,909 |
| Treatment | | 136,421,220 | 8,286,897 | (197,292) | (44,595) | 144,466,230 |
| Solids processing | | 37,290,382 | 2,854,831 | — | (231,425) | 39,913,788 |
| Solids recycling | | 4,059,538 | 169,893 | — | — | 4,229,431 |
| Support | | 72,277,914 | 3,715,928 | — | (35,364) | 75,958,478 |
| | | <u>408,373,549</u> | <u>25,527,230</u> | <u>(197,292)</u> | <u>(168,651)</u> | <u>433,534,836</u> |
| Equipment: | | | | | | |
| Plant | | 291,092,678 | 36,460,150 | (1,176,895) | (962,500) | 325,413,433 |
| Support | | 51,582,783 | 3,249,847 | (11,668) | 5,397 | 54,826,359 |
| Vehicles | | 16,704,090 | 1,874,695 | (379,774) | (2,031) | 18,196,980 |
| | | <u>359,379,551</u> | <u>41,584,692</u> | <u>(1,568,337)</u> | <u>(959,134)</u> | <u>398,436,772</u> |
| Right-to-use assets | | | | | | |
| Leased equipment | | 296,709 | 74,177 | — | — | 370,886 |
| Subscriptions | | 5,830,408 | 2,582,405 | — | — | 8,412,813 |
| | | <u>6,127,117</u> | <u>2,656,582</u> | <u>—</u> | <u>—</u> | <u>8,783,699</u> |
| Total accumulated depreciation and amortization | | <u>773,880,217</u> | <u>69,768,504</u> | <u>(1,765,629)</u> | <u>(1,127,785)</u> | <u>840,755,307</u> |
| Total capital assets, net | \$ | <u>1,426,212,263</u> | <u>104,030,140</u> | <u>(1,044,010)</u> | <u>(47,529,237)</u> | \$ <u>1,481,669,156</u> |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

For the year ended December 31, 2024, changes in capital assets consisted of the following:

| | Balance at December 31, 2023 | Additions | Disposals | Adjustments or transfers | Balance at December 31, 2024, as restated |
|--|------------------------------------|--------------------|--------------------|-----------------------------|---|
| Nondepreciable: | | | | | |
| Land and water rights | \$ 46,952,263 | 5,319,109 | — | — | \$ 52,271,372 |
| Construction in progress | 234,243,379 | 136,581,938 | — | (217,072,634) | 153,752,683 |
| Total nondepreciable assets | <u>281,195,642</u> | <u>141,901,047</u> | <u>—</u> | <u>(217,072,634)</u> | <u>206,024,055</u> |
| Depreciable: | | | | | |
| Plant in service: | | | | | |
| Transmission | 343,673,380 | 180,133,130 | — | — | 523,806,510 |
| Treatment | 411,504,051 | 1,457,236 | — | — | 412,961,287 |
| Solids processing | 118,274,967 | 964,462 | — | 2,982,452 | 122,221,881 |
| Solids recycling | 6,744,951 | — | — | — | 6,744,951 |
| Support | 161,016,115 | 997,888 | — | 422,675 | 162,436,678 |
| | <u>1,041,213,464</u> | <u>183,552,716</u> | <u>—</u> | <u>3,405,127</u> | <u>1,228,171,307</u> |
| Equipment: | | | | | |
| Plant | 626,599,106 | 18,520,390 | (105,935) | (4,995,364) | 640,018,197 |
| Support | 91,806,954 | 1,423,087 | — | 34,667 | 93,264,708 |
| Vehicles | 24,157,980 | 1,366,885 | (967,762) | 24,534 | 24,581,637 |
| | <u>742,564,040</u> | <u>21,310,362</u> | <u>(1,073,697)</u> | <u>(4,936,163)</u> | <u>757,864,542</u> |
| Right-to-use assets | | | | | |
| Leased equipment | 370,886 | — | — | — | 370,886 |
| Subscriptions | 6,052,792 | 1,608,898 | — | — | 7,661,690 |
| | <u>6,423,678</u> | <u>1,608,898</u> | <u>—</u> | <u>—</u> | <u>8,032,576</u> |
| Total depreciable capital assets | <u>1,790,201,182</u> | <u>206,471,976</u> | <u>(1,073,697)</u> | <u>(1,531,036)</u> | <u>1,994,068,425</u> |
| Less accumulated depreciation and amortization: | | | | | |
| Plant in service: | | | | | |
| Transmission | 150,217,857 | 8,106,638 | — | — | 158,324,495 |
| Treatment | 128,204,489 | 8,216,731 | — | — | 136,421,220 |
| Solids processing | 34,666,591 | 2,550,578 | — | 73,213 | 37,290,382 |
| Solids recycling | 3,889,645 | 169,893 | — | — | 4,059,538 |
| Support | 68,692,997 | 3,575,197 | — | 9,720 | 72,277,914 |
| | <u>385,671,579</u> | <u>22,619,037</u> | <u>—</u> | <u>82,933</u> | <u>408,373,549</u> |
| Equipment: | | | | | |
| Plant | 255,828,679 | 35,079,529 | (80,888) | 265,358 | 291,092,678 |
| Support | 47,539,717 | 4,043,003 | — | 63 | 51,582,783 |
| Vehicles | 15,768,716 | 1,811,565 | (877,827) | 1,636 | 16,704,090 |
| | <u>319,137,112</u> | <u>40,934,097</u> | <u>(958,715)</u> | <u>267,057</u> | <u>359,379,551</u> |
| Right-to-use assets | | | | | |
| Leased equipment | 222,532 | 74,177 | — | — | 296,709 |
| Subscriptions | 3,852,988 | 1,977,420 | — | — | 5,830,408 |
| | <u>4,075,520</u> | <u>2,051,597</u> | <u>—</u> | <u>—</u> | <u>6,127,117</u> |
| Total accumulated depreciation and amortization | <u>708,884,211</u> | <u>65,604,731</u> | <u>(958,715)</u> | <u>349,990</u> | <u>773,880,217</u> |
| Total capital assets, net | <u>\$ 1,362,512,613</u> | <u>282,768,292</u> | <u>(114,982)</u> | <u>(218,953,660)</u> | <u>\$ 1,426,212,263</u> |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(5) Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended December 31, 2025 is as follows:

| | <u>December 31, 2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>December 31, 2025</u> | <u>Amounts due within one year</u> |
|------------------------------|------------------------------|----------------------|-------------------------|------------------------------|--|
| Bonds payable | \$ 548,948,749 | \$ 77,846,147 | \$ (109,165,438) | \$ 517,629,458 | \$ 30,895,000 |
| Compensated absences | 6,426,700 | 1,622,554 | (389,773) | 7,659,481 | 2,296,284 |
| Lease liability | 77,852 | — | (77,852) | — | — |
| Subscription liability | <u>1,486,917</u> | <u>3,085,416</u> | <u>(3,154,507)</u> | <u>1,417,826</u> | <u>1,247,676</u> |
| Total noncurrent liabilities | <u>\$ 556,940,218</u> | <u>\$ 82,554,117</u> | <u>\$ (112,787,570)</u> | <u>\$ 526,706,765</u> | <u>\$ 34,438,960</u> |

A summary of the changes in long-term liabilities for the year ended December 31, 2024 is as follows:

| | <u>December 31, 2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>December 31, 2024</u> | <u>Amounts due within one year</u> |
|------------------------------|------------------------------|---------------------|------------------------|------------------------------|--|
| Bonds payable | \$ 579,765,243 | \$ — | \$ (30,816,494) | \$ 548,948,749 | \$ 31,085,000 |
| Compensated absences | 4,987,500 | 3,789,796 | (2,350,596) | 6,426,700 | 1,832,758 |
| Lease liability | 155,239 | — | (77,387) | 77,852 | 77,852 |
| Subscription liability | <u>1,571,558</u> | <u>1,360,894</u> | <u>(1,445,535)</u> | <u>1,486,917</u> | <u>1,016,539</u> |
| Total noncurrent liabilities | <u>\$ 586,479,540</u> | <u>\$ 5,150,690</u> | <u>\$ (34,690,012)</u> | <u>\$ 556,940,218</u> | <u>\$ 34,012,149</u> |

Metro has entered into a lease as a lessee for equipment and is required to make principal and interest payments over the lease term. The lease term is expired as of December 31, 2025. The lease liability at December 31, 2025, was \$0 with no future principal and interest lease payments as of December 31, 2025.

Metro has entered into subscriptions for the right to use certain information technology arrangements and is required to make principal and interest payments over the lease term. Agreements include terms of one to three years with optional renewal periods for additional years. The subscription liability at December 31, 2025, was \$1,417,826. The future principal and interest subscription payments as of December 31, 2025, were as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|------------------|---------------------|
| 2026 | \$ 1,247,676 | \$ 49,624 | \$ 1,297,300 |
| 2027 | 170,150 | 5,954 | 176,104 |
| Total | <u>\$ 1,417,826</u> | <u>\$ 55,578</u> | <u>\$ 1,473,404</u> |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(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>2025</u> | <u>2024</u> |
| 2009B Sewer Improvement Bonds | 08/27/09 | \$ 187,380,000 | \$ — | \$ 94,195,000 |
| 2019B Sewer Refunding Bonds | 12/10/19 | 332,770,000 | 282,945,000 | 296,555,000 |
| 2020A Sewer Improvement Bonds | 10/27/20 | 146,545,000 | 146,545,000 | 146,545,000 |
| 2025A Sewer Refunding Bonds | 03/12/25 | 73,625,000 | 73,625,000 | — |
| Plus premium on 2020A Bonds | | | 11,068,623 | 11,653,749 |
| Plus premium on 2025A Bonds | | | 3,445,835 | — |
| Total | | | <u>\$ 517,629,458</u> | <u>\$ 548,948,749</u> |

Principal and interest requirements on all outstanding bonds are summarized as follows at December 31, 2025:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|-----------------------|-----------------------|-----------------------|
| 2026 | \$ 30,895,000 | 15,871,773 | 46,766,773 |
| 2027 | 31,935,000 | 14,673,439 | 46,608,439 |
| 2028 | 33,150,000 | 13,416,066 | 46,566,066 |
| 2029 | 34,570,000 | 12,096,351 | 46,666,351 |
| 2030 | 21,175,000 | 11,072,965 | 32,247,965 |
| 2031-2035 | 117,400,000 | 43,846,264 | 161,246,264 |
| 2036-2040 | 138,165,000 | 23,078,376 | 161,243,376 |
| 2041-2045 | 95,825,000 | 5,416,701 | 101,241,701 |
| | <u>503,115,000</u> | <u>\$ 139,471,935</u> | <u>\$ 642,586,935</u> |
| Unamortized premiums | 14,514,458 | | |
| | <u>\$ 517,629,458</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 \$448,848 and \$1,795,393 from the United States Treasury for the fiscal years ended December 31, 2025 and 2024 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, were due in annual installments of \$17,475,000 to \$20,250,000 beginning April 1, 2025 through April 1, 2029.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

On March 12, 2025, this bond series was refunded with series 2025A and paid off entirely on April 1, 2025.

(b) Series 2019B

On December 10, 2019, Metro issued \$332,770,000 of Series 2019B Taxable Sewer Refunding Bonds, bearing interest at 1.922%, 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.

(c) 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.

(d) Series 2025A

On March 12, 2025, Metro issued \$73,625,000 of Series 2025A Sewer Refunding Bonds, bearing interest at 2.95%, for the purpose of defraying the cost of refunding and paying the principal and interest Series 2009B Sewer Improvement Bonds, bearing interest at 4.718% to 5.775% in the aggregate amount of \$76,720,000, beginning after the April 1, 2025 payment.

This transaction was undertaken to reduce interest costs as well as eliminate the risk of further reduction or elimination of the direct federal subsidy. The refunding resulted in an economic gain of \$821,000. The bonds are tax-exempt and due in annual installments of \$17,105,000 to \$19,750,000 beginning April 1, 2026 through April 1, 2029.

(e) Bond Covenants

There are certain covenants associated with Metro's bonds. As of December 31, 2025 and 2024, 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.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(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. The Defined Benefit Plan was amended in 2021 to clarify the lump sum option for death benefits includes a participant's "entire vested Accrued Benefit," which could include post-2012 accruals.

Benefits Provided

The Defined Benefit Plan provides retirement, death, and disability benefits to Defined Benefit 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 Defined Benefit 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 Defined Benefit 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 Department of Metro.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

At December 31, 2025 and 2024, the Defined Benefit Plan’s membership consisted of the following:

| | 2025 | 2024 |
|--|------|------|
| Retirees and beneficiaries eligible to receive benefits as of December 31 | 320 | 310 |
| Terminated employees entitled to, but not yet receiving, benefits | 98 | 105 |
| Active plan members | 122 | 134 |
| Total | 540 | 549 |

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). 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, 2025 and 2024 was \$17,298,829 and \$17,248,859, respectively. Metro’s total payroll for the years ended December 31, 2025 and 2024 was \$52,226,692 and \$47,141,448, respectively.

During 2025 and 2024, contributions made by Metro totaled \$11,229,490 and \$11,584,570, respectively. Employee contributions to the Plan totaled \$1,253,946 and \$1,210,438, 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.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

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, 2025 and 2024. 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 Plan also invests in floating rate debt funds, which are valued monthly or quarterly, and private equity funds, which are valued quarterly. These investments are valued at their net asset value as determined by the custodian under the direction of the Plan with the assistance of an independent consultant.

ii) Net Pension Liability

Metro's net pension liability was measured as of December 31, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2026 and 2025, respectively.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

iii) Changes in the Net Pension Liability

| | Total Pension Liability | Increase (Decrease) Plan Fiduciary Net Position | Net Pension Liability |
|--|------------------------------------|--|----------------------------------|
| Changes in Net Pension Liability | (a) | (b) | (a) - (b) |
| Balances as of December 31, 2023 | \$ 183,000,282 | 132,027,527 | 50,972,755 |
| Changes for the year: | | | |
| Service cost | 2,120,259 | — | 2,120,259 |
| Interest on total pension liability | 11,678,913 | — | 11,678,913 |
| Effect of economic/demographic gains or losses | 1,688,337 | — | 1,688,337 |
| Effect of assumption changes or inputs | — | — | — |
| Benefit payments | (11,064,073) | (11,064,073) | — |
| Employer contributions | — | 11,584,570 | (11,584,570) |
| Member contributions | — | 1,210,438 | (1,210,438) |
| Net investment income | — | 10,664,968 | (10,664,968) |
| Administrative expenses | — | (68,802) | 68,802 |
| Balances as of December 31, 2024 | <u>187,423,718</u> | <u>144,354,628</u> | <u>43,069,090</u> |
| Changes for the year: | | | |
| Service cost | 2,126,237 | — | 2,126,237 |
| Interest on total pension liability | 11,994,410 | — | 11,994,410 |
| Effect of economic/demographic gains or losses | 3,632,489 | — | 3,632,489 |
| Effect of assumption changes or inputs | 532,668 | — | 532,668 |
| Benefit payments | (10,201,810) | (10,201,810) | — |
| Employer contributions | — | 11,229,490 | (11,229,490) |
| Member contributions | — | 1,253,946 | (1,253,946) |
| Net investment income | — | 18,583,292 | (18,583,292) |
| Administrative expenses | — | (115,594) | 115,594 |
| Balances as of December 31, 2025 | <u>\$ 195,507,712</u> | <u>\$ 165,103,952</u> | <u>\$ 30,403,760</u> |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

iv) Actuarial assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2025 and 2024 were based on the results of an actuarial experience study for the period 2010-2014 as well as various updates to actuarial experience between 2015 and 2025:

| | December 31, | |
|--|--|--|
| | 2025 | 2024 |
| Actuarial valuation date | January 1, 2026 | January 1, 2025 |
| Measurement date | December 31, 2025 | December 31, 2024 |
| Inflation | 2.50% | 2.50% |
| Salary increases, including inflation | 3.50%; age based merit | 3.50%; age based merit |
| Mortality rate | Pub-2016 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, 2021 | 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, 2021 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Investment rate of return | 6.50% | 6.50% |

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, 2025, calculated using the discount rate of 6.50%, 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:

| | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|-----------------------|------------------------|----------------------------------|------------------------|
| Net pension liability | \$ 51,945,643 | \$ 30,403,760 | \$ 12,058,689 |

The following presents the net pension liability of Metro as of December 31, 2024, calculated using the discount rate of 6.50%, 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:

| | 1% Decrease (5.50%) | Current Discount Rate (6.50%) | 1% Increase (7.50%) |
|-----------------------|------------------------|----------------------------------|------------------------|
| Net pension liability | \$ 64,114,414 | \$ 43,069,090 | \$ 25,194,546 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

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, 2025. 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 | 40% | 8.97% |
| Private Equity | 5% | 12.21% |
| Fixed Rate Debt | 30% | 4.48% |
| Floating Rate Debt | 10% | 6.74% |
| Real Estate | 15% | 6.97% |

vii) Discount rate

The discount rates used to measure the total pension liability was 6.50% for the year ended December 31, 2025 and 6.50% for the year ended December 31, 2024. 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, 2025 and 2024, Metro recognized pension expense of \$6,392,413 and \$7,945,472, respectively. At December 31, 2025 and 2024, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>December 31, 2025</u> | |
|--|--|---|
| | <u>Deferred (Inflows) of Resources</u> | <u>Deferred Outflows of Resources</u> |
| Differences between expected and actual experience | \$ — | \$ 1,362,183 |
| Changes of assumptions | — | 199,750 |
| Net difference between projected and actual earnings | <u>(5,388,681)</u> | <u>—</u> |
| Total | <u>\$ (5,388,681)</u> | <u>\$ 1,561,933</u> |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

| | December 31, 2024 | |
|--|--|---|
| | Deferred (Inflows) of Resources | Deferred Outflows of Resources |
| Differences between expected and actual experience | \$ — | \$ 750,372 |
| Changes of assumptions | — | — |
| Net difference between projected and actual earnings | — | 3,251,133 |
| Total | \$ — | \$ 4,001,505 |

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: | |
|--------------------------------|----------------|
| 2026 | \$ 3,358,590 |
| 2027 | (3,126,956) |
| 2028 | (3,323,193) |
| 2029 | (1,826,189) |
| Total | \$ (4,917,748) |

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

Metro issues separate GAAP-basis financial statements for the defined benefit plan, which can be obtained by contacting Metro's administrative services department.

(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, Mission Square. As of December 31, 2025 and 2024 there were 335 and 309 active plan members. Metro's contributions for the years ended December 31, 2025 and 2024 were \$2,152,111 and \$1,775,945, respectively.

For the years ended December 31, 2025 and 2024, the Statement of Net Position for the Defined Contribution Plan is as follows:

| | December 31, | |
|--|---------------------|---------------|
| | 2025 | 2024 |
| Assets: | | |
| Investments, at fair value | | |
| Mutual funds | \$ 31,226,130 | \$ 22,812,198 |
| Stable value funds | 1,875,893 | 1,646,671 |
| Total assets | 33,102,023 | 24,458,869 |
| Fiduciary net position restricted for pension benefits | \$ 33,102,023 | \$ 24,458,869 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

For the years ended December 31, 2025 and 2024, the Statement of Changes in Net Position for the Defined Contribution Plan is as follows:

| | December 31, | |
|---|---------------------|---------------|
| | 2025 | 2024 |
| Additions: | | |
| Investment income | | |
| Net appreciation in fair value of investments | \$ 4,633,058 | \$ 3,280,633 |
| Net investment income | 4,633,058 | 3,280,633 |
| Contributions from employer | 2,152,111 | 1,775,945 |
| Contributions from employee | 2,263,026 | 1,991,520 |
| Total additions | 9,048,195 | 7,048,098 |
| Benefit payments | 377,396 | 1,047,840 |
| Administrative expenses | 27,645 | 24,617 |
| Total deductions | 405,041 | 1,072,457 |
| Net increase (decrease) in plan fiduciary net position | 8,643,154 | 5,975,641 |
| Fiduciary net position restricted for pension benefits: | | |
| Beginning of year | 24,458,869 | 18,483,228 |
| End of year | \$ 33,102,023 | \$ 24,458,869 |

(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, 2025 and 2024, the following employees were covered by the benefit terms:

| | 2025 | 2024 |
|--|-------------|-------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 215 | 245 |
| Inactive employees entitled to but not yet receiving benefit payments | — | — |
| Active employees | 430 | 414 |
| Total | 645 | 659 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(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 as of December 31, 2025 was based on the January 1, 2025 valuation date and measurement date of December 31, 2024 and as of December 31, 2024 was based on the January 1, 2023 valuation date and measurement date of December 31, 2023, respectively. Metro’s total OPEB liability was \$9,984,252 and \$12,941,908 for the years ended December 31, 2025 and December 31, 2024, 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, 2025 and December 31, 2024 are as follows:

| | December 31, | |
|--------------------------|---|---|
| | 2025 | 2024 |
| Actuarial valuation date | January 1, 2025 | January 1, 2023 |
| Measurement date | December 31, 2024 | December 31, 2023 |
| Inflation | 2.50% | 2.50% |
| Salary increases, | Graded by age | Graded by age |
| Mortality rate | Pub-2016 General Employees mortality table fully generational using scale MP-2021 | Pub-2010 General Employees mortality table fully generational using scale MP-2021 |
| Actuarial cost method | Entry Age Normal Level Percent of Pay | Entry Age Normal Level Percent of Pay |
| Discount rate | 4.08% | 3.26% |

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

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the period 2010 through 2014 and adjustments made to assumptions in 2025.

(e) *Changes in the Total OPEB Liability*

| Increase/Decrease in Total OPEB Liability | Reporting Year Ended: | |
|--|------------------------------|--------------------------|
| | <u>December 31, 2025</u> | <u>December 31, 2024</u> |
| Balance at Beginning of Year | \$ 12,941,908 | \$ 12,033,701 |
| Changes for the year: | | |
| Service cost | 621,181 | 546,678 |
| Interest on Total OPEB liability | 430,874 | 455,631 |
| Effect of economic/demographic gains or losses | (1,534,306) | — |
| Effect of assumptions changes or inputs | (1,777,531) | 576,510 |
| Benefit payments | <u>(697,874)</u> | <u>(670,612)</u> |
| Balances at End of Year | \$ <u>9,984,252</u> | \$ <u>12,941,908</u> |
| Due within one year | \$ 1,151,880 | \$ 736,052 |

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, 2025 | | |
|----------------------|----|--------------------------|-------------------|--------------------|
| | | Current Discount | | |
| | | 1% Decrease | Rate 4.08% | 1% Increase |
| Total OPEB liability | \$ | 10,920,531 | \$ 9,984,252 | \$ 9,160,331 |

| | | December 31, 2025 | | |
|----------------------|----|---------------------------|------------------------------------|--------------------|
| | | Current Healthcare | | |
| | | 1% Decrease | Cost Trend Rate¹ | 1% Increase |
| Total OPEB liability | \$ | 9,484,202 | \$ 9,984,252 | \$ 10,575,704 |

¹ Cost trend rate assumption used for this analysis is 9.1% for medical and dental combined.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

| | | December 31, 2024 | | |
|----------------------|----|--------------------------|-------------------|--------------------|
| | | Current Discount | | |
| | | 1% Decrease | Rate 3.26% | 1% Increase |
| Total OPEB liability | \$ | 14,350,619 | \$ | 12,941,908 |
| | | | | \$ 11,738,535 |

| | | December 31, 2024 | | |
|----------------------|----|---------------------------|------------------------------------|--------------------|
| | | Current Healthcare | | |
| | | 1% Decrease | Cost Trend Rate¹ | 1% Increase |
| Total OPEB liability | \$ | 12,140,915 | \$ | 12,941,908 |
| | | | | \$ 13,921,879 |

¹ Cost trend rate assumption used for this analysis is 10.6% for medical and dental combined.

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

For the years ended December 31, 2025 and 2024, Metro recognized OPEB expense of \$875,795 and \$1,205,618, respectively. At December 31, 2025 and 2024, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | | December 31, 2025 | |
|--|----|--|---|
| | | Deferred (Inflows) of Resources | Deferred Outflows of Resources |
| Differences between expected and actual experience | \$ | (1,650,431) | \$ 676,657 |
| Changes of assumptions | | (2,899,124) | 1,155,816 |
| Total (prior to post-Measurement Date contributions) | | (4,549,555) | 1,832,473 |
| Contributions made subsequent to measurement date | | — | 246,371 |
| Net deferred outflow / (inflow) of resources | \$ | (4,549,555) | \$ 2,078,844 |
| | | | |
| | | December 31, 2024 | |
| | | Deferred (Inflows) of Resources | Deferred Outflows of Resources |
| Differences between expected and actual experience | \$ | (402,393) | \$ 873,842 |
| Changes of assumptions | | (1,621,266) | 1,568,312 |
| Total (prior to post-Measurement Date contributions) | | (2,023,659) | 2,442,154 |
| Contributions made subsequent to measurement date | | — | 250,925 |
| Net deferred outflow / (inflow) of resources | \$ | (2,023,659) | \$ 2,693,079 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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: | |
|--------------------------------|-------------------------------------|
| 2025 | \$ (211,852) |
| 2026 | (259,691) |
| 2027 | (454,738) |
| 2028 | (452,427) |
| 2028 | (462,247) |
| Thereafter* | (876,127) |
| Total | \$ <u><u>(2,717,082)</u></u> |

*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 deferred compensation 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 deferred compensation plan assets are held in trust by a third party, and Metro does not have a governing board that manages the deferred compensation Plan, Metro’s basic financial statements exclude such Section 457 deferred compensation 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, 2025 and 2024, Metro’s connectors and related revenue consisted of the following:

| <u>Classification</u> | <u>Year ended December 31, 2025</u> | | <u>Year ended December 31, 2024</u> | |
|-----------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------|
| | <u>Number</u> | <u>Amount</u> | <u>Number</u> | <u>Amount</u> |
| Member municipalities | 22 | \$ 155,636,024 | 22 | \$ 139,617,227 |
| Special connectors | 27 | 15,096,210 | 27 | 15,593,894 |
| | <u>49</u> | <u>\$ 170,732,234</u> | <u>49</u> | <u>\$ 155,211,121</u> |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

(11) Board of Directors Designated Amounts included in Unrestricted Net Position

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

| | 2025 | 2024 |
|---|---------------|---------------|
| 90 day expense reserve plus \$1 million | \$ 39,128,700 | \$ 36,911,800 |
| Sewer connection charge reserve | 25,000,000 | 25,000,000 |
| Total designated amount including in unrestricted net position | \$ 64,128,700 | \$ 61,911,800 |

(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 as the prior year. Metro retains the first \$250,000 of any property loss. Metro has one property loss claim open in 2025 with Zurich American Insurance Company. The loss was sustained on February 22, 2024, when a fire broke out at the Northern Treatment Plant Cogeneration Building in a Makeup Air Unit (MAU). Minimal damage occurred in the building, however, the MAU was a complete loss. Metro is working on a replacement unit and temporary units are in use to keep the building operational. Actual costs incurred as of December 31, 2025 totaled \$159,683. The claim remains open as of December 31, 2025.

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 plus excess coverage of an additional \$3,000,000. As of December 31, 2025 and 2024, 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 2025 basic financial statements.

As of December 31, 2025, Metro had various commitments totaling approximately \$350 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 65% of this total, are the Biogas Utilization Project, the North Secondary Upgrades and Intensification Project, and the Platte River Interceptor System Rehabilitation Project – with remaining costs of \$227 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).

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

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Notes to the Basic Financial Statements

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 undissolved 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 \$22,000 and \$38,000 in 2025 and 2024, respectively, in the monitoring efforts. Metro did not incur outside legal counsel costs during 2025 and 2024.

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 Fifth Amendment to Access and License Agreement with Suncor in November 2022, extending the original terms of the Access Agreement through December 15, 2027. 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 \$188,000 and \$182,000 in 2025 and 2024, respectively.

(14) Subsequent Events

On March 4, 2026, Metro issued the 2026A Sewer Improvement Bonds in the amount of \$136 million. The tax-exempt bonds have a final maturity of 2054 and have an average interest rate of 4.02%.

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

REQUIRED SUPPLEMENTARY INFORMATION

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)

| | Fiscal Year Ended December 31 | | | | | | | | | |
|--|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 2,126,237 | \$ 2,120,259 | \$ 2,010,558 | \$ 2,033,335 | \$ 2,023,921 | \$ 2,114,148 | \$ 1,965,109 | \$ 2,010,528 | \$ 2,054,219 | \$ 2,118,343 |
| Interest on total pension liability | 11,994,410 | 11,678,913 | 11,188,723 | 10,809,667 | 10,660,366 | 10,312,587 | 9,690,475 | 9,316,712 | 8,968,077 | 8,516,917 |
| Effect on plan changes | - | - | - | - | - | - | - | - | - | - |
| Effect of economic /demographic (gains) /or losses | 3,632,489 | 1,688,337 | 3,977,737 | 3,741,653 | 2,849,251 | 1,602,483 | 1,710,776 | 1,035,325 | 1,588,268 | 1,723,846 |
| Effect of assumption changes or inputs | 532,668 | - | 568,291 | - | 9,076,232 | - | 8,032,806 | - | 3,286,291 | - |
| Benefit payments | (10,201,810) | (11,064,073) | (9,586,425) | (11,838,616) | (9,403,818) | (8,552,016) | (7,240,476) | (7,085,818) | (6,758,280) | (5,817,753) |
| Net change in total pension liability | 8,083,994 | 4,423,436 | 8,158,884 | 4,746,039 | 15,205,952 | 5,477,202 | 14,158,690 | 5,276,747 | 9,138,575 | 6,541,553 |
| Total pension liability, beginning | 187,423,718 | 183,000,282 | 174,841,398 | 170,095,359 | 154,889,407 | 149,412,205 | 135,253,515 | 129,976,768 | 120,838,193 | 114,296,840 |
| Total pension liability, ending (a) | \$ 195,507,712 | \$ 187,423,718 | \$ 183,000,282 | \$ 174,841,398 | \$ 170,095,359 | \$ 154,889,407 | \$ 149,412,205 | \$ 135,253,515 | \$ 129,976,768 | \$ 120,838,193 |
| Fiduciary Net Position | | | | | | | | | | |
| Employer contributions | \$ 11,229,490 | \$ 11,584,570 | \$ 10,053,490 | \$ 8,385,864 | \$ 8,115,278 | \$ 6,219,293 | \$ 5,700,935 | \$ 5,019,996 | \$ 4,756,434 | \$ 4,228,249 |
| Member contributions | 1,253,946 | 1,210,438 | 1,238,493 | 1,229,481 | 1,310,784 | 1,420,295 | 1,472,473 | 1,483,945 | 1,560,619 | 1,636,552 |
| Investment income net of investment expenses | 18,583,292 | 10,664,968 | 12,208,127 | (15,831,532) | 19,609,021 | 12,170,741 | 14,823,703 | (2,770,025) | 11,752,741 | 6,300,119 |
| Benefit payments | (10,201,810) | (11,064,073) | (9,586,425) | (11,838,616) | (9,403,818) | (8,552,016) | (7,240,476) | (7,085,818) | (6,758,280) | (5,817,753) |
| Administrative expenses | (115,594) | (68,802) | (71,192) | (62,518) | (64,979) | (63,397) | (76,414) | (48,345) | (55,461) | (46,271) |
| Net change in plan fiduciary net position | 20,749,324 | 12,327,101 | 13,842,493 | (18,117,321) | 19,566,286 | 11,194,916 | 14,680,221 | (3,400,247) | 11,256,053 | 6,300,896 |
| Fiduciary net position, beginning | 144,354,628 | 132,027,527 | 118,185,034 | 136,302,355 | 116,736,069 | 105,541,153 | 90,860,932 | 94,261,179 | 83,005,126 | 76,704,230 |
| Fiduciary net position, ending (b) | \$ 165,103,952 | \$ 144,354,628 | \$ 132,027,527 | \$ 118,185,034 | \$ 136,302,355 | \$ 116,736,069 | \$ 105,541,153 | \$ 90,860,932 | \$ 94,261,179 | \$ 83,005,126 |
| Net pension liability, ending = (a) - (b) | \$ 30,403,760 | \$ 43,069,090 | \$ 50,972,755 | \$ 56,656,364 | \$ 33,793,004 | \$ 38,153,338 | \$ 43,871,052 | \$ 44,392,583 | \$ 35,715,589 | \$ 37,833,067 |
| Fiduciary net position as a % of total pension liability | 84.45% | 77.02% | 72.15% | 67.60% | 80.13% | 75.37% | 70.64% | 67.18% | 72.52% | 68.09% |
| Covered payroll | \$ 17,298,829 | \$ 17,248,859 | \$ 17,140,732 | \$ 17,228,409 | \$ 19,580,679 | \$ 20,312,130 | \$ 20,599,400 | \$ 20,935,048 | \$ 22,351,010 | \$ 23,323,075 |
| Net pension liability as of % of covered | 175.76% | 249.69% | 297.38% | 328.85% | 172.58% | 187.84% | 212.97% | 212.05% | 159.79% | 162.21% |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Required Supplementary Information

Schedule of Employer Pension Contributions (Unaudited)
Ten Years Ended December 31, 2025

| Fiscal Year Ending December 31 | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contribution as a % of Covered Payroll |
|--------------------------------------|---|------------------------------------|--|--------------------|--|
| 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% |
| 2022 | 8,385,864 | 8,385,864 | - | 17,228,409 | 48.67% |
| 2023 | 10,053,490 | 10,053,490 | - | 17,140,732 | 58.65% |
| 2024 | 11,584,570 | 11,584,570 | - | 17,248,859 | 67.16% |
| 2025 | 11,229,490 | 11,229,490 | - | 17,298,829 | 64.91% |

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 | 2.50% |
| Salary increases | Graded by age |
| Investment rate of return | 6.50% |
| Retirement age | Table of rates by Age and Eligibility |
| Mortality | Pub-2016 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, 2021 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024
Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

| | Fiscal Year Ended December 31 | | | | | | | | | |
|---|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total OPEB Liability | | | | | | | | | | |
| Service Cost | \$ 621,181 | \$ 546,678 | \$ 656,715 | \$ 626,381 | \$ 573,363 | \$ 417,645 | \$ 400,532 | \$ 373,620 | \$ 376,564 | N/A |
| Interest on total OPEB liability | 430,874 | 455,631 | 270,975 | 268,334 | 334,914 | 415,846 | 324,085 | 331,010 | 307,477 | N/A |
| Effect of changes to benefit terms | - | - | - | - | - | - | - | - | - | N/A |
| Effect of economic /demographic (gains) or losses | (1,534,306) | - | 947,251 | - | (815,101) | - | 641,921 | - | - | N/A |
| Effect of assumption changes or inputs | (1,777,531) | 576,510 | (2,066,787) | 86,218 | 785,257 | 1,563,331 | (259,185) | 312,414 | (171,947) | N/A |
| Benefit payments | (697,874) | (670,612) | (540,960) | (488,057) | (505,749) | (437,243) | (369,979) | (389,041) | (341,659) | N/A |
| Net change in total OPEB liability | (2,957,656) | 908,207 | (732,806) | 492,876 | 372,684 | 1,959,579 | 737,374 | 628,003 | 170,435 | N/A |
| Total OPEB liability, beginning | 12,941,908 | 12,033,701 | 12,766,507 | 12,273,631 | 11,900,947 | 9,941,368 | 9,203,994 | 8,575,991 | 8,405,556 | N/A |
| Total OPEB liability, ending | \$ 9,984,252 | \$ 12,941,908 | \$ 12,033,701 | \$ 12,766,507 | \$ 12,273,631 | \$ 11,900,947 | \$ 9,941,368 | \$ 9,203,994 | \$ 8,575,991 | \$ 8,405,556 |
| Covered payroll | \$ 47,141,448 | \$ 42,778,354 | \$ 38,080,402 | \$ 36,280,395 | \$ 35,587,131 | \$ 34,021,941 | \$ 31,917,750 | \$ 30,439,922 | \$ 29,426,219 | \$ 27,618,839 |
| Total OPEB liability as of % of covered payroll | 21.18% | 30.25% | 31.60% | 35.19% | 34.49% | 34.98% | 31.15% | 30.24% | 29.14% | 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. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

SUPPLEMENTARY INFORMATION

Metro Water Recovery

For the Years Ended December 31, 2025 and 2024

Combining Statement of Net Position - Fiduciary Funds Year Ended December 31, 2025

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|--|------------------------------------|--|--------------------------|
| Assets: | | | |
| Investments, at fair value: | | | |
| Cash and short-term investments | \$ 1,438,294 | \$ - | \$ 1,438,294 |
| Public equity | 69,331,884 | - | 69,331,884 |
| Mutual funds | - | 31,226,130 | 31,226,130 |
| Private equity | 8,559,239 | - | 8,559,239 |
| Fixed rate debt | 50,759,476 | - | 50,759,476 |
| Stable value funds | - | 1,875,893 | 1,875,893 |
| Floating rate debt | 16,826,438 | - | 16,826,438 |
| Real estate | 18,205,062 | - | 18,205,062 |
| Total assets | 165,120,393 | 33,102,023 | 198,222,416 |
| Liabilities: | | | |
| Accrued administrative expenses | 16,441 | - | 16,441 |
| Fiduciary net position restricted for pension benefits | \$ 165,103,952 | \$ 33,102,023 | \$ 198,205,975 |

Combining Statement of Net Position - Fiduciary Funds Year Ended December 31, 2024

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|--|------------------------------------|--|--------------------------|
| Assets: | | | |
| Investments, at fair value: | | | |
| Cash and short-term investments | \$ 964,182 | \$ - | \$ 964,182 |
| Public equity | 58,969,402 | - | 58,969,402 |
| Mutual funds | - | 22,812,198 | 22,812,198 |
| Private equity | 9,436,609 | - | 9,436,609 |
| Fixed rate debt | 43,169,858 | - | 43,169,858 |
| Stable value funds | - | 1,646,671 | 1,646,671 |
| Floating rate debt | 14,334,114 | - | 14,334,114 |
| Real estate | 17,492,410 | - | 17,492,410 |
| Total assets | 144,366,575 | 24,458,869 | 168,825,444 |
| Liabilities: | | | |
| Accrued administrative expenses | 11,947 | - | 11,947 |
| Fiduciary net position restricted for pension benefits | \$ 144,354,628 | \$ 24,458,869 | \$ 168,813,497 |

Metro Water Recovery

For the Years Ended December 31, 2025 and 2024

Combining Statement of Changes in Net Position - Fiduciary Funds For the year ended December 31, 2025

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|---|------------------------------------|--|--------------------------|
| Additions: | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | \$ 15,238,427 | \$ 4,633,058 | \$ 19,871,485 |
| Interest and dividend income | 3,758,689 | - | 3,758,689 |
| Less investment expense | (413,824) | - | (413,824) |
| Net investment income | 18,583,292 | 4,633,058 | 23,216,350 |
| Contributions from employer | 11,229,490 | 2,152,111 | 13,381,601 |
| Contributions from employee | 1,253,946 | 2,263,026 | 3,516,972 |
| Total additions | 31,066,728 | 9,048,195 | 40,114,923 |
| Deductions: | | | |
| Benefit payments | 10,201,810 | 377,396 | 10,579,206 |
| Administrative expenses | 115,594 | 27,645 | 143,239 |
| Total deductions | 10,317,404 | 405,041 | 10,722,445 |
| Net increase in plan fiduciary net position | 20,749,324 | 8,643,154 | 29,392,478 |
| Fiduciary net position restricted for pension benefits: | | | |
| Beginning of year | 144,354,628 | 24,458,869 | 168,813,497 |
| End of year | \$ 165,103,952 | \$ 33,102,023 | \$ 198,205,975 |

Combining Statement of Changes in Net Position - Fiduciary Funds For the year ended December 31, 2024

| | Defined Benefit Retirement Plan | Defined Contribution Retirement Plan | Total Fiduciary Funds |
|---|------------------------------------|--|--------------------------|
| Additions: | | | |
| Investment income: | | | |
| Net depreciation in fair value of investments | \$ 7,580,703 | \$ 3,280,633 | \$ 10,861,336 |
| Interest and dividend income | 3,465,865 | - | 3,465,865 |
| Less investment expense | (381,600) | - | (381,600) |
| Net investment loss | 10,664,968 | 3,280,633 | 13,945,601 |
| Contributions from employer | 11,584,570 | 1,775,945 | 13,360,515 |
| Contributions from employee | 1,210,438 | 1,991,520 | 3,201,958 |
| Total reductions | 23,459,976 | 7,048,098 | 30,508,074 |
| Deductions: | | | |
| Benefit payments | 11,064,073 | 1,047,840 | 12,111,913 |
| Administrative expenses | 68,802 | 24,617 | 93,419 |
| Total deductions | 11,132,875 | 1,072,457 | 12,205,332 |
| Net decrease in plan fiduciary net position | 12,327,101 | 5,975,641 | 18,302,742 |
| Fiduciary net position restricted for pension benefits: | | | |
| Beginning of year | 132,027,527 | 18,483,228 | 150,510,755 |
| End of year | \$ 144,354,628 | \$ 24,458,869 | \$ 168,813,497 |

SCHEDULES

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Schedule of Revenue and Expenses - Budget and Actual
For the year ended December 31, 2025

| | Year-to-date Actual | Budget 2025 | Variance – Favorable (Unfavorable) |
|---|------------------------|------------------------|--|
| Operating revenue: | | | |
| Annual charges to connectors | \$ 170,732,234 | 170,732,234 | \$ — |
| Environmental Attributes | 3,523,588 | 4,200,000 | (676,412) |
| Land application revenue | 118,077 | 145,000 | (26,923) |
| Other operating income | 3,646,809 | 3,450,000 | 196,809 |
| | <u>178,020,708</u> | <u>178,527,234</u> | <u>(506,526)</u> |
| Operating expenses: | | | |
| Operations and maintenance: | | | |
| Wastewater transmission | 3,106,606 | 2,005,000 | (1,101,606) |
| Wastewater treatment | 32,487,742 | 31,754,600 | (733,142) |
| Solids processing | 13,079,883 | 15,577,200 | 2,497,317 |
| Solids recycling | 12,305,934 | 12,711,000 | 405,066 |
| Technical management and support | 32,512,657 | 37,977,800 | 5,465,143 |
| Administrative and general | 41,093,203 | 43,601,600 | 2,508,397 |
| | <u>134,586,025</u> | <u>143,627,200</u> | <u>9,041,175</u> |
| Operating revenue in excess of expenses (excluding depreciation) | <u>43,434,683</u> | <u>34,900,034</u> | <u>8,534,649</u> |
| Nonoperating revenue: | | | |
| Interest | 7,710,621 | 5,081,096 | 2,629,525 |
| Other | 9,508,575 | — | 9,508,575 |
| Total nonoperating revenue | <u>17,219,196</u> | <u>5,081,096</u> | <u>12,138,100</u> |
| Nonoperating expenses: | | | |
| Capital (operations and management) | 866,203 | 720,000 | (146,203) |
| Debt service | 48,769,498 | 57,722,000 | 8,952,502 |
| | <u>49,635,701</u> | <u>58,442,000</u> | <u>8,806,299</u> |
| Revenue over expenses | <u>11,018,178</u> | <u>\$ (18,460,870)</u> | <u>\$ 29,479,048</u> |
| Reconciliation to change in net position: | | | |
| Add: | | | |
| Sewer connection fees | 51,422,439 | | |
| Capital outlay | 866,203 | | |
| Debt service | 48,769,498 | | |
| Capital asset, sewer and A&C interest | 781,694 | | |
| Net increase in the fair value of investments | 6,397,437 | | |
| Deduct: | | | |
| Depreciation | (68,648,268) | | |
| Interest expense included in debt service above | (15,242,144) | | |
| Interest expense leased equipment | (253) | | |
| Interest expense subscriptions | (160,030) | | |
| Nonoperating expenses | (5,712,037) | | |
| Lease expense | 78,105 | | |
| Subscription expense | 3,908,888 | | |
| OPEB expense | (875,795) | | |
| OPEB employer payments | 697,874 | | |
| OPEB contributions post measurement date | 246,371 | | |
| OPEB contributions post measurement date prior year | (250,925) | | |
| Compensated absences expense | (761,572) | | |
| Employer contribution expense | 11,229,490 | | |
| Pension expense | (6,392,413) | | |
| Increase in net position | <u>\$ 37,372,740</u> | | |

Capital (operations and management) only includes the portion of capital expenditures related to operations.
Additional capital expenditures are shown on Note 5.
See accompanying independent auditors' report.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Schedule of Operating Expenses - Budget and Actual
For the year ended December 31, 2025

| | <u>Year-to-date Actual</u> | <u>Budget 2025</u> | <u>Variance – Favorable (Unfavorable)</u> |
|----------------------------------|--------------------------------|------------------------|---|
| Operations and maintenance: | | | |
| Wastewater transmission: | | | |
| Personnel | \$ 2,256,933 | 1,390,000 | \$ (866,933) |
| Materials and fuel | 124,435 | 314,000 | 189,565 |
| Utilities | 199,489 | 224,000 | 24,511 |
| Outside services | 522,454 | 77,000 | (445,454) |
| Support services | 3,295 | — | (3,295) |
| | <u>3,106,606</u> | <u>2,005,000</u> | <u>(1,101,606)</u> |
| Wastewater treatment: | | | |
| Personnel | 16,452,960 | 13,783,900 | (2,669,060) |
| Materials and fuel | 2,354,306 | 2,297,000 | (57,306) |
| Chemicals | 4,931,088 | 5,730,000 | 798,912 |
| Utilities | 7,538,246 | 8,295,700 | 757,454 |
| Outside services | 936,332 | 1,419,500 | 483,168 |
| Support services | 274,810 | 228,500 | (46,310) |
| | <u>32,487,742</u> | <u>31,754,600</u> | <u>(733,142)</u> |
| Solids processing: | | | |
| Personnel | 1,872,294 | 4,569,800 | 2,697,506 |
| Materials and fuel | 1,909,717 | 1,075,000 | (834,717) |
| Chemicals | 4,721,295 | 6,266,000 | 1,544,705 |
| Utilities | 1,725,988 | 1,776,300 | 50,312 |
| Outside services | 2,850,589 | 1,890,100 | (960,489) |
| | <u>13,079,883</u> | <u>15,577,200</u> | <u>2,497,317</u> |
| Solids recycling: | | | |
| Personnel | 6,032,528 | 5,910,000 | (122,528) |
| Materials and fuel | 2,677,170 | 3,707,000 | 1,029,830 |
| Chemicals | 1,500,000 | 1,800,000 | 300,000 |
| Utilities | 18,064 | 56,000 | 37,936 |
| Outside services | 2,070,912 | 1,238,000 | (832,912) |
| Support services | 7,260 | — | (7,260) |
| | <u>12,305,934</u> | <u>12,711,000</u> | <u>405,066</u> |
| Total operations and maintenance | <u>60,980,165</u> | <u>62,047,800</u> | <u>1,067,635</u> |

continued on next page

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Schedule of Operating Expenses - Budget and Actual
For the year ended December 31, 2025

| | <u>Year-to-date Actual</u> | <u>Budget 2025</u> | <u>Variance – Favorable (Unfavorable)</u> |
|--|--------------------------------|------------------------|---|
| Technical Management and Support: | | | |
| Operations and Maintenance: | | | |
| Personnel (1) | \$ 9,632,466 | 11,002,200 | \$ 1,369,734 |
| Materials and fuel | 1,565,250 | 1,998,000 | 432,750 |
| Outside services | 1,489,047 | 3,246,200 | 1,757,153 |
| Support services | 155,178 | 220,000 | 64,822 |
| | <u>12,841,941</u> | <u>16,466,400</u> | <u>3,624,459</u> |
| Resource recovery and reuse: | | | |
| Personnel | 2,421,145 | 2,181,400 | (239,745) |
| Materials and fuel | 425,747 | 575,000 | 149,253 |
| Outside services | 46,796 | 54,000 | 7,204 |
| Support services | 115,254 | 143,500 | 28,246 |
| | <u>3,008,942</u> | <u>2,953,900</u> | <u>(55,042)</u> |
| Laboratory: | | | |
| Personnel | 7,586,768 | 7,217,000 | (369,768) |
| Materials and fuel | 1,228,741 | 1,290,000 | 61,259 |
| Outside services | 1,533,511 | 1,676,600 | 143,089 |
| Support services | 67,545 | 102,400 | 34,855 |
| | <u>10,416,565</u> | <u>10,286,000</u> | <u>(130,565)</u> |
| Engineering: | | | |
| Personnel (1) | 5,953,566 | 7,788,000 | 1,834,434 |
| Materials and fuel | 22,851 | 20,800 | (2,051) |
| Outside services | 172,483 | 297,600 | 125,117 |
| Support services | 96,309 | 165,100 | 68,791 |
| | <u>6,245,209</u> | <u>8,271,500</u> | <u>2,026,291</u> |
| Total technical management and support | <u>32,512,657</u> | <u>37,977,800</u> | <u>5,465,143</u> |

continued on next page

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Schedule of Operating Expenses - Budget and Actual
For the year ended December 31, 2025

| | Year-to-date Actual | Budget 2025 | Variance – Favorable (Unfavorable) |
|----------------------------------|--------------------------------|------------------------|---|
| Administrative and general: | | | |
| Personnel (1) | \$ 26,963,400 | 26,844,700 | \$ (118,700) |
| Materials and fuel | 928,099 | 926,700 | (1,399) |
| Outside services | 7,870,222 | 9,788,700 | 1,918,478 |
| Support services | 5,331,482 | 6,041,500 | 710,018 |
| Total administrative and general | 41,093,203 | 43,601,600 | 2,508,397 |
| Total operating system | 134,586,025 | 143,627,200 | 9,041,175 |
| Capital Outlay | 866,203 | 720,000 | (146,203) |
| Total Metro system | \$ 135,452,228 | \$ 144,347,200 | \$ 8,894,972 |

(1) Personnel has been decreased by \$2,378,286 to reflect costs relating to capital projects that were capitalized during 2025

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

See accompanying independent auditors' report.



Platte River Suspended Interceptor

III. STATISTICAL SECTION

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

Index

This section of the annual comprehensive 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 | 86 |
| | These schedules contain trend information to help the reader understand how Metro's financial performance and well-being have changed over time. | |
| | <i>Net Position by Component</i> | |
| | <i>Changes in Net Position</i> | |
| | <i>Annual Revenue by Source</i> | |
| | <i>Annual Expenses by Type</i> | |
| | <i>Nonoperating Revenues and Expenses</i> | |
| II. | Revenue Capacity..... | 91 |
| | These schedules contain information to help the reader assess Metro's most significant revenue sources. | |
| | <i>Wastewater Treated</i> | |
| | <i>Annual Sewer Connections</i> | |
| | <i>Number of Sewer Customers by Type</i> | |
| | <i>Ten Largest Customers</i> | |
| III. | Debt Capacity | 95 |
| | 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. | |
| | <i>Pledged Revenue Coverage</i> | |
| | <i>Ratios of Outstanding Debt</i> | |
| IV. | Demographic and Economic Information..... | 97 |
| | These schedules offer demographic and economic indicators to help the reader understand the environment within which Metro's financial activities take place. | |
| | <i>Demographic and Economic Statistics</i> | |
| | <i>Ten Largest Employers</i> | |
| V. | Operating Information..... | 99 |
| | 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. | |
| | <i>Number of Employees by Activity</i> | |
| | <i>Operating Indicators by Function/Program</i> | |

Metro Water Recovery
 For the Years Ended December 31, 2025 and 2024
 Statistical Section

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|---------------------|----------------|
| | 2025 | 2024 as restated | 2023 as restated | 2022 as restated | 2021 as restated | 2020 as restated | 2019 as restated | 2018 | 2017 ⁽¹⁾ | 2016 |
| Net Position by Component (Last Ten Fiscal Years) (Unaudited) | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | |
| Net Investment in capital assets | \$ 950,793,310 | \$ 855,321,562 | \$ 775,236,672 | \$ 752,323,636 | \$ 642,950,327 | \$ 571,939,001 | \$ 646,389,366 | \$ 571,522,642 | \$ 510,877,257 | \$ 460,051,937 |
| Restricted - bonds | 35,209,173 | 35,841,941 | 62,460,754 | 60,847,191 | 153,506,900 | 192,488,379 | 32,330,709 | 31,052,196 | 29,921,766 | 30,015,798 |
| Unrestricted | 189,122,754 | 246,588,994 | 267,022,815 | 229,157,994 | 215,758,672 | 221,685,836 | 263,659,868 | 293,952,857 | 296,623,363 | 300,634,133 |
| Total Enterprise Fund net position | \$ 1,175,125,237 | \$ 1,137,752,497 | \$ 1,104,720,241 | \$ 1,042,328,821 | \$ 1,012,215,899 | \$ 986,113,216 | \$ 942,379,943 | \$ 896,527,695 | \$ 837,422,386 | \$ 790,701,868 |

(1) As restated for implementation of GASB No. 75.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

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

| <u>Fiscal Year</u> | <u>Operating revenue</u> | <u>Operating expenses</u> | <u>Operating income (loss)</u> | <u>Nonoperating revenues/ expenses</u> | <u>Income/Loss before capital contributions</u> | <u>Capital contributions and special items (1)</u> | <u>Change in net position</u> |
|--------------------|------------------------------|-------------------------------|------------------------------------|--|---|--|---------------------------------------|
| 2016 | \$ 127,174,092 | \$ 103,622,742 | \$ 23,551,350 | \$ (14,230,026) | \$ 9,321,324 | \$ 54,064,758 | \$ 63,386,082 |
| 2017 | (1) 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 | (2) 138,461,087 | 140,420,373 | (1,959,286) | (6,594,665) | (8,553,951) | 52,287,224 | 43,733,273 |
| 2021 | (3) 137,264,264 | 149,908,146 | (12,643,882) | (20,452,127) | (33,096,009) | 59,198,692 | 26,102,683 |
| 2022 | (4) 141,017,485 | 167,307,953 | (26,290,468) | (25,264,941) | (51,555,409) | 81,668,331 | 30,112,922 |
| 2023 | (5) 149,446,942 | 183,893,023 | (34,446,081) | (5,310,376) | (39,756,457) | 103,411,193 | 63,654,736 |
| 2024 | (6) 163,258,781 | 189,029,986 | (25,771,205) | 1,013,465 | (24,757,740) | 57,789,996 | 33,032,256 |
| 2025 | 178,020,708 | 195,354,269 | (17,333,561) | 3,283,862 | (14,049,699) | 51,422,439 | 37,372,740 |

- (1) As restated for implementation of GASB No. 75.
- (2) As restated for depreciation adjustment.
- (3) As restated for implementation of GASB No. 87.
- (4) As restated for implementation of GASB No. 96.
- (5) As restated for implementation of GASB No. 101.
- (6) As restated for accounting error.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

| Fiscal Year | Annual charges to connectors | Other operating revenue | Sewer connection fees | Investment revenue (expense) | Other nonoperating revenue and special items | Total revenue |
|-------------|------------------------------------|-------------------------------|-----------------------------|---------------------------------|---|------------------|
| 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 |
| 2022 | 138,149,640 | 2,867,845 | 81,668,331 | (8,647,961) | 3,654,209 | 217,692,064 |
| 2023 | 145,057,122 | 4,389,820 | 103,411,193 | 16,816,216 | 5,317,758 | 274,992,109 |
| 2024 | 155,211,121 | 8,047,660 | 57,789,996 | 14,353,248 | 7,455,915 | 242,857,940 |
| 2025 | 170,732,234 | 7,288,474 | 51,422,439 | 14,889,752 | 8,447,499 | 252,780,398 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024
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 |
|-------------|-------------------------|----------------------|-------------------|------------------|----------------------|---------------------|------------------------------------|----------------------------|---------------|----------------------------|---------------|--------------------------|-----------------------|----------------|
| | | | | | | | Support operations and maintenance | Administrative and general | Depreciation | | | | | |
| 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 (1) | 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 (2) | 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 (3) | 1,648,306 | 20,930,548 | 9,912,537 | 9,400,521 | 4,687,119 | 6,882,740 | 11,560,117 | 24,478,492 | 60,407,766 | 149,908,146 | 20,145,870 | 170,054,016 | | |
| 2022 (4) | 1,765,837 | 26,386,056 | 12,253,331 | 10,095,105 | 5,582,265 | 6,547,625 | 13,079,486 | 28,666,329 | 62,931,919 | 167,307,953 | 16,624,047 | 183,932,000 | | |
| 2023 (5) | 1,965,455 | 28,439,003 | 12,122,840 | 11,358,034 | 6,051,764 | 6,623,738 | 14,665,749 | 33,359,363 | 69,307,077 | 183,893,023 | 27,444,350 | 211,337,373 | | |
| 2024 (6) | 2,246,470 | 32,004,483 | 12,084,967 | 10,931,386 | 6,125,059 | 7,059,175 | 13,397,259 | 39,111,484 | 66,069,703 | 189,029,986 | 20,795,698 | 209,825,684 | | |
| 2025 | 3,039,534 | 31,866,595 | 12,856,882 | 12,023,835 | 5,858,858 | 10,067,260 | 15,211,674 | 35,781,363 | 68,648,268 | 195,354,269 | 20,053,389 | 215,407,658 | | |

- (1) As restated for implementation of GASB No. 75.
- (2) As restated for depreciation adjustment.
- (3) As restated for implementation of GASB No. 87.
- (4) As restated for implementation of GASB No. 96.
- (5) As restated for implementation of GASB No. 101.
- (6) As restated for accounting error.

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.
 Approximately \$1.6 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2022.
 Approximately \$1.6 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2023.
 Approximately \$1.5 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2024.
 Approximately \$2.4 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2025.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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) |
|-------------|-----------------------------------|---------------------|---------------------------|---|---|--------------------------------|--|
| 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 | (2,134,012) | (18,677,902) | - | 1,804,018 | (1,270,399) | (173,832) | (20,452,127) |
| 2022 | (8,647,961) | (18,256,571) | - | 1,795,393 | 97,177 | (61,932) | (25,073,894) |
| 2023 | 16,816,216 | (17,740,168) | - | 1,803,674 | 125,132 | (6,315,230) | (5,310,376) |
| 2024 | 14,353,248 | (17,229,387) | - | 1,795,393 | 299,547 | 1,794,664 | 1,013,465 |
| 2025 | 14,889,752 | (15,402,427) | - | 448,848 | (775,179) | 4,122,868 | 3,283,862 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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) |
|--------------------|---|--|--|
| 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 |
| 2022 | 131.5 | 138.1 | 1.1 |
| 2023 | 141.0 | 145.1 | 1.0 |
| 2024 | 137.0 | 155.2 | 1.1 |
| 2025 | 139.0 | 170.7 | 1.2 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

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

| Fiscal year | Total sewer single family residential equivalent connections | Cost per single family residential equivalent |
|-------------|--|--|
| 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 |
| 2022 | 17,339 | 4,710 |
| 2023 | 20,197 | 5,120 |
| 2024 | 10,447 | 5,520 |
| 2025 | 8,726 | 5,910 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

Number of Sewer Customers by Type

(Last Ten Fiscal Years)

(Unaudited)

| Fiscal year | Municipalities | Special connectors | Industrial | Total |
|--------------------|-----------------------|-------------------------------|-------------------|--------------|
| 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 |
| 2022 | 23 | 26 | 1 | 50 |
| 2023 | 23 | 27 | 1 | 51 |
| 2024 | 23 | 27 | 1 | 51 |
| 2025 | 23 | 27 | 1 | 51 |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

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

| Customer | Fiscal year 2025 | |
|--|-------------------------|-------------------|
| | Sewer revenue | |
| | Amount | Percentage |
| City and County of Denver | \$ 68,431,793 | 40.1% |
| City of Aurora | 36,873,160 | 21.6% |
| City of Thornton | 12,740,902 | 7.5% |
| City of Arvada | 9,891,364 | 5.8% |
| City of Lakewood | 3,570,772 | 2.1% |
| Bancroft-Clover Water and Sanitation District | 3,044,165 | 1.8% |
| Green Mountain Water and Sanitation District | 3,039,931 | 1.8% |
| City of Brighton | 2,916,804 | 1.7% |
| South Adams County Water and Sanitation District | 2,772,116 | 1.6% |
| City of Westminster | 2,764,549 | 1.6% |
| Subtotal (10 largest) | 146,045,556 | 85.6% |
| Balance from other customers | 24,686,678 | 14.4% |
| Grand Totals | \$ 170,732,234 | 100.0% |

| Customer | Fiscal year 2016 | |
|---|-------------------------|-------------------|
| | Sewer revenue | |
| | Amount | Percentage |
| City and County of Denver | \$ 49,197,801 | 39.5% |
| City of Aurora | 27,583,289 | 22.1% |
| City of Thornton | 9,573,144 | 7.7% |
| City of Arvada | 7,552,684 | 6.1% |
| Bancroft-Clover Water and Sanitation District | 2,883,020 | 2.3% |
| City Westminster | 2,782,245 | 2.2% |
| City of Lakewood | 2,488,544 | 2.0% |
| Green Mountain Water and Sanitation District | 2,291,235 | 1.8% |
| North Washington Street Water and Sanitation District | 1,889,081 | 1.5% |
| Cherry Creek Valley Water and Sanitation District | 1,514,655 | 1.2% |
| Subtotal (10 largest) | 107,755,698 | 84.4% |
| Balance from other customers | 16,800,315 | 15.6% |
| Grand Totals | \$ 124,556,013 | 100.0% |

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024
Statistical Section

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

| Fiscal year | Operating revenues | Sewer connection fees | Interest on Investments | Gross revenues (3) | Less operating expenses (1) | Net available revenues | Debt service - revenue bonds | | Coverage ratio |
|-------------|--------------------|-----------------------|-------------------------|--------------------|-----------------------------|------------------------|------------------------------|---------------|----------------|
| | | | | | | | Principal | Interest (2) | |
| 2016 | \$ 127,174,092 | \$ 54,064,758 | \$ 110,946 | \$ 181,349,796 | \$ 66,325,434 | \$ 115,024,362 | \$ 21,620,000 | \$ 24,445,259 | 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 | 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 | 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 | 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 | 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 | 2.23 |
| 2022 | 141,017,485 | 81,668,331 | (8,647,961) | 214,037,855 | 102,158,850 | 111,879,005 | 27,675,000 | 21,239,175 | 2.29 |
| 2023 | 149,446,942 | 103,411,193 | 16,816,216 | 269,674,351 | 116,498,369 | 153,175,982 | 28,585,000 | 20,079,253 | 3.15 |
| 2024 | 163,258,781 | 57,789,996 | 14,353,248 | 235,402,025 | 126,712,403 | 108,689,622 | 29,440,000 | 19,036,892 | 2.24 |
| 2025 | 178,020,708 | 51,422,439 | 14,889,752 | 244,332,899 | 134,586,025 | 109,746,874 | 31,085,000 | 17,684,498 | 2.25 |

(1) Operating expenses include capitalized wages and capital outlay, excluding depreciation. Source: ACFR Schedule of Operating Expenses - Budget and Actual

(2) Net of 2009B BABS interest refund.

(3) As restated for implementation of GASB No. 75 2017.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

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

| Fiscal Year | Outstanding principal - revenue bonds (thousands of dollars) | Outstanding principal - SBITA & Leases Leases (thousands of dollars) (1) | Outstanding principal - total (thousands of dollars) | Personal income (thousands of dollars) | Per capita personal income | Outstanding principal debt to personal income |
|----------------|--|---|--|---|----------------------------------|--|
| 2016 | \$ 618,786 | \$ - | \$ 618,786 | \$ 162,316,535 | \$ 56,892 | 0.38% |
| 2017 | 594,280 | - | 594,280 | 172,311,400 | 59,660 | 0.34% |
| 2018 | 569,574 | - | 569,574 | 188,515,221 | 64,287 | 0.30% |
| 2019 | 539,842 | - | 539,842 | 199,503,851 | 67,236 | 0.27% |
| 2020 | 670,292 | - | 670,292 | 208,852,979 | 69,822 | 0.32% |
| 2021 | 640,358 | 5,072 | 645,430 | 232,306,241 | 78,150 | 0.28% |
| 2022 | 610,292 | 3,077 | 613,369 | 262,826,523 | 81,015 | 0.23% |
| 2023 | 579,765 | 1,727 | 581,492 | 289,008,043 | 89,297 | 0.20% |
| 2024 | 548,949 | 1,565 | 550,514 | 332,715,270 | 112,290 | 0.17% |
| 2025 | 517,629 | 1,418 | 519,047 | N/A | N/A | N/A |

N/A: not available at time of compilation

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

(1) Implementation of GASB 87 in 2022 and GASB 96 in 2023.

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

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 |
|-------------|----------------|---|----------------------------------|----------------------|
| 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 | 2,972,566 | 232,306,241 | 78,150 | 4.2% |
| 2022 | 2,963,000 | 262,826,523 | 88,703 | 2.8% |
| 2023 | 2,931,000 | 289,008,043 | 98,604 | 3.2% |
| 2024 | 2,963,000 | 332,715,270 | 112,290 | 3.6% |
| 2025 | 2,995,000 | N/A | N/A | 3.8% |

(1) Represents the population of Metropolitan Denver.

N/A: not available at time of printing

Source: U.S. Bureau of Economic Analysis, U.S. Department of Labor, Metro Denver EDC

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024

Statistical Section

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

| Employer | 2025 | | |
|---------------------------------|-----------|----------------------------|------|
| | Employees | Percentage of total (1) | Rank |
| Denver Public Schools | 15,000 | 0.91% | 1 |
| UCHealth | 13,190 | 0.80 | 2 |
| City and County of Denver | 12,700 | 0.77 | 3 |
| Amazon | 12,360 | 0.75 | 4 |
| HealthONE Corporation | 12,160 | 0.74 | 5 |
| Jefferson County Public Schools | 11,100 | 0.67 | 6 |
| Centura Health | 10,740 | 0.65 | 7 |
| Intermountain Healthcare | 10,000 | 0.61 | 8 |
| Lockheed Martin Corporation | 9,320 | 0.56 | 9 |
| Comcast | 8,080 | 0.49 | 10 |
| Total | 114,650 | | |

| Employer | 2016 | | |
|------------------------------|-----------|----------------------------|------|
| | Employees | Percentage of total (2) | Rank |
| HealthONE Corporation | 11,960 | 0.74% | 1 |
| Centura System | 9,450 | 0.58 | 2 |
| SCL Health System | 9,060 | 0.56 | 3 |
| Lockheed Martin Corporation | 7,460 | 0.46 | 4 |
| UC Health | 6,770 | 0.42 | 5 |
| Comcast Corporation | 6,760 | 0.42 | 6 |
| Kaiser Permanente | 6,420 | 0.40 | 7 |
| Children's Hospital Colorado | 6,100 | 0.38 | 8 |
| CenturyLink | 5,840 | 0.36 | 9 |
| United Airlines | 5,500 | 0.34 | 10 |
| Total | 75,320 | | |

Source: Metro Denver Economic Development Corporation; U.S. Bureau of Labor Statistics

(1) Total employed - 2025 1,650,200

(2) Total employed - 2016 1,620,700

Metro Water Recovery
For the Years Ended December 31, 2025 and 2024
Statistical Section

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

| | Full-time-equivalent employees as of December 31, | | | | | | | | | |
|---|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020* | 2019 | 2018 | 2017 | 2016* |
| Administrative Services | 30.00 | 30.00 | 28.00 | 29.00 | 52.00 | 56.00 | 63.00 | 62.00 | 58.00 | 59.00 |
| Comprehensive Planning | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 3.00 | - | - | - | - |
| Engineering | 49.00 | 48.00 | 49.00 | 49.75 | 44.75 | 44.75 | 39.75 | 38.00 | 36.75 | 37.75 |
| Environmental Services | 80.00 | 72.00 | 72.00 | 78.00 | 71.00 | 81.00 | 77.00 | 70.00 | 68.50 | 70.50 |
| External Affairs (regorganzied) | 5.00 | - | - | - | - | - | - | - | - | - |
| Human Resources | 14.00 | 14.00 | 13.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 5.00 |
| Information Technology | 26.00 | 29.00 | 26.00 | 25.00 | - | - | - | - | - | - |
| Maintenance | 80.00 | 71.00 | 73.00 | 72.00 | 69.00 | 72.00 | 79.00 | 79.00 | 69.00 | 73.00 |
| Northern Treatment Plant | 34.00 | 30.00 | 27.00 | 21.00 | 19.00 | 21.00 | - | - | - | - |
| Legal | 5.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Office of the Chief Executive Officer | 10.00 | 9.00 | 8.00 | 7.00 | 7.00 | 4.00 | 4.00 | 3.00 | 2.00 | 3.00 |
| Operations | 42.00 | 41.00 | 36.00 | 38.00 | 36.00 | 35.00 | 46.00 | 45.00 | 42.00 | 46.00 |
| Resource Recovery & Reuse | 72.00 | 68.00 | 67.00 | 62.00 | 61.00 | 66.00 | 70.00 | 73.00 | 72.00 | 71.00 |
| Strategy & Communication (regorganzied) | 10.00 | 15.00 | 12.00 | 9.00 | 8.00 | 8.00 | - | - | - | - |
| Technology & Innovation | 21.00 | 19.00 | 18.00 | 19.00 | 19.00 | 7.00 | 15.00 | 16.00 | 12.00 | 9.00 |
| Total | 483.00 | 454.00 | 437.00 | 429.75 | 405.75 | 411.75 | 407.75 | 400.00 | 374.25 | 376.25 |

* 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, 2025 and 2024
Statistical Section

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

| Function/Program: | Fiscal Year | | | | | | | | | |
|-----------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Wastewater Treatment | | | | | | | | | | |
| Number of Wastewater Plants | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Treatment Capacity (mgd) (1) | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 |
| Average Flow Treated (mgd) (1) | 139 | 137 | 141 | 132 | 135 | 129 | 133 | 129 | 133 | 137 |
| BOD (tpd) (2) (3) | 158 | 148 | 167 | 165 | 169 | 168 | 171 | 162 | 160 | 166 |
| TSS (tpd) (4) | 133 | 125 | 130 | 142 | 171 | 171 | 186 | 170 | 181 | 171 |
| Flow Permit Limits | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 | 249 |
| BOD Permit Limits | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 | 240 |
| Biosolids: | | | | | | | | | | |
| Dry tons distributed | 33,007 | 32,639 | 31,718 | 26,844 | 28,895 | 29,983 | 29,338 | 30,621 | 30,149 | 29,640 |
| Truck miles driven | 993,677 | 1,083,890 | 956,530 | 829,538 | 873,294 | 873,054 | 907,080 | 866,302 | 890,286 | 867,581 |
| Truck loads | 8,155 | 8,024 | 7,726 | 6,421 | 6,841 | 6,957 | 6,843 | 7,173 | 7,005 | 6,622 |
| Acres biosolids applied to | 12,620 | 14,461 | 19,861 | 12,668 | 12,850 | 15,786 | 13,697 | 13,360 | 13,975 | 16,537 |
| Facility inspection: | | | | | | | | | | |
| Line cleaning - feet | 166,406 | 168,432 | 152,106 | 169,271 | 153,490 | 205,392 | 179,636 | 181,607 | 183,216 | 189,260 |
| Surface inspection - number | 2,089 | 2,332 | 2,362 | 2,114 | 2,352 | 2,255 | 2,502 | 2,478 | 2,624 | 2,788 |
| TV inspection - feet | 160,783 | 57,235 | 159,983 | 118,782 | 81,893 | 138,336 | 106,617 | 129,479 | 114,576 | 176,982 |
| Cogeneration production: | | | | | | | | | | |
| Energy output - kwhs (5) | 39,769,200 | 40,611,200 | 40,773,600 | 41,434,839 | 39,841,191 | 33,152,566 | 34,023,964 | 31,765,767 | 28,792,361 | 30,421,280 |
| Metro-wide personnel at year-end: | 483.00 | 454.00 | 437.00 | 429.75 | 405.75 | 411.75 | 407.75 | 400.00 | 374.25 | 376.25 |

- (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



Tour group at the aeration basins at Robert W. Hite Treatment Facility



Accounting team was featured in "Meet the Team" in August 2025.



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