METRO WATER RECOVERY

STATE OF COLORADO

Robert W Hite Treatment Plant, taken in 2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended December 31, 2022 and 2021

METRO WATER RECOVERY

STATE OF COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED

DECEMBER 31, 2022 AND 2021

PREPARED BY:

DEPARTMENT OF ADMINISTRATIVE SERVICES

Metro's new education mascot – an orange-spotted sunfish

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I. INTRODUCTORY SECTION

William J. (Mickey) Conway, Chief Executive Officer

March 31, 2023

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, 2022 and 2021 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Metro Management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of Metro's two reporting funds--the Enterprise Fund and the Fiduciary Fund. All disclosures necessary to allow the reader to gain an understanding of Metro's financial activities have been included. Management's Discussion and Analysis in the Financial Section provides an overview and analysis of the financial activities for the years ended December 31, 2022 and 2021.

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

Metro, a political entity authorized by the State of Colorado, was organized on May 15, 1961 for the purpose of constructing and operating a wastewater transmission and disposal system in the greater Denver metropolitan area. Metro's original 20 municipal and special district members (Member Municipalities) collect wastewater and deliver it to Metro's interceptor lines. An additional 31 municipalities and special districts (Special Connectors) which collect and deliver wastewater to Metro's interceptor system have been added since Metro's inception. Metro treats an average of 135 million gallons per day (mgd) of wastewater for the Member Municipalities and Special Connectors at its Robert W. Hite Treatment Facility (RWHTF) and the Northern Treatment Plant (NTP). The NTP, located in Brighton, Colorado, began treating wastewater in October 2016. Most of Metro's biosolids are land applied as a soil amendment on more than 300 permitted sites, including Metro's 52,000 acre METROGRO Farm.

Metro's service area totals approximately 715 square miles, located in all or part of six counties: Adams, Arapahoe, Denver, Douglas, Jefferson, and Weld. In 2022, the six-county area had an estimated total population of 3.2 million of which Metro estimates it serves an approximate population of 2.2 million.

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 2022 expects that Metro Denver to continue with positive growth. Colorado and the Metro Denver area continues to see growth in the labor market as well as consumer spending habits, which continues to shift towards services. Inflation has been one major disruption to the economy in 2022, which has caused some drag on Colorado's economy with the rise of housing prices. The Federal Reserve adopted significant interest rate increases throughout 2022 to combat inflation. Some economists predict a pullback on rate hikes in 2023 as recessionary times may be on the horizon.

Metro Water Recovery experienced the impacts from the current economic cycle in 2022. Metro continues to experience higher prices for materials and fuels, chemicals, utilities, and significant escalation of capital project costs. Local unemployment rates remain low, which has led to labor shortages accompanied by higher-than-average turnover rates. In the operating budget for 2022, salaries savings from vacant positions are helping to offset higher prices in other categories. Additionally, some areas will need additional outside services to assist with vacant positions.

Fortunately, Sewer Connection Charge revenue in 2022 and 2021 did not seem to be affected by the economic conditions in 2022. Growth in Metro Denver construction continued at the same pace in 2022 as it did in 2021 plus Metro received a significant buy-in of sewer connection charges from Fort Lupton, as a new connector. Therefore, the Sewer Connection Charges revenues received were more than the projections in 2022 and 2021.

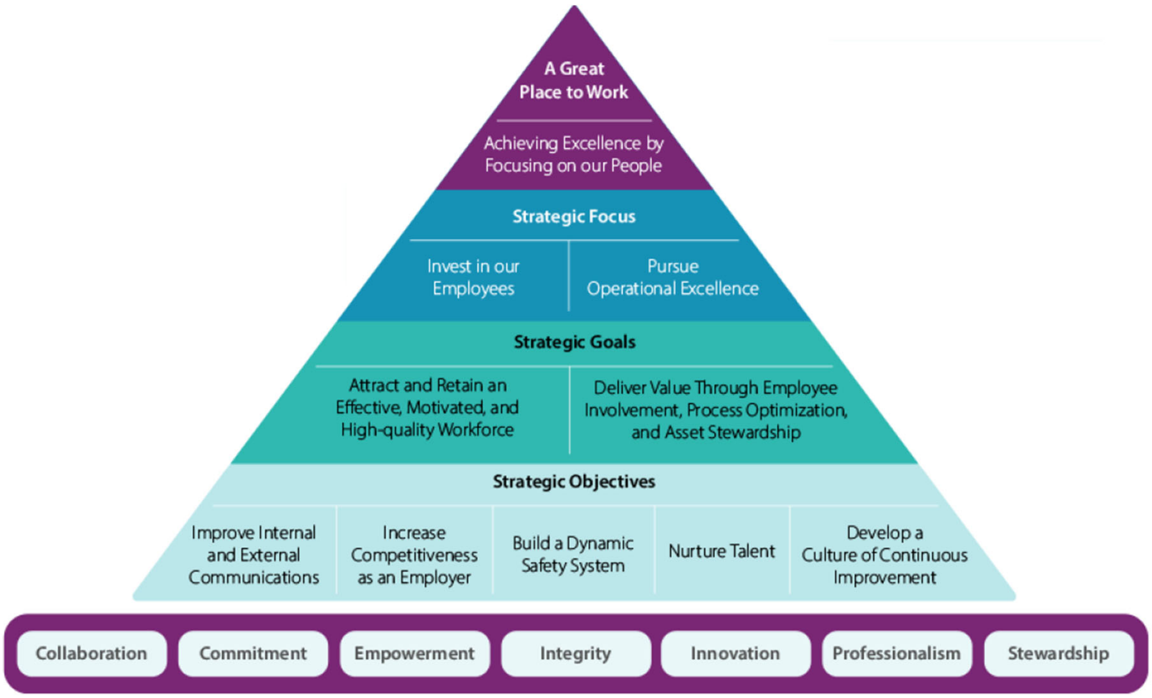
Metro continues to track a variety of economic conditions which may affect future operations and budget projections. 2022 saw continued turnover of employment and Metro turnover rate, at times, was above the strategic target. Wages and benefits are increasing at a rate higher than has been experienced in quite some time. Metro is also watching prices of chemicals, utilities, and maintenance contracts as supply chain and inflationary pressures continue through the region.

MAJOR INITIATIVES

Strategic Planning

Over the past year, Metro has been working to update its Strategic Plan (originally adopted in 2016) to enhance its value to the organization and provide strategic guidance for the future. This update has been focused on organizational values and strategic pillars that will guide Metro's work in the next several years. This is anticipated to be complete by mid-2023.

Additionally in 2022, Metro staff has continued to use the guidance of Metro's 6.0 Strategic Focus initiated in 2018. This initiative identified two of the Strategic Plan goals on which Metro will focus in the near term.



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

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

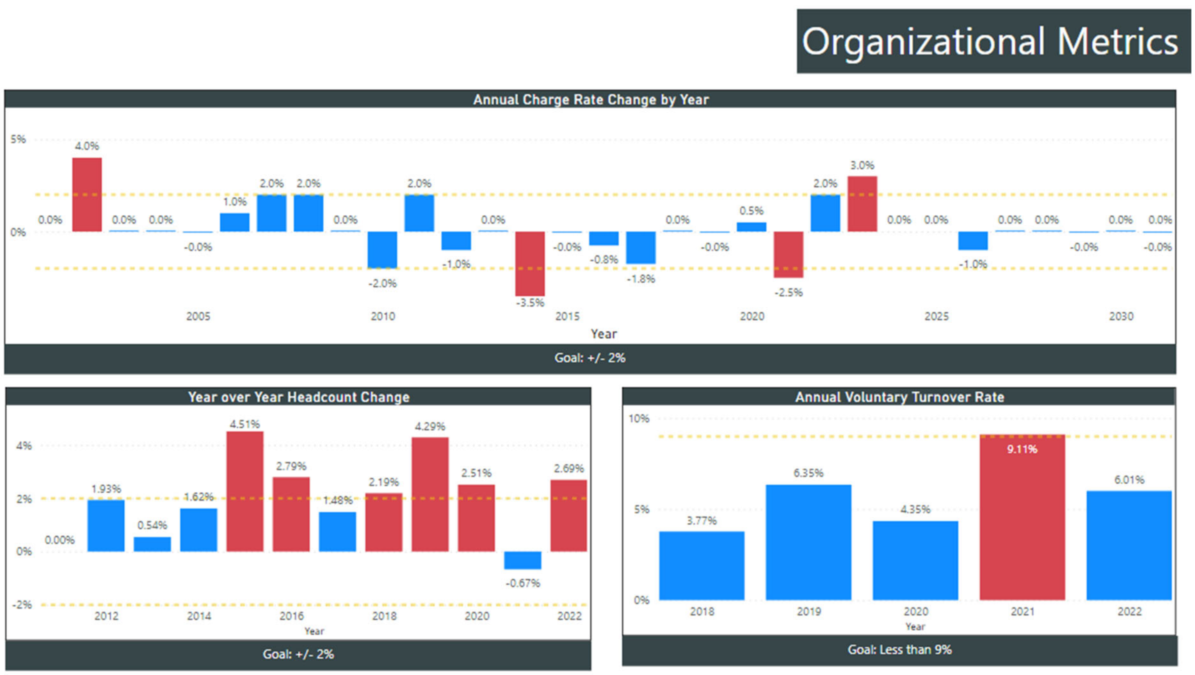
During 2022, one new program in support of leadership-at-all-levels was successfully launched. This is the Metro Supervisory Academy, which is an internally designed one-day supervisory academy was conceptualized, launched, and implemented with roughly 50 percent of the content focused on best practices and thought leadership regarding supervision and 50 percent focused on Metro Water Recovery-specific policies, practices, and context. During 2022, 51 Supervisors (60 percent of all non-Senior Management Team [SMT]/Executive Leadership Team [ELT] supervisory staff) have completed this program with positive feedback.

Purchasing Policy Update

In 2022, Metro Water Recovery staff engaged in a review of the current purchasing policies and determined changes are needed to provide for additional purchasing flexibility, add clarification for certain items, and incorporate industry and current business practices. Additionally, staff was concurrently reviewing and updating the purchasing procedures, to be updated to match the policy revisions as well as provide additional guidance and clarifications for purchasing and contract activities. Once approved in early 2023, purchasing staff will be providing training to all staff on the Policy and the Purchasing and Contracting Procedures. It is anticipated staff training will be complete in the spring of 2023.

Strategic Organization Metrics for 2023

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



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.

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 2022 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, 2022 and 2021.

CAPITAL FINANCING POLICY

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

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

Metro is currently planning to expend over $960 million through 2033 to rebuild aging facilities, pay for needed improvements due to increased regulations, and build additional infrastructure to address growth throughout its service area. At this time, Metro anticipates cash financing most of these improvements with a potential bond issue in 2024.

INDEPENDENT AUDIT

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

AWARDS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Metro Water Recovery for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the 34th consecutive year (1987-2020) 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. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,

Mickey Conway, Chief Executive Officer

Molly Kostelecky, Chief Financial Officer

Paul Parodi, Senior Accounting Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metro Water Recovery
Colorado

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

METRO OFFICIALS

BOARD OF DIRECTORS

Officers of the Board

Andrew Johnston	:	Chair
Sarah Niyork	:	Chair Pro Tem
Delbert Smith	:	Treasurer
Jo Ann Giddings	:	Secretary

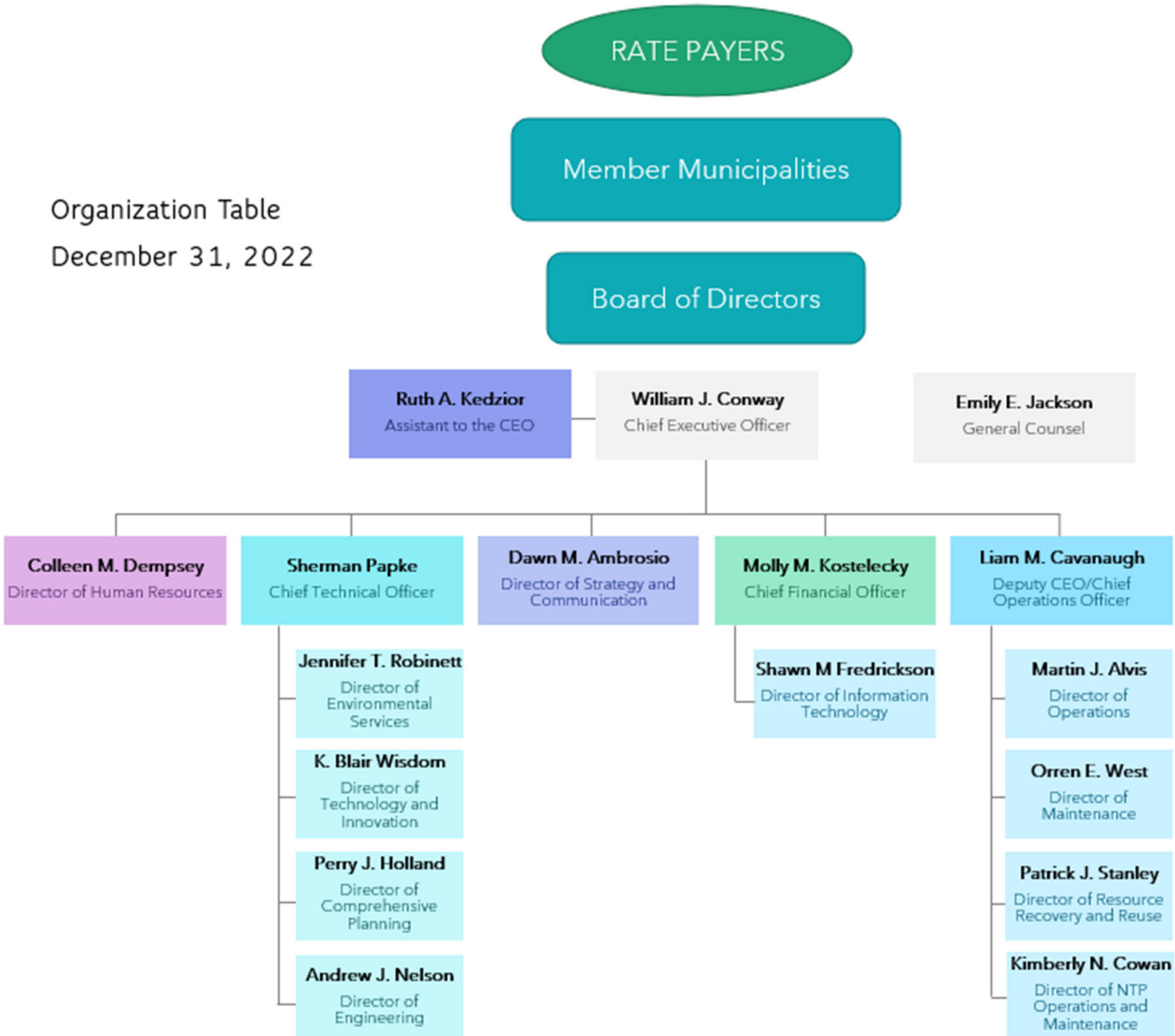
Members of the Board

Curt Aldstadt	Mary Gearhart	Bill Ray
Peter Baertlein	Joan Iler	Robert Roth
Greg Baker Philip	Janet Kieler	Kim Schoen
Burgi Nadine	Craig Kocian	Greg Sekera
Caldwell John	Laura Kroeger	Peter Spanberger
Chavez David	Doug Lazure	Mary Beth Susman
Councilman	Bob LeGare	Amerigo Svaldi
Deborah Crisp G.	Charles Long	Dennis Towndrow
Clark Davenport	Jamie Miller	Scott Twombly
James DeHerrera	Charlie Miller	Jennifer Williams
Robert Duncanson	Steve Pott	Ronald Younger

Staff Officials

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

Organization Table
December 31, 2022



Employees by Department

Maintenance	72.00
Northern Treatment Plant	21.00
Operations	38.00
Resource Recovery and Reuse	62.00
Administrative Services	29.00
Comprehensive Planning	5.00
Engineering	49.75
Environmental Services	78.00
Human Resources	12.00
Information Technology	25.00
Office of the CEO	7.00
Office of the General Counsel	3.00
Strategy and Communication	9.00
Technology and Innovation	19.00
Total	429.75

II. FINANCIAL SECTION

MOSSADAMS

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 fund as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 Metro's enterprise fund and pension trust fund as of December 31, 2022 and 2021, 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metro 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

As discussed in Note 2(p) to the financial statements, Metro Water Recovery adopted the provisions of Government Accounting Standards Board Statement No. 87, *Leases*, effective January 1, 2021. The financial statements of the enterprise fund for the year ended December 31, 2021 have been retroactively restated in accordance with the requirements of the new accounting standard. 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metro's basic financial statements. The Combining Statement of Net Position – Fiduciary Funds and Combining Statement of Changes in Net Position – Fiduciary Funds 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 auditing standards generally accepted in the United States of America. 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 Schedules of Revenue and Expenses – Budget and Actual, Schedules of Operating Expenses – Budget and Actual, 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, 2023 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.

Moss Adams LLP

Denver, Colorado
March 30, 2023

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, 2022 and 2021. This discussion and analysis is presented for Metro's primary operations.

Financial Highlights

- Metro's net position of $1,042 million at December 31, 2022 increased during 2022 by $30 million or approximately 3.0%.
- Sewer connection fees increased $22 million, or 38.0%, totaling $82 million in 2022 due primarily to the buy-in payment from a new Connector.
- Total operating expenses increased $17.7 million in 2022 due primarily inflation and economic factors. The national average for CPI amounted to 6.4% in 2022, which caused significant price increases to a variety of key expenses includes salaries and benefits, utilities, chemicals and maintenance materials and fuel.

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.

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

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

Financial Analysis of Metro's Operations

As previously noted, net position may serve over time as a useful indicator of an entity's financial position. In the case of Metro, assets plus deferred outflows of resources, exceeded liabilities plus deferred inflows of resources by $1,042 million at December 31, 2022 and $1,012 million at December 31, 2021.

Unrestricted non-capital assets totaled approximately $322 million and $291 million at year-end 2022 and 2021, respectively. These balances primarily represent unrestricted cash, cash equivalents, investments, and accounts receivable from connectors. Restricted assets totaled $92 million and $159 million at year-end 2022 and 2021, 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 $1,341 million and $1,289 million at year-end 2022 and 2021, respectively. These assets include investments in wastewater plant, including pipelines and buildings, machinery, equipment, and vehicles.

Current liabilities totaled approximately $69 million and $56 million at year-end 2022 and 2021, respectively. The balances include trade payables, accrued payroll and related benefits to employees, accrued interest payable on outstanding bonded debt, and the current portion of long-term debt. Noncurrent liabilities totaled approximately $654 million and $662 million at year-end 2022 and 2021, 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-l, net investment in capital assets is the largest portion of Metro's net position (72.1%) in 2022 and (72.3%) in 2021, and reflect its investment in capital assets (e.g., sewers, buildings, machinery, and equipment) less related debt. Net investment in capital assets totaled $752 million and $732 million at year-end 2022 and 2021, respectively. The net increase as of December 31, 2022, of $19 million over 2021 is primarily due to a $52 million net increase in capital assets combined with a $33 million 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 approximately 2.2 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 $61 million and $65 million at year-end 2022 and 2021, respectively. Board of Directors restricted amounts includes funds specifically restricted by Board actions for a specific purpose. These totaled approximately $53 million and $51 million at year-end 2022 and 2021, respectively. Unrestricted net position comprises the remainder of the balance. This net position may be used for any purpose. Unrestricted net position totaled approximately $177 million and $165 million at year-end 2022 and 2021, respectively.

Table A-1

Condensed Summary of Net Position

(In thousands)

	December 31,		
	2022	**2021 as restated**	**2020**
Unrestricted assets	$ 321,866	$ 290,933	$ 294,615
Restricted assets	91,876	158,979	197,907
Capital assets, net	1,340,882	1,288,670	1,247,588
Total assets	1,754,624	1,738,582	1,740,110
Deferred outflows of resources	15,953	10,855	7,066
Current liabilities	68,921	56,021	52,856
Noncurrent liabilities	653,805	661,753	696,497
Total liabilities	722,726	717,774	749,353
Deferred inflows of resources	5,600	19,447	11,710
Net investment in capital assets	751,651	732,182	571,939
Restricted - bonds	60,847	64,549	192,489
Restricted - board of directors, as restated	53,375	50,786	49,518
Unrestricted, as restated	176,378	164,699	172,167
Total net position	$ 1,042,251	$ 1,012,216	$ 986,113

The primary variances between 2022, 2021, and 2020 in Summary of Net Position are related to capital assets, restricted assets, and noncurrent liabilities. Capital assets increased by $52 million and $41 million during 2022 and 2021, respectively, due primarily to additions in construction in progress. Restricted assets decreased by $67 million during 2022 and $38.9 million during 2021 due primarily to the spend down of bond proceeds from 2020. Noncurrent liabilities decreased by $11 million in 2022 and $34.9 million during 2021 due primarily to the principal payments on outstanding bonds. For further information, please see the capital assets and debt administration discussion on pages 18 – 19.

As can be seen in the following Table A-2, net position increased $30 million to $1,042 million in 2022 and $26 million to $1,012 million in 2021. The increase in net position in 2022 was primarily due to receiving $82 million in sewer connection fees reduced by loss before sewer connection fees of $52 million. The increase in net position in 2021 was primarily due to receiving $59 million in sewer connection fees reduced by loss before sewer connection fees of $33 million.

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

	December 31,		
	2022	**2021 as restated**	**2020**
Annual charges to connectors	$ 138,150	$ 135,441	$ 135,441
Land application revenue	95	88	97
Other operating revenue	2,773	1,735	2,923
Total operating revenue	141,018	137,264	138,461
Investment revenue (loss)	(8,648)	(2,134)	8,005
Intergovernmental revenue	1,795	1,804	1,814
Total revenue	134,165	136,934	148,280
Operations and maintenance expenses	50,500	41,892	39,961
Technical management and support	25,210	23,130	21,259
Administrative and general	30,784	24,478	24,345
Depreciation and amortization	61,083	60,407	54,855
Total operating expenses	167,577	149,907	140,420
Interest expense	18,256	18,678	16,354
Other	(35)	1,444	60
Total nonoperating expenses	18,221	20,122	16,414
Total expenses	185,798	170,029	156,834
(Loss) before capital contributions	(51,633)	(33,095)	(8,554)
Capital contributon - sewer connection fees	81,668	59,198	52,287
Increase in net position	30,035	26,103	43,733
Beginning net position - see note 2(p)	1,012,216	986,113	942,380
Ending net position	$ 1,042,251	$ 1,012,216	$ 986,113

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 2022 including sewer connection fees increased by approximately $22 million or 10%, and total expenses increased by approximately $16 million or 9.3% from 2021. The major factors that drove these results and other changes during 2022 include:

- Operating revenue increased by $3.7 million in 2022 primarily due to the increase in Annual Charges revenue, which had an overall rate increase 2.0% from 2021.
- Sewer connection fees increased approximately $22 million, or 38.0%, totaling $82 million in 2022 due primarily to the buy-in payment from a new Connector.
- Investment revenue decreased by $6.5 million in 2022, primarily due to unrealized loss on investments resulting from the significant increase in bond rates.
- The $16 million increase in total expenses included an increase of $17 million in operating costs, which includes an increase of $5 million in wastewater treatment expense, netted with a decrease of $2 million in interest costs and other expense.

In Table A-2, total revenue for 2021 including sewer connection fees decreased by approximately $4 million or 2.2%, and total expenses increased by approximately $13 million or 8.4% from 2020. The major factors that drove these results and other changes during 2021 include:

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

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2022 and 2021, Metro's investment in capital assets amounted to $1,341 million and $1,288 million, respectively (net of accumulated depreciation), as shown in the following Table A-3. The $52 million increase in net capital assets in 2022 was primarily due to approximately $116 million in additions to construction in progress for various ongoing wastewater and improvement and rehabilitation projects offset by completed projects placed in service and offset by $61 million of depreciation expense.

The following projects incurred such costs for 2022: Sand Creek and Second Creek Basins - $61 million, Interceptor Rehabilitation – $16 million, Lift Station - $7 million, and Sludge Processing Building – $6 million, The remaining increase of $26 million to construction in progress was a result of other additions to numerous smaller projects.

The $41 million increase in net capital assets in 2021 was primarily due to approximately $104 million in additions to construction in progress for various ongoing wastewater and improvement and rehabilitation projects offset by completed projects placed in service and offset by $60 million of depreciation expense. The following projects incurred such costs for 2021: Sand Creek and Second Creek Basins - $50 million, Sludge Processing Building – $15 million, Interceptor Rehabilitation – $8 million, National Western Center Delgany Interceptor – $7 million, RWHTF Support Facility Improvements – $2 million, and HID Lighting Improvements – $2 million. The remaining increase of $20 million to construction in progress was a result of other additions to numerous smaller projects.

Construction in progress increased by $75 million in 2022. The $116 million in additions to construction in progress in 2022 discussed above, was offset by $39 million in completed projects, such as the National Western Century Delgany Interceptor, the RWHTF Peracetic Acid Full Scale Pilot and progress completion of Interceptor Rehabilitation, which were transferred to plant and equipment. Construction in progress increased by $5 million in 2021. The $104.0 million in additions to construction in progress in 2021 discussed above, was offset by $99.3 million in completed projects, such as the South Headworks and Grease Processing Improvements, the TU-8 Load Center and Transformer and progress milestone completion of RWHTF Support Facility Improvement, which were transferred to plant and equipment.

The increase in capital assets in 2022 and 2021 was offset by capital asset disposals of $5 million and $23 million, respectively.

Table A-3

Capital Assets

(In thousands)

	2022	2021 as restated	2020
Land, land improvements and water rights	$ 46,878	$ 46,844	$ 45,743
Plant in service	1,000,706	974,310	960,428
Vehicles and equipment	709,008	702,279	642,497
Construction in progress	258,194	182,861	178,173
Right-to-use equipment	342	342	—
	2,015,128	1,906,636	1,826,841
Less accumulated depreciation and amortization	(674,246)	(617,966)	(579,253)
Net capital assets	$ 1,340,882	$ 1,288,670	$ 1,247,588

In fiscal year 2022, Metro implemented GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement was implemented effective January 1, 2021, resulting in a restatement of the financial results for the year ended December 31, 2021.

Debt Administration

At December 31, 2022 and 2021, Metro's long-term debt consisted of approximately $610 million and $640 million in bonds payable, respectively. Metro's underlying bond ratings are as follows:

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

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

Fiduciary Fund

As of December 31, 2022 and 2021, the net position of the pension trust fund totaled $132 million and $151 million, respectively. The decrease in fiduciary net position in 2022 was primarily due to net depreciation in the fair value of investments of $20 million. In 2022 and 2021, contributions to the pension trust fund amounted to $12 million and $11 million, respectively. The slight increase in contributions in 2022 was primarily due to the increase in required employer contributions.

Next Year's Budgets and Rates

Metro approved a $109 million 2023 Operation and Maintenance Budget, an increase of $10 million from 2022. The increase is primarily from budgeted wage increases and significant increases in employee benefit costs, as well as an increase in the amount and cost of treatment chemicals, an increase in outside services, and a significant increase in insurance expenses. Metro also approved Annual Charges for Service totaling $145 million, a 5.0% increase from 2022. 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 2023 totals $129 million, an increase of $7 million from the 2022 Capital Projects Budget of $122 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, 2022 and 2021

Basic Financial Statements

Statements of Net Position

		2022		2021 as restated
Current assets:				
Cash and cash equivalents	$	107,375,673	$	70,430,549
Investments		42,518,629		32,051,021
Accounts receivable		19,781,370		15,000,592
Due from other governments		448,847		448,848
Accrued interest receivable		995,851		680,812
Materials and supplies inventories, net of loss reserve of $250,000		8,072,961		7,156,272
Prepaid expenses and other assets		2,176,842		2,124,846
		181,370,173		127,892,940
Restricted:				
Cash and cash equivalents		71,935,433		53,257,209
Investments		12,005,395		70,810,108
		83,940,828		124,067,317
Total current assets		265,311,001		251,960,257
Noncurrent assets:				
Investments		140,495,494		163,039,797
Nondepreciable capital assets:				
Land and water rights		46,878,469		46,843,769
Construction in progress		258,193,510		182,861,681
		305,071,979		229,705,450
Depreciable capital assets, net:				
Plant in service		627,862,425		621,261,114
Equipment and vehicles		407,741,993		437,430,060
Right-to-use equipment		205,304		273,738
Net capital assets		1,340,881,701		1,288,670,362
Restricted:				
Investments		7,935,668		34,912,046
Total noncurrent assets		1,489,312,863		1,486,622,205
Total assets		1,754,623,864		1,738,582,462
Deferred outflows of resources:				
Pension related		13,682,095		8,261,585
OPEB related		2,271,129		2,592,941
Total deferred outflows of resources		15,953,224		10,854,526

Continued on next page

Statements of Net Position

	2022	2021 as restated
Current liabilities:		
Accounts payable	$ 29,515,335	$ 21,233,636
Accrued payroll	1,467,432	1,403,348
Compensated absences	53,698	167,707
Lease liability	69,110	68,696
Unearned revenue	4,083,358	—
	35,188,933	22,873,387
Payable from restricted assets:		
Accrued interest payable	5,147,125	5,472,463
Bonds payable	28,585,000	27,675,000
Total current liabilities	68,921,058	56,020,850
Noncurrent liabilities:		
Compensated absences	2,531,572	2,412,058
Bonds payable	581,706,999	612,682,931
Lease liability, net of current portion	139,470	208,580
Net pension liability	56,656,364	33,793,004
Net OPEB liability	12,766,507	12,273,631
Other accrued liabilities	4,000	383,212
Total noncurrent liabilities	653,804,912	661,753,416
Total liabilities	722,725,970	717,774,266
Deferred inflows of resources:		
Pension related	—	13,421,420
OPEB related	779,697	937,037
2019B bond deferred gain on refunding	4,820,557	5,088,366
Total deferred inflows of resources	5,600,254	19,446,823
Net position:		
Net investment in capital assets	751,651,325	732,181,785
Restricted – bonds	60,847,191	64,549,179
Restricted – board of directors	53,374,463	50,786,056
Unrestricted	176,377,885	164,698,879
Total net position	$ 1,042,250,864	$ 1,012,215,899

See accompanying notes to basic financial statements.

Statements of Revenue, Expenses, and Changes in Net Position

	2022	2021 as restated
Operating revenue:		
Annual charges to connectors	$ 138,149,640	$ 135,440,824
Land application revenue	95,276	88,620
Other operating revenue	2,772,569	1,734,820
Total operating revenue	141,017,485	137,264,264
Operating expenses:		
Operations and maintenance:		
Wastewater transmission	1,765,837	1,648,306
Wastewater treatment	26,386,056	20,930,548
Solids processing	12,253,331	9,912,537
Solids recycling	10,095,105	9,400,521
	50,500,329	41,891,912
Technical management and support:		
Engineering services	5,582,265	4,687,119
Laboratory services	6,547,625	6,882,740
Support operation and maintenance	13,079,486	11,560,117
	25,209,376	23,129,976
Administrative and general	30,784,330	24,478,492
Depreciation and amortization expense	61,082,922	60,407,766
Total operating expenses	167,576,957	149,908,146
Operating loss	(26,559,472)	(12,643,882)
Nonoperating revenues (expenses):		
Investment expense	(8,647,961)	(2,134,013)
Interest expense	(18,256,571)	(18,677,902)
Intergovernmental revenue	1,795,393	1,804,018
Studies expense	(1,823,571)	(1,467,968)
Other revenue	1,858,816	23,738
Net nonoperating expense	(25,073,894)	(20,452,127)
Loss before capital contributions	(51,633,366)	(33,096,009)
Capital contributions – sewer connection fees	81,668,331	59,198,692
Increase in net position	30,034,965	26,102,683
Net position, beginning of year - See Note 2(p)	1,012,215,899	986,113,216
Net position, end of year	$ 1,042,250,864	$ 1,012,215,899

See accompanying notes to basic financial statements.

Metro Water Recovery
As of December 31, 2022 and 2021

Basic Financial Statements

Statements of Cash Flows

	2022	2021 as restated
Cash flows from operating activities:		
Cash received from customers	$ 144,866,720	$ 137,111,539
Cash payments to employees	(51,652,036)	(53,276,337)
Cash payments to suppliers for goods and services	(50,211,932)	(40,595,524)
Other receipts	2,162,906	1,485,959
Net cash provided by operating activities	45,165,658	44,725,637
Cash flows from capital and related financing activities:		
Sewer connection fees	77,124,705	59,003,558
Acquisition and construction of capital assets	(108,803,497)	(98,956,973)
Principal paid on capital debt	(27,675,000)	(26,644,999)
Interest paid on capital debt	(20,972,841)	(21,913,070)
Proceeds from sale of capital assets	97,171	204,446
Net cash provided by/(used in) capital and related financing activities	(80,229,462)	(88,307,038)
Cash flows from noncapital financing activities:		
Intergovernmental revenue received	1,795,394	1,795,394
Net cash provided by noncapital financing activities	1,795,394	1,795,394
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	337,301,110	363,748,911
Purchase of investments	(251,889,856)	(382,296,081)
Interest and dividends received	2,809,056	4,752,436
Change in fair value of investments classified as cash equivalents	671,448	10,217,250
Net cash provided by (used in) investing activities	88,891,758	(3,577,484)
Net increase (decrease) in cash and cash equivalents	55,623,348	(45,363,491)
Cash and cash equivalents, beginning of year	123,687,758	169,051,249
Cash and cash equivalents, end of year	$ 179,311,106	$ 123,687,758
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ (26,559,472)	$ (12,643,882)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	61,082,922	60,407,766
Decrease/(Increase) in accounts receivable	(234,221)	(152,984)
Decrease/(Increase) in inventory	(916,688)	(773,088)
Decrease/(Increase) in prepaid expenses and other	(51,996)	(180,155)
Decrease/(Increase) in deferred outflows	(5,098,698)	(3,788,244)
Increase in accounts payable and other accrued liabilities	4,966,982	(250,011)
Increase in accrued payroll and compensated absences	69,589	(226,220)
Increase (decrease) in unearned revenue	4,083,358	—
Increase (decrease) in lease liability	(68,698)	277,276
(Decrease)/Increase in net pension liability	22,863,360	(4,360,334)
Increase in net OPEB liability	492,876	372,684
(Decrease)/Increase in deferred inflows	(13,846,569)	7,736,725
Capitalized wages	(1,555,253)	(1,520,323)
Other (disbursements) receipts	(61,834)	(173,573)
Net cash provided by operating activities	$ 45,165,658	$ 44,725,637
Noncash investing, capital, and financing activities:		
Unrealized (gain) loss on investments	$ (11,775,085)	$ 6,796,276
Amortization of bond premium	(2,390,932)	(3,289,282)
Amortization of 2019B bond deferred inflow of resources	(267,809)	(267,809)
(Gain)/Loss on retirement of capital assets	(97,177)	1,270,399
Capital contributions - sewer connection fees current period	(19,250,712)	(14,704,155)

See accompanying notes to basic financial statements.

Statements of Fiduciary Net Position
Pension Trust Fund

	2022	2021
Assets		
Cash and short-term investments	$ 962,365	$ 1,163,735
Investments, at fair value:		
Public equity	59,928,280	74,752,470
Mutual funds	12,426,174	13,800,630
Private equity	10,138,313	9,944,308
Fixed rate debt	14,697,802	19,833,178
Stable value funds	1,452,604	985,442
Floating rate debt	12,429,513	11,190,345
Low volatility strategies	—	340,724
Real estate	20,057,339	19,282,986
Total investments, at fair value:	132,092,390	151,293,818
Contribution receivable	105,317	—
Total assets	132,197,707	151,293,818
Liabilities		
Accrued administrative expenses	28,578	28,920
Fiduciary net position		
Restricted for pension benefits	$ 132,169,129	$ 151,264,898

See accompanying notes to basic financial statements.

Statements of Changes in Fiduciary Net Position
Pension Trust Fund

	2022	2021
Additions:		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	$ (20,279,192)	$ 20,070,666
Interest and dividend income	2,144,840	1,665,474
Less investment expense	(381,948)	(358,297)
Net investment income (loss)	(18,516,300)	21,377,843
Contributions from employer	9,600,217	9,139,670
Contributions from employees	2,664,244	2,398,830
Total additions (reductions)	(6,251,839)	32,916,343
Deductions:		
Benefit payments	12,765,745	9,939,981
Administrative expenses	78,185	79,511
Total deductions	12,843,930	10,019,492
Net increase (decrease) in fiduciary net position	(19,095,769)	22,896,851
Fiduciary net position restricted for pension benefits:		
Beginning of year	151,264,898	128,368,047
End of year	$ 132,169,129	$ 151,264,898

See accompanying notes to basic financial statements.

Notes to the Basic Financial Statements

(1) Organization

(a) Organization

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

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

(b) Financial Reporting Entity

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

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

The Metro Water Recovery Defined Contribution Plan (the Defined Contribution Plan) is a single-employer defined contribution plan, which includes 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, 2022 and 2021 there were 258 and 247 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 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. Prior to fiscal year 2017, the effective date of GASB Statement No. 72, *Fair Value Measurement and Application,* donated capital assets or donated works of art and similar items, and capital assets received in as capital contributions were valued at fair value on the date donated. After the effective date, 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:

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

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

(e) Investments

Metro's investments are carried at fair value based upon market quotations, with the exceptions of investments held in the Colorado Statewide Investment Pool, which are carried at amortized cost. The Pension Trust Funds investments are also carried at fair value based upon market quotations, with the exception of real estate investments. These investment valuations are based upon an independent, third-party appraisal of each property. These appraisals are based upon a portfolio overview and updated cash flow modeling. See Note 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. As of December 31, 2022 and 2021, Metro had loss reserves of $250,000 for obsolete materials and supplies.

(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 2021 and 2022 was the lessor's discount rate of 3%.

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 2022.

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) Deferred Outflows of Resources and Deferred Inflows of Resources

Changes in the components of the net pension liability is reported as a deferred outflow of resources or a deferred inflow of resources. The changes in the components of the net pension liability reported by the Defined Benefit Plan have resulted in deferred outflows of resources of $13,682,095 and $8,261,585 and deferred inflows of resources of $0 and $13,421,420 for December 31, 2022 and December 31, 2021, respectively. See Note 7(b)(viii) for additional information.

Changes in the components of the net OPEB liability is reported as deferred outflow of resources and deferred inflow of resources. The changes in the components of the net OPEB liability reported by Metro have resulted in deferred outflows of resources of $2,271,129 and $2,592,941 and deferred inflows of resources of $779,697 and $937,037 for December 31, 2022 and December 31, 2021, respectively. 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 $4,820,557 and $5,088,366 as of December 31, 2022 and December 31, 2021, respectively. See Note 6(d) for additional information.

(i) Unearned Revenue

Unearned revenue represents insurance claim funds received during 2022 for a claim loss that was sustained on March 16, 2021, Clarifier Cover Failure at the Northern Treatment Plant due to heavy snow accumulation during a winter storm. The claim funds received are to be used to offset the cost of replacing the clarifier covers. As costs are incurred Metro will recognize an equal portion of the unearned claim funds as revenue. The portion of revenue recognized for the year ended December 31, 2022 matched to the actual costs incurred in 2022, which totaled $409,177.

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

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

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

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

(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 50 connectors, including cities, towns, special districts, and industrial users.

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

Capital contributions – Revenues that include sewer connection fees.

(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.

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

Vacation and excess sick pay is recorded as an expense when earned by Metro employees. At December 31, 2022 and 2021, accrued vacation and excess sick pay aggregated $2,585,270 and $2,579,765, 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

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Metro adopted the provisions of GASB 87 and Metro's financial statements effective January 1, 2021, resulting in restatement of financial results for the year ended December 31, 2021.

The following GASB statements were implemented for the fiscal year ended December 31, 2022, as required, and did not impact Metro's financial statements:

- GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods after December 15, 2021
- GASB Statement No. 92, *Omnibus 2020,* effective for periods after June 15, 2021
- GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for periods after June 15, 2021.

In May 2020, GASB issue Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* effective for periods after June 15, 2022. The objective of this statement is to enhance consistency in accounting and financial reporting by requiring government entities to recognize a right-to-use subscription asset and corresponding subscription liability for such contracts with a specified term. Management is evaluating the impact of GASB 96 on Metro's financial statements.

(p) Restatement of Previously Reported Amounts for Implementation of GASB Statement No. 87

The cumulative effect implementing GASB Statement No. 87, *Leases,* to Metro's financial statements as of the year ended December 31, 2021, is summarized in the table below related to the statement of net position. In addition, Metro corrected the net position classification of unspent bond proceeds in the categories of net investment in capital assets and restricted – bonds as of December 31, 2021.

	As originally presented 2021	Restatement	As restated 2021
Noncurrent assets:			
Depreciable capital assets, net			
Plant in service	$ 621,261,114	$ -	$ 621,261,114
Equipment and vehicles	437,430,060	-	437,430,060
Right-to-use equipment	-	273,738	273,738
Net capitial assets	1,288,396,624	273,738	1,288,670,362
Total assets	$ 1,738,308,724	$ 273,738	$ 1,738,582,462
Current liabilities:			
Lease liability	$ -	$ 68,696	$ 68,696
Noncurrent Liabilities			
Lease liability	-	208,580	208,580
Total liabilities	$ 717,496,990	$ 277,276	$ 717,774,266
Net position:			
Net investment in capital assets	642,950,326	89,231,459	732,181,785
Restricted - bonds	153,506,900	(88,957,721)	64,549,179
Restricted - board of directors	50,786,056	-	50,786,056
Unrestricted	164,976,155	(277,276)	164,698,879
Total net position	$ 1,012,219,437	$ (3,538)	$ 1,012,215,899

The cumulative effect of implementing GASB Statement No. 87 to Metro's financial statements for the year ended December 31, 2021, is summarized in the table below related to the statements of revenue, expenses, and changes in net position, and cash flows.

	As originally presented 2021	Restatement	As restated 2021
Administrative and general expense	$ 24,545,094	$ (66,602)	$ 24,478,492
Depreciation and amortization expense	60,339,331	68,435	60,407,766
Operating income (loss)	(12,642,049)	1,833	(12,643,882)
Interest Expense	18,676,197	1,705	18,677,902
Income (loss) before capital contributions	(33,092,471)	3,538	(33,096,009)
Increase in net position	26,106,221	(3,538)	26,102,683
Net position, beginning of year	986,113,216	-	986,113,216
Net position, end of year	$ 1,012,219,437	$ (3,538)	$ 1,012,215,899
Reconciliation of operating income to net cash:			
Operating income (loss)	$ (12,642,049)	$ (1,833)	$ (12,643,882)
Adjustments to reocncile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	60,339,331	68,435	60,407,766
Increase in lease liability	-	277,276	277,276
Net cash provided by operating activities	$ 44,381,759	$ 343,878	$ 44,725,637

(3) Cash and Investments

As of December 31, 2022 and 2021, Metro and the Pension Trust Fund had the following cash and investments:

	December 31, 2022	December 31, 2021
Metro (excluding the Pension Trust Funds):		
Cash and cash equivalents		
Deposits	$ 50,563,528	$ 4,739,532
Local government investment pool (CSAFE)	61,728,489	63,293,109
Colorado Statewide Investment Pool	36,784,340	40,924,981
Certificates of Deposit, less than 90 days	—	14,730,136
U.S. Agency securities, less than 90 days	27,612,190	—
Commercial Paper, less than 90 days	2,622,559	—
Total cash and cash equivalents	179,311,106	123,687,758
Investments		
U.S. Treasury Notes	108,774,503	119,876,055
U.S. Agency securities, including mortgage-backed securities	82,438,860	113,525,271
Certificates of Deposit	—	31,115,686
Comerical Paper	—	19,420,971
Municipal bonds	1,345,090	1,457,851
Corporate bonds	10,396,733	15,417,138
Total cash and investments	$ 382,266,292	$ 424,500,730
Pension Trust Funds:		
Cash and short-term investments	$ 962,365	$ 1,163,735
Public equity	59,928,280	74,752,470
Mutual funds	12,426,174	13,800,630
Private equity	10,138,313	9,944,308
Fixed rate debt	14,697,802	19,833,178
Stable value funds	1,452,604	985,442
Floating rate debt	12,429,513	11,190,345
Low volatility strategies	—	340,724
Real estate	20,057,339	19,282,986
	$ 132,092,390	$ 151,293,818

(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.

(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.

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, 2022.

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

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

(d) Credit Risk

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

As of December 31, 2022, Metro invested $10,396,733 in corporate bonds. The credit ratings for the corporate bonds are based on Standard and Poor's rating scale, and were as follows: $4,038,128 were rated AA, $3,188,394 were rated AA+, and $3,170,211 were rated AAA.

As of December 31,2021, Metro invested $15,417,138 in corporate bonds. The credit ratings for the corporate bonds are based on Standard and Poor's rating scale, and were as follows: $10,725,712 were rated AA-, $2,662,542 were rated AA+, and $2,02880 were rated AAA.

The following is a summary of the Pension Trust Fund's debt investments at December 31, 2022 and 2021 with average credit ratings of underlying investments based on Standard & Poor's rating scale:

	December 31, 2022	December 31, 2021
Western Asset Management Core Plus Bond Fund IS		
Fair value	$ 10,377,944	$ 12,780,869
Average rating	Not rated	Not rated
JP Morgan Core Bond Fund		
Fair value	$ 4,319,858	$ 7,052,309
Average rating	Not rated	Not rated
Bain Senior Loan Fund		
Fair value	$ 7,029,383	$ 6,610,007
Average rating	Not rated	Not rated
Golub Capital Partners International 11, L.P.		
Fair value	$ 1,750,000	$ 1,750,000
Average rating	Not rated	Not rated
Principal Real Estate Debt Fund II		
Fair value	$ 1,057,340	$ 1,373,845
Average rating	Not rated	Not rated
Principal Real Estate Debt Fund III		
Fair value	$ 2,592,790	$ 1,456,493
Average rating	Not rated	Not rated
First American Money Market Government Obligations Fund		
Fair value	$ 962,365	$ 969,772
Average rating	AAAm	AAAm
VT Cash Management Fund		
Fair value	$ —	$ 176,471
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, 2022, the

Defined Benefit Plan's deposits had a balance of $0. As of December 31, 2021, the Defined Benefit Plan's deposits had balance of $0.

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

(f) Concentration of Credit Risk

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

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

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

	December 31,			
	2022		2021	
Issuer	Amount	Percentage of portfolio	Amount	Percentage of portfolio
FHLB	$ 4,777,375	1.44%	$ 13,087,504	3.12%
FHLMC	23,635,958	7.13	35,569,363	8.47
FNMA	54,025,527	16.29	64,868,404	15.45
	$ 82,438,860		$ 113,525,271	

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

(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, 2022 and 2021, the duration for Metro's investments was as follows:

	December 31, 2022		
Type	**Fair value**	**Duration in Years**	**Call options at 100**
U.S. Agency securities	$ 82,438,860	1.17	$ 21,010,000
U.S. Treasury Notes	108,774,503	2.04	—
Corporate Bonds	10,396,733	2.09	4,900,000
Municipal Bonds	1,345,090		—
Total fair value	$ 202,955,186		

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

As of December 31, 2022 and 2021, Metro invested $61,728,489 and $63,293,109, 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 32 days and 41 days as of December 31, 2022 and 2021, respectively.

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, 2022 and 2021, the Pension Trust Fund held the following debt investments.

	December 31, 2022	December 31, 2021
Western Asset Management Core Plus Bond Fund IS		
Balance	$ 10,377,944	$ 12,780,869
Modified duration (in years)	7.1	7.3
JP Morgan Core Bond Fund		
Balance	$ 4,319,858	$ 7,052,309
Modified duration (in years)	6.1	6.0
Bain Senior Loan Fund		
Balance	$ 7,029,383	$ 6,610,007
Modified duration (in years)	0.3	0.3
Golub Capital Partners International 11, L.P.		
Balance	$ 1,750,000	$ 1,750,000
Modified duration (in years)	not available	not available
Principal Real Estate Debt Fund II		
Balance	$ 1,057,340	$ 1,373,845
Modified duration (in years)	0.4	0.5
Principal Real Estate Debt Fund III		
Balance	$ 2,592,790	$ 1,456,493
Modified duration (in years)	1.1	1.7

Investments in money market funds of $962,365 and $1,146,243 as of December 31, 2022 and 2021, respectively, have an average maturity of fewer than 12 and 22 days, respectively.

(h) Foreign Currency Risk

Metro Water Recovery and Defined Contribution Plan were not exposed to foreign currency risk as of December 31, 2022 and 2021. For 2022 and 2021, the Defined Benefit Plan's investments managed exposure to foreign currency risk by limiting the allocation percentage of interest of global equity investments to 28.0% and 28.0%, respectively. The global equities in which the Defined Benefit Plan has invested have a fair value of $30,859,289and $38,118,035, or 26.1% and 28.0% of the total portfolio at December 31, 2022 and 2021, respectively. Each fund is valued in U.S. dollars with exposure to various worldwide currencies. Any over allocation of funds are rebalanced on a regular basis.

(i) Investment Income

Investment income for Metro, excluding the Pension Trust Fund, for the years ended December 31, 2022 and 2021 was comprised of the following:

	December 31, 2022	December 31, 2021
Investment income	$ 4,464,990	$ 3,233,685
Net realized gain / (loss) on investments	(1,337,866)	1,428,579
Net unrealized gain (loss) on investments	(11,775,085)	(6,796,276)
Total	$ (8,647,961)	$ (2,134,012)

Investment income for the Pension Trust Fund for the years ended December 31, 2022 and 2021 was comprised of the following:

	December 31, 2022	December 31, 2021
Interest and dividend income	$ 2,144,840	$ 1,665,474
Net realized gain (loss) on investments	(23,016,074)	16,187,022
Net unrealized gain on investments	2,736,882	3,883,644
	(18,134,352)	21,736,140
Less investment expense	(381,948)	(358,297)
Net investment income (loss)	$ (18,516,300)	$ 21,377,843

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, 2022:

Investments Measured at Fair Value

		Fair Value Measurement Using		
	12/31/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value				
U.S. Agency securities	$ 82,438,860	$ 82,438,860	$ -	$ -
U.S. Treasury notes	136,386,693	136,386,693	-	-
Commerical paper	2,622,559	-	2,622,559	-
Corporate bonds	10,396,733	10,396,733	-	-
Municipal bonds	1,345,090	1,345,090	-	-
Total investments measured at fair value	233,189,935	230,567,376	2,622,559	-
Investments measured at the net asset value (NAV)				
Colorado statewide investment pool	36,784,340			
Investments held at amortized cost				
LGIP - CSAFE	61,728,489			
Total investments measured at fair value	$ 331,702,764			

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

Investments Measured at Fair Value

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

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 AAAf 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.

The Pension Trust Fund has the following recurring fair value measurements as of December 31, 2022:

Investments Measured at Fair Value

		Fair Value Measurement Using		
	12/31/2022	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	$ 59,928,280	$ 59,928,280	$ -	$ -
Fixed rate debt	14,697,802	14,697,802	-	-
Mutual funds	12,426,174	12,426,174	-	-
Total investments measured at fair value	$ 87,052,256	$ 87,052,256	$ -	$ -
Investments measured at the net asset value (NAV)				
Private equity	10,138,313			
Stable value funds	1,452,604			
Floating rate debt	12,429,513			
Real estate	20,057,339			
Total investment measured at the NAV	44,077,769			
Total investments measured at fair value	131,130,025			
Investments measured at amortized cost				
Money market funds	962,365			
Total investments	$ 132,092,390			

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

Investments Measured at Fair Value

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

The valuation method for the Pension Trust Fund's investments at December 31, 2022 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 Freqency (if Currently Eligible)	Redemption Notice Period
Private equity (1)	$	10,138,313	$	2,588,317	n/a	n/a
Floating rate debt (2)		12,429,513		5,650,504	monthly, n/a, n/a, n/a, quarterly	30 days, n/a, n/a, n/a, 90 days
Real estate (4)		20,057,339		-	daily based on liquidity	1 day
Stable value funds (5)		1,452,604		-	daily	n/a
	$	44,077,769				

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

Investments measured at the NAV		Fair Value	Unfunded Commitments	Redemption Freqency (if Currently Eligible)	Redemption Notice Period
Private equity (12)		9,944,308	3,236,321	n/a	n/a
Floating rate debt (2)		11,190,345	3,260,971	monthly, n/a, n/a, n/a	30 days, n/a, n/a, n/a
Low volatility strategies (3)		340,724	-	semi-annually	95 days
Real estate (4)		19,282,986	-	daily based on liquidity	1 day
Stable value funds (5)		985,442	-	daily	n/a
	$	41,743,805			

(1) There are four investments in this category. One fund's primary purpose of developing and actively managing an investment portfolio of private equity funds and other investment vehicles, principally by making, holding and disposing of privately negotiated investments in the form of limited partner interests and securities. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is estimated that the underlying assets of the partnership would be liquidated over 12 to 15 years.

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

The third fund invests predominantly in North American and Western Europe value orientated equity investments. Partnership investments are generally traditional middle market buyouts of out-of-favor industries and companies focusing on investments in media, financial services, energy, and industrial companies. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the fund would be liquidated over 10 to 13 years.

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

(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 would be liquidated over 7 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 would 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) There is one investment in the low volatility strategies category. This fund invests in U.S. and non-U.S. investment partnerships and companies, managed funds, separately managed accounts, securities and commodities with the primary objective to provide strong downside protection qualities and to produce attractive long-term risk-adjusted returns. Funds may be withdrawn with 95 days' notice on June 30 or December 31. The fund is open-ended. The Plan's investment in this category were partially liquidated in 2021, with the remaining amount was liquidated in 2022.

(4) This fund invests in a well-diversified real estate portfolio that reflects the overall performance of the U.S. commercial real estate market, consisting primarily of high quality, well-leased real estate properties in the multifamily, industrial, office, retail, and hotel sectors. The fund is open ended, and funds may be withdrawn daily subject to the availability of liquidity and the absence of a withdrawal queue with one-day written notice.

(5) 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.

(4) Capital Assets

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

		Balance at December 31, 2020	Additions	Disposals	Adjustments or transfers		Balance at December 31, 2021, as restated
Nondepreciable:							
Land and water rights	$	45,742,931	1,100,838	—	—	$	46,843,769
Construction in progress		178,172,669	104,044,195	(98,139,510)	(1,215,673)		182,861,681
Total nondepreciable assets		223,915,600	105,145,033	(98,139,510)	(1,215,673)		229,705,450
Depreciable:							
Plant in service:							
Transmission		319,748,303	—	(2,964,160)	79,919		316,864,062
Treatment		398,565,508	6,503,474	—	(5,051)		405,063,931
Solids processing		102,082,029	(13,879,278)	—	3,696,469		91,899,220
Solids recycling		7,497,390	—	(752,439)	—		6,744,951
Support		132,534,889	24,943,986	(3,816,245)	75,355		153,737,985
		960,428,119	17,568,182	(7,532,844)	3,846,692		974,310,149
Equipment:							
Plant		540,658,312	64,003,440	(2,001,656)	(9,505,574)		593,154,522
Support		78,985,720	20,242,800	(12,955,983)	134,808		86,407,345
Vehicles		22,853,051	543,215	(679,117)	—		22,717,149
Right-to-use lease asset							
Equipment	(2)	—	342,173	—	—		342,173
		—	342,173	—	—		342,173
		642,497,083	84,789,455	(15,636,756)	(9,370,766)		702,279,016
Total depreciable capital assets		1,602,925,202	102,699,810	(23,169,600)	(5,524,074)		1,676,931,338
Less accumulated depreciation and amortization:							
Plant in service:							
Transmission		133,497,270	6,193,625	(2,606,198)	—		137,084,697
Treatment		109,339,485	7,969,099	—	(117,434)		117,191,150
Solids processing		31,448,869	1,766,115	—	291,487		33,506,471
Solids recycling		4,098,698	182,150	(752,440)	—		3,528,408
Support		61,736,248	3,419,118	(3,396,321)	(20,736)		61,738,309
		340,120,570	19,530,107	(6,754,959)	153,317		353,049,035
Equipment:							
Plant		181,068,081	33,700,887	(1,497,771)	(178,013)		213,093,184
Support		46,774,760	5,256,505	(12,777,247)	—		39,254,018
Vehicles		11,290,004	1,876,528	(664,778)	—		12,501,754
		239,132,845	40,833,920	(14,939,796)	(178,013)		264,848,956
Right-to-use lease asset							
Equipment	(2)	—	68,435	—	—		68,435
		—	68,435	—	—		68,435
Total accumulated depreciation and amortization		579,253,415	60,432,462	(21,694,755)	(24,696)		617,966,426
Total capital assets, net	$	1,247,587,387	147,412,381	(99,614,355)	(6,715,051)	$	1,288,670,362

For the year ended December 31, 2022, changes in capital assets consisted of the following:

		Balance at December 31, 2021	Additions	Disposals	Adjustments or transfers		Balance at December 31, 2022
Nondepreciable:							
Land and water rights	$	46,843,769	34,700	—	—	$	46,878,469
Construction in progress		182,861,681	115,918,801	(38,778,657)	(1,808,315)		258,193,510
Total nondepreciable assets		229,705,450	115,953,501	(38,778,657)	(1,808,315)		305,071,979
Depreciable:							
Plant in service:							
Transmission		316,864,062	21,232,245	—	—		338,096,307
Treatment		405,063,931	376,726	(441,902)	697,263		405,696,018
Solids processing		91,899,220	498,842	—	625,530		93,023,592
Solids recycling		6,744,951	—	—	—		6,744,951
Support		153,737,985	2,544,711	—	862,472		157,145,168
		974,310,149	24,652,524	(441,902)	2,185,265		1,000,706,036
Equipment:							
Plant		593,154,522	6,684,329	(4,012,655)	739,273		596,565,469
Support		86,407,345	2,990,712	(26,757)	266,071		89,637,371
Vehicles		22,717,149	409,556	(321,140)	—		22,805,565
		702,279,016	10,084,597	(4,360,552)	1,005,344		709,008,405
Right-to-use lease assets							
Equipment	(2)	342,173	—	—	—		342,173
		342,173	—	—	—		342,173
Total depreciable capital assets		1,676,931,338	34,737,121	(4,802,454)	3,190,609		1,710,056,614
Less accumulated depreciation and amortization:							
Plant in service:							
Transmission		137,084,697	6,546,114	—	—		143,630,811
Treatment		117,191,150	8,052,111	(371,472)	—		124,871,789
Solids processing		33,506,471	1,929,109	—	—		35,435,580
Solids recycling		3,528,408	182,150	—	—		3,710,558
Support		61,738,309	3,456,564	—	—		65,194,873
		353,049,035	20,166,048	(371,472)	—		372,843,611
Equipment:							
Plant		213,093,184	33,548,484	(2,911,915)	—		243,729,753
Support		39,254,018	4,279,244	(26,757)	—		43,506,505
Vehicles		12,501,754	1,848,087	(319,687)	—		14,030,154
		264,848,956	39,675,815	(3,258,359)	—		301,266,412
Right-to-use lease asset							
Equipment	(2)	68,435	68,435				136,869
		68,435	68,435	—	—		136,869
Total accumulated depreciation and amortization		617,966,426	59,910,298	(3,629,831)	—		674,246,892
Total capital assets, net	$	1,288,670,363	90,780,325	(39,951,280)	1,382,294	$	1,340,881,701

Note:
(2) In compliance with GASB 87, the right-to-use lease asset category was added for FY 2022 and the balance at December 31, 2021, was restated.

(5) Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended December 31, 2022 is as follows:

	December 31, 2021	Additions	Reductions	December 31, 2022	Amounts due within one year
Bonds payable	$ 640,357,931	$ —	$ (30,065,932)	$ 610,291,999	$ 28,585,000
Compensated absences	2,579,765	460,228	(454,723)	2,585,270	53,698
Lease liability	277,276	—	(68,696)	208,580	69,110
Total noncurrent liabilities	$ 643,214,972	$ 460,228	$ (30,589,351)	$ 613,085,849	$ 28,707,808

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

	December 31, 2020	Additions	Reductions	December 31, 2021	Amounts due within one year
Bonds payable	$ 670,292,212	$ —	$ (29,934,281)	$ 640,357,931	$ 27,675,000
Compensated absences	3,040,860	336,065	(797,160)	2,579,765	167,707
Lease liability	—	342,173	(64,897)	277,276	68,696
Total noncurrent liabilities	$ 673,333,072	$ 678,238	$ (30,796,338)	$ 643,214,972	$ 27,911,403

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 liability at December 31, 2022, was $208,580. The future principal and interest lease payments as of December 31, 2022, were as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 69,110	$ 1,062	$ 70,172
2024	69,526	646	70,172
2025	69,944	228	70,172
Total	$ 208,580	$ 1,936	$ 210,516

(6) Improvement and Refunding Bonds

Total outstanding improvement bonds and refunding bonds are summarized below:

Issue	Date issued	Amount issued	December 31, 2022	December 31, 2021
2009B Sewer Improvement Bonds	08/27/09	$ 187,380,000	$ 94,195,000	$ 94,195,000
2012A Sewer Improvement Bonds	01/25/12	380,000,000	—	10,535,000
2019A Sewer Refunding Bonds	05/17/19	72,830,000	31,235,000	45,765,000
2019B Sewer Refunding Bonds	12/10/19	332,770,000	323,345,000	325,955,000
2020A Sewer Improvement Bonds	10/27/20	146,545,000	146,545,000	146,545,000
Plus premium on 2012A Bonds			—	449,175
Plus premium on 2019A Bonds			2,147,999	3,504,630
Plus premium on 2020A Bonds			12,824,000	13,409,126
Total			$ 610,291,999	$ 640,357,931

Principal and interest requirements on all outstanding bonds are summarized as follows at December 31, 2022:

	Principal	Interest	Total
2023	$ 28,585,000	$ 20,079,253	$ 48,664,253
2024	29,440,000	19,036,893	48,476,893
2025	31,085,000	17,854,649	48,939,649
2026	31,925,000	16,525,079	48,450,079
2027	32,805,000	15,136,064	47,941,064
2028-2032	134,630,000	52,304,162	186,934,162
2033-2037	125,620,000	37,707,756	163,327,756
2038-2042	131,375,000	16,767,226	148,142,226
2043-2045	49,855,000	2,513,500	52,368,500
	595,320,000	$ 197,924,582	$ 793,244,582
Unamortized premiums	14,971,999		
	$ 610,291,999		

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

(a) Series 2009B

On August 27, 2009, Metro issued $187,380,000 of Series 2009B Sewer Improvement Bonds, bearing interest at 4.718% to 5.775%, for the purpose of financing construction of long-range capital improvement projects. The 2009B Bonds were issued as Direct Pay Build America Bonds. Build America Bonds were created as part of the American Recovery and Reinvestment Act of 2009 and are taxable bonds to the bond holder. Metro receives a direct federal subsidy in the amount of 35 percent of the interest payment on the Build America Bonds. Metro recorded $1,795,394 and $1,795,394 from the United States Treasury for the fiscal years ended December 31, 2022 and 2021 related to the federal subsidy received on these bonds.

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

(b) Series 2012A

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

(c) Series 2019A

On May 17, 2019, Metro issued $72,830,000 of Series 2019A Sewer Refunding Bonds, bearing interest of 5.00%, for the purpose of refunding a portion of the Series 2009B Bonds outstanding in the aggregate amount of $78,875,000 with an interest rate of 5.00%. Proceeds from the 2019A Bonds were deposited with the Escrow Agent. The portion of the 2009B Bonds were called and defeased on May 17, 2019 and the escrow account closed. As a result, the refunded 2009B bonds were defeased and the liability for those bonds has been removed from Metro's statement of net position as of December 31, 2019.

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

(d) Series 2019B

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

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

(e) Series 2020A

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

(f) Bond Covenants

There are certain covenants associated with Metro's bonds. As of December 31, 2022 and 2021, the management of Metro believes they are in substantive compliance with these requirements.

(7) Retirement Plans

(a) General

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

(b) Defined Benefit Plan

Plan Description
The Defined Benefit Plan is a single-employer, defined benefit pension plan covering all employees of Metro hired on or before December 31, 2012. The Defined Benefit Plan is administered by a retirement board, which consists of seven members who are appointed by the Board of Directors of Metro. The provisions of the Defined Benefit Plan give Metro's Board of Directors the right and authority to establish and amend the contribution requirements and benefit provisions of the Defined Benefit Plan. The costs of administering the Defined Benefit Plan are paid from the Defined Benefit Plan's investment earnings. The 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 Plan members and their beneficiaries. Participants are fully vested in Plan benefits after completion of five years of eligible service. Employees who terminate employment at age 65 generally receive the Normal Retirement Benefit, which is equal to 2% of their final average salary multiplied by the number of years of credited service. The final average salary is the average annual salary for the three highest consecutive years out of the participant's last 10 years of employment.

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

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

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

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

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

At December 31, 2022 and 2021, the Defined Benefit Plan's membership consisted of the following:

	2022	2021
Retirees and beneficiaries eligible to receive benefits as of December 31	289	275
Terminated employees entitled to, but not yet receiving, benefits	118	125
Active plan members	157	172
Total	564	572

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, 2022 and 2021 was $17,228,409 and $19,580,679, respectively. Metro's total payroll for the years ended December 31, 2022 and 2021 was $38,080,402 and $36,280,395 respectively

During 2022 and 2021, contributions made by Metro totaled $8,385,864 and $8,115,278, respectively. Employee contributions to the Defined Benefit Plan totaled $1,229,481 and $1,310,784, respectively.

(iii) Valuation of Investments

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

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

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

Mutual funds are recorded at quoted fair prices at December 31, 2022 and 2021. The underlying properties held within the real estate fund, Principal U.S. Property account, are appraised annually and financial statements are audited by an internationally recognized accounting firm. The Defined Benefit Plan also invests in liquid real assets and floating rate debt funds, which are valued monthly, and private equity funds, which are valued quarterly. These investments are valued at their fair value as determined by the custodian under the direction of the Defined Benefit Plan with the assistance of an independent consultant.

ii) Net Pension Liability

Metro's net pension liability was measured as of December 31, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively.

iii) Changes in the Net Pension Liability

Changes in Net Pension Liability	**Total Pension Liability** (a)	**Increase (Decrease) Plan Fiduciary Net Position** (b)	**Net Pension Liability** (a) - (b)
Balances as of December 31, 2020	$ 154,889,407	$ 116,736,069	$ 38,153,338
Changes for the year:			
Service cost	2,023,921	—	2,023,921
Interest on total pension liability	10,660,366	—	10,660,366
Effect of economic/demographic gains or losses	2,849,251	—	2,849,251
Effect of assumption changes or inputs	9,076,232	—	9,076,232
Benefit payments	(9,403,818)	(9,403,818)	—
Employer contributions	—	8,115,278	(8,115,278)
Member contributions	—	1,310,784	(1,310,784)
Net investment income	—	19,609,021	(19,609,021)
Administrative expenses	—	(64,979)	64,979
Balances as of December 31, 2021	170,095,359	136,302,355	33,793,004
Changes for the year:			
Service cost	2,033,335	—	2,033,335
Interest on total pension liability	10,809,667	—	10,809,667
Effect of economic/demographic gains or losses	3,741,653	—	3,741,653
Effect of assumption changes or inputs	—	—	—
Benefit payments	(11,838,616)	(11,838,616)	–
Employer contributions	—	8,385,864	(8,385,864)
Member contributions	—	1,229,481	(1,229,481)
Net investment income	—	(15,831,532)	15,831,532
Administrative expenses	—	(62,518)	62,518
Balances as of December 31, 2022	$ 174,841,398	$ 118,185,034	$ 56,656,364

iv) Actuarial assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2022 and 2021 were based on the results of an actuarial experience study for the period 2010-2014 as well as various updated to actuarial experience between 2015 and 2020:

	December 31, 2022	December 31, 2021
Actuarial valuation date	January 1, 2023	January 1, 2022
Measurement date	December 31, 2022	December 31, 2021
Inflation	2.25%	2.25%
Salary increases,	Graded by age	Graded by age
Mortality rate	Pub-2010 Healthy Employee and Retiree Mortality Table for General Employees Projected Generationally Using the Most Recent MP Scale Published by the Society of Actuaries on December 31, 2019	Pub-2010 Healthy Employee and Retiree Mortality Table for General Employees Projected Generationally Using the Most Recent MP Scale Published by the Society of Actuaries on December 31, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	6.50%	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, 2022, 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:

	December 31, 2022		
	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	$ 76,849,464	$ 56,656,364	$ 39,608,057

The following presents the net pension liability of Metro as of December 31, 2021, 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:

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

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, 2022. The long-term expected rate of return is as follows:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Public Equity	55%	8.45%
Private Equity	5%	10.29%
Fixed Rate Debt	15%	2.06%
Floating Rate Debt	10%	6.77%
Real Estate	15%	6.17%

vii) Discount rate

The discount rates used to measure the total pension liability was 6.50% for the year ended December 31, 2022 and 6.50% for the year ended December 31, 2021. 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, 2022 and 2021, Metro recognized pension expense of $12,407,294 and $7,691,780, respectively. At December 31, 2022 and 2022, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2022	
	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ —	$ 2,610,753
Changes of assumptions	—	1,815,246
Net difference between projected and actual earnings	—	9,256,096
Total	$ —	$ 13,682,095

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

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:	
2023	$ 4,109,981
2024	2,012,682
2025	2,635,818
2026	4,923,614
2027	—
Thereafter*	—

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

(c) Defined Contribution Plan

Effective on and after January 1, 2013 all new employees are under the Defined Contribution Plan. Employees in the DC Plan are required to contribute 6% of their earnings to the Plan. Metro matches the mandatory employee contributions with an additional 6% contribution. Employee contributions are deducted from each bi-weekly paycheck, and this amount together with Metro's matching portion, is sent each payday to the DC Plan's administrator, Mission Square. As of December 31, 2022 and 2021 there were 258 and 247 active plan members. Metro's contributions for the years ended December 31, 2022 and 2021 were $1,214,353 and $1,024,392, respectively.

For the years ended December 31, 2022 and 2021, the Statement of Net Position for the Defined Contribution Plan is as follows:

	December 31,	
	2022	2021
Assets:		
Investments, at fair value		
Cash and short-term investments	$ —	$ 176,471
Mutual funds	12,426,174	13,800,630
Stable value funds	1,452,604	985,442
Total investements, at fair value	13,878,778	14,962,543
Contribution receivable	105,317	—
Total assets	13,984,095	14,962,543
Fiduciary net position restricted for pension benefits	$ 13,984,095	$ 14,962,543

For the years ended December 31, 2022 and 2021, the Statement of Changes in Net Position for the Defined Contribution Plan is as follows:

	December 31, 2022	December 31, 2021
Additions:		
Investment income		
Net appreciation (depcreciation) in fair value of investment:	$ (2,684,768)	$ 1,768,822
Net investment income	(2,684,768)	1,768,822
Contributions from employer	1,214,353	1,024,392
Contributions from employee	1,434,763	1,088,046
Total additions	(35,652)	3,881,260
Benefit payments	927,129	536,163
Administrative expenses	15,667	14,532
Total deductions	942,796	550,695
Net increase (decrease) in plan fiduciary net position	(978,448)	3,330,565
Fiduciary net position restricted for pension benefits:		
Beginning of year	14,962,543	11,631,978
End of year	$ 13,984,095	$ 14,962,543

(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, 2022, the following employees were covered by the benefit terms:

	2022	2021
Inactive employees or beneficiaries currently receiving benefit payments	232	232
Inactive employees entitled to but not yet receiving benefit payments	—	—
Active employees	381	381
Total	613	613

(b) Funding Policy

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

(c) Total OPEB Liability

Metro's total OPEB liability was based on the January 1, 2021 valuation date and measurement dates of December 31, 2021 and December 31, 2020, respectively. Metro's total OPEB liability was \$12,766,507 and \$12,273,631 for the years ended December 31, 2022 and December 31, 2021, 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, 2022 and December 31, 2021 are as follows:

	December 31,	
	2022	**2021**
Actuarial valuation date	January 1, 2021	January 1, 2021
Measurement date	December 31, 2021	December 31, 2020
Inflation	2.50%	2.50%
Salary increases,	Graded by age	Graded by age
Mortality rate	Pub-2010 General Employees mortality table fully generational using scale MP2019	Pub-2010 General Employees mortality table fully generational using scale MP2019
Actuarial cost method	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
Discount rate	2.06%	2.12%

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

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

(e) Changes in the Total OPEB Liability

Increase/Decrease in Total OPEB Liability	**Fiscal Year Ending:** December 31, 2022	December 31, 2021
Balance at Beginning of Year	$ 12,273,631	$ 11,900,947
Changes for the year:		
Service cost	626,381	573,363
Interest on Total OPEB liability	268,334	334,914
Effect of economic/demographic gains or losses	—	(815,101)
Effect of assumptions changes or inputs	86,218	785,257
Benefit payments	(488,057)	(505,749)
Balances at End of Year	$ 12,766,507	$ 12,273,631

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 that the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

	December 31, 2022		
	1% Decrease	**Current Discount Rate 2.06%**	**1% Increase**
Net OPEB liability	$ 14,348,759	$ 12,766,507	$ 11,429,575

	December 31, 2022		
	1% Decrease	**Current Healthcare Cost Trend Rate**	**1% Increase**
Net OPEB liability	$ 11,999,554	$ 12,766,507	$ 13,720,683

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

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

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

For the years ended December 31, 2022 and 2021, Metro recognized OPEB expense of $1,162,891 and $1,165,539, respectively. At December 31, 2022 and 2021, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2022	
	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (608,747)	$ 320,961
Changes of assumptions	(170,950)	1,753,528
Total (prior to post-Measurement Date contributions)	(779,697)	2,074,489
Contribtuions made subsequent to measurement date	—	196,640
Net deferred outflow / (inflow) of resources	$ (779,697)	$ 2,271,129

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

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:		
2023	$	268,176
2024		270,349
2025		285,987
2026		250,395
2027		202,556
Thereafter*		17,329

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

(9) Deferred Compensation Plan

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

(10) Service Agreements

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

For the years ended December 31, 2022 and 2021, Metro's connectors and related revenue consisted of the following:

	Year ended December 31, 2022			Year ended December 31, 2021		
Classification	**Number**		**Amount**	**Number**		**Amount**
Member municipalities	22	$	125,700,482	22	$	123,256,122
Special connectors	27		12,449,158	27		12,184,702
	49	$	138,149,640	49	$	135,440,824

(11) Board of Directors Restricted Amounts

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

	December 31,	
	2022	2021
90 day expense reserve plus $1 million	$ 28,374,463	$ 25,786,056
Sewer connection charge reserve	25,000,000	25,000,000
Total restricted amount	$ 53,374,463	$ 50,786,056

(12) Risk Management

Metro is exposed to various risks of loss related to property, auto, health, and workers' safety, for which Metro carries commercial insurance. Metro's commercial insurance coverage has remained substantially the same from the prior year. Metro retains the first $100,000 of any property loss. There were two loss claims filed in 2021, both filed with Zurich American Insurance Company. The first claim loss was sustained on January 14, 2021, for fire loss to the new South Bar Building construction project. Metro is working to execute a contract with Horizon Mechanical Services. Actual costs incurred as of December 31, 2022 totaled $1,897,924. The claim remains open at December 31, 2022. The second claim loss was sustained on March 16, 2021, Clarifier Cover Failure at the Northern Treatment Plant due to heavy snow accumulation during a winter storm. Metro has been working with the original manufacturer, Ultraflote, to replace the covers. Late in 2021 Metro was notified by Ultraflote's legal team that they are filing for Chapter 11. Based on this information, Metro is unsure if Ultraflote will be able to replace the damaged covers, and therefore will be going out to bid for a different manufacturer for the covers. Actual costs incurred as of December 31, 2022 totaled $409,177. The claim remains open at December 31, 2022, pending resolution of replacing the covers.

Metro carries insurance for public entity liability exposure with the Colorado Special District Property and Liability Pool with a limit of $2,000,000 per occurrence. As of December 31, 2022 and 2021, 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 2022 basic financial statements.

As of December 31, 2022, Metro had various commitments totaling approximately $236 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 61% of this total, are the Sand Creek and Second Creek Basins Regional Plan, the Lift Station Fixed Asset Rehabilitation, the Electrical Transmission Service Substation, and the North Secondary Upgrades and Intensification – with remaining costs of $144 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 the free product from monitoring wells, 2) install additional monitoring wells to determine the source of the contamination, and 3) construct concrete "collars" around Metro's Sand Creek Interceptor to prevent Suncor's product from running along the Interceptor to Metro's RWHTF. Metro staff began their own independent monitoring, and met with Suncor staff to discuss safety issues, reimbursement of costs, additional monitoring requirements, and future remediation.

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

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

In December 2011, the consultant was engaged to assist Metro with monitoring and mitigating the air and soil contamination originating from the Suncor property. In February 2012, the Board of Directors appropriated $1.5 million for the work related to the Suncor petroleum contamination. Metro has paid ARCADIS approximately $27,000 and $13,100 in 2022 and 2021, respectively, in the monitoring efforts. Metro did not incur outside legal counsel costs during 2022 and 2021.

Also in February 2012, Metro signed an Access and License Agreement with Suncor in which Suncor agreed to pay a fee of $40,000 per quarter through 2017 for access to Metro's site. Metro signed a First Amendment to Access and License Agreement with Suncor in December 2017, extending the original terms of the Access Agreement through December 15, 2022. This amount, together with ARCADIS costs and certain other direct expenses, is billed to and reimbursed by Suncor on a quarterly basis. Suncor is fully responsible for remainder (not a liability of Metro) and has reimbursed Metro approximately $189,000 and $180,000 in 2022 and 2021, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

Metro Water Recovery

For the Years Ended December 31, 2022 and 2021

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
December 31, 2022

	Fiscal Year Ending December 31									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Total Pension Liability										
Service Cost	$ 2,033,335	$ 2,023,921	$ 2,114,148	$ 1,965,109	$ 2,010,528	$ 2,054,219	$ 2,118,343	$ 2,300,707	$ 2,440,541	N/A
Interest on total pension liability	10,809,667	10,660,366	10,312,587	9,690,475	9,316,712	8,968,077	8,516,917	8,048,386	7,836,723	N/A
Effect on plan changes	-	-	-	-	-	-	-	-	-	N/A
Effect of economic /demographic (gains) or losses	3,741,653	2,849,251	1,602,483	1,710,776	1,035,325	1,588,268	1,723,846	(113,453)	(1,826,177)	N/A
Effect of assumption changes or inputs	-	9,076,232	-	8,032,806	-	3,286,291	-	5,444,418	-	N/A
Benefit payments	(11,838,616)	(9,403,818)	(8,552,016)	(7,240,476)	(7,085,818)	(6,758,280)	(5,817,753)	(5,757,870)	(5,408,869)	N/A
Net change in total pension liability	4,746,039	15,205,952	5,477,202	14,158,690	5,276,747	9,138,575	6,541,353	9,922,188	3,042,218	N/A
Total pension liability, beginning	170,095,359	154,889,407	149,412,205	135,253,515	129,976,768	120,838,193	114,296,840	104,374,652	101,332,434	N/A
Total pension liability, ending (a)	$ 174,841,398	$ 170,095,359	$ 154,889,407	$ 149,412,205	$ 135,253,515	$ 129,976,768	$ 120,838,193	$ 114,296,840	$ 104,374,652	N/A
Fiduciary Net Position										
Employer contributions	$ 8,385,864	$ 8,115,278	$ 6,219,293	$ 5,700,935	$ 5,019,996	$ 4,756,434	$ 4,228,249	$ 4,722,308	$ 4,679,000	N/A
Member contributions	1,229,481	1,310,784	1,420,295	1,472,473	1,483,945	1,560,619	1,636,552	1,631,561	1,421,235	N/A
Investment income net of investment expenses	(15,831,532)	19,609,021	12,170,741	14,823,703	(2,770,025)	11,752,741	6,300,119	(244,970)	5,461,900	N/A
Benefit payments	(11,838,616)	(9,403,818)	(8,552,016)	(7,240,476)	(7,085,818)	(6,758,280)	(5,817,753)	(5,757,870)	(5,408,869)	N/A
Administrative expenses	(62,528)	(64,979)	(63,397)	(76,414)	(48,345)	(55,461)	(46,271)	(62,749)	(51,140)	N/A
Net change in plan fiduciary net position	(18,117,331)	19,566,286	11,194,916	14,680,221	(3,400,247)	11,256,053	6,300,896	288,280	6,102,126	N/A
Fiduciary net position, beginning	136,302,355	116,736,069	105,541,153	90,860,932	94,261,179	83,005,126	76,704,230	76,415,950	70,313,824	N/A
Fiduciary net position, ending (b)	$ 118,185,024	$ 136,302,355	$ 116,736,069	$ 105,541,153	$ 90,860,932	$ 94,261,179	$ 83,005,126	$ 76,704,230	$ 76,415,950	N/A
Net pension liability, ending = (a) - (b)	$ 56,656,374	$ 33,793,004	$ 38,153,338	$ 43,871,052	$ 44,392,583	$ 35,715,589	$ 37,833,067	$ 37,592,610	$ 27,958,702	N/A
Fiduciary net position as a % of total pension liability	67.60%	80.13%	75.37%	70.64%	67.18%	72.52%	68.69%	67.11%	73.21%	N/A
Covered payroll	$ 17,228,409	$ 19,580,679	$ 20,312,130	$ 20,599,400	$ 20,935,048	$ 22,351,010	$ 23,323,075	$ 23,834,625	$ 25,353,510	N/A
Net pension liability as of % of covered	328.85%	172.58%	187.84%	212.97%	212.05%	159.79%	162.21%	157.72%	N/A	N/A

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

Metro Water Recovery
For the Years Ended December 31, 2022 and 2021

Required Supplementary Information

Schedule of Employer Pension Contribitions (Unaudited)
Ten Years Ended December 31, 2022

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2013	$ 5,009,539	$ 5,009,539	$ -	$ 25,039,481	20.01%
2014	4,679,000	4,679,000	-	25,353,510	18.46%
2015	4,722,308	4,722,308	-	23,834,625	19.81%
2016	4,228,249	4,228,249	-	23,323,075	18.13%
2017	4,756,434	4,756,434	-	22,351,010	21.28%
2018	5,019,996	5,019,996	-	20,935,048	23.98%
2019	5,700,935	5,700,935	-	20,599,400	27.68%
2020	6,219,293	6,219,293	-	20,312,130	30.62%
2021	8,115,278	8,115,278	-	19,580,679	41.45%
2022	8,385,864	8,385,864	-	17,228,409	48.67%

Notes to Schedule

Valuation date:

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

Methods and assumptions used for funding policy:

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

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
December 31, 2022

	Fiscal Year Ending December 31									
	2022	2021	2020	2019	2018	2017	2016	2014	2013	2012
Total OPEB Liability										
Service Cost	$ 626,381	$ 573,363	$ 417,645	$ 400,532	$ 373,620	$ 376,564	N/A	N/A	N/A	N/A
Interest on total OPEB liability	268,334	334,914	415,846	324,085	331,010	307,477	N/A	N/A	N/A	N/A
Effect of changes to benefit terms	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Effect of economic /demographic (gains) or losses	-	(815,101)	-	641,921	-	-	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	86,218	785,257	1,563,331	(259,185)	312,414	(171,947)	N/A	N/A	N/A	N/A
Benefit payments	(488,057)	(505,749)	(437,243)	(369,979)	(389,041)	(341,659)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	492,876	372,684	1,959,579	737,374	628,003	170,435	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	12,273,631	11,900,947	9,941,368	9,203,994	8,575,991	8,405,556	N/A	N/A	N/A	N/A
Total OPEB liability, ending	$ 12,766,507	$ 12,273,631	$ 11,900,947	$ 9,941,368	$ 9,203,994	$ 8,575,991	$ 8,405,556	N/A	N/A	N/A
Covered employee payroll	$ 36,280,395	$ 35,587,131	$ 34,021,941	$ 31,917,750	$ 30,439,922	$ 29,426,219	$ 27,618,839	N/A	N/A	N/A
Net pension liability as of % of covered payroll	35.19%	34.49%	34.98%	31.15%	30.24%	29.14%	30.43%	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with GASB standards, they should not be reported. 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, 2022 and 2021

Combining Statement of Net Position - Fiduciary Funds
Year Ended December 31, 2022

	Defined Benefit Retirement Plan	Defined Contribution Retirement Plan	Total Fiduciary Funds
Assets:			
Investments, at fair value:			
Cash and short-term investments	$ 962,365	$ -	$ 962,365
Public equity	59,928,280	-	59,928,280
Mutual funds	-	12,426,174	12,426,174
Private equity	10,138,313	-	10,138,313
Fixed rate debt	14,697,802	-	14,697,802
Stable value funds	-	1,452,604	1,452,604
Floating rate debt	12,429,513	-	12,429,513
Real estate	20,057,339	-	20,057,339
Total investments, at fair value:	118,213,612	13,878,778	132,092,390
Contribution receivable	-	105,317	105,317
Total assets	118,213,612	13,984,095	132,197,707
Liabilities:			
Accrued administrative expenses	28,578	-	28,578
Fiduciary net position restricted for pension benefits	$ 118,185,034	$ 13,984,095	$ 132,169,129

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

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

Metro Water Recovery
For the Years Ended December 31, 2022 and 2021

Combining Statement of Changes in Net Position - Fiduciary Funds
December 31, 2022

	Defined Benefit Retirement Plan	Defined Contribution Retirement Plan	Total Fiduciary Funds
Additions:			
Investment income:			
Net depreciation in fair value of investments	$ (17,594,424)	$ (2,684,768)	$ (20,279,192)
Interest and dividend income	2,144,840	-	2,144,840
Less investment expense	(381,948)	-	(381,948)
Net investment loss	(15,831,532)	(2,684,768)	(18,516,300)
Contributions from employer	8,385,864	1,214,353	9,600,217
Contributions from employee	1,229,481	1,434,763	2,664,244
Total additions	(6,216,187)	(35,652)	(6,251,839)
Deductions:			
Benefit payments	11,838,616	927,129	12,765,745
Administrative expenses	62,518	15,667	78,185
Total deductions	11,901,134	942,796	12,843,930
Net decrease in plan fiduciary net position	(18,117,321)	(978,448)	(19,095,769)
Fiduciary net position restricted for pension benefits:			
Beginning of year	136,302,355	14,962,543	151,264,898
End of year	$ 118,185,034	$ 13,984,095	$ 132,169,129

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

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

SCHEDULES

Metro Water Recovery
For the Years Ended December 31, 2022 and 2021

Schedule of Revenue and Expenses - Budget and Actual
Year ended December 31, 2022

	Year-to-date Actual	Budget 2022	Variance – Favorable (Unfavorable)
Operating revenue:			
Annual charges to connectors	$ 138,149,640	$ 138,149,640	$ —
Land application revenue	95,276	232,000	(136,724)
Other operating income	2,772,569	2,033,490	739,079
	141,017,485	140,415,130	602,355
Operating expenses:			
Operations and maintenance:			
Wastewater transmission	1,686,735	1,476,300	(210,435)
Wastewater treatment	25,567,239	22,122,070	(3,445,169)
Solids processing	12,010,642	12,880,158	869,516
Solids recycling	9,717,895	10,797,365	1,079,470
Technical management and support	23,628,839	25,675,975	2,047,136
Administrative and general	29,274,079	30,526,135	1,252,056
	101,885,429	103,478,003	1,592,574
Operating revenue in excess of expenses (excluding depreciation)	39,132,056	36,937,127	2,194,929
Nonoperating revenue:			
Interest	3,532,116	4,036,605	(504,489)
Other	3,783,619	—	3,783,619
Total nonoperating revenue	7,315,735	4,036,605	3,279,130
Nonoperating expenses:			
Capital (operations and management)	243,421	522,000	278,579
Debt service	48,914,175	49,100,000	185,825
	49,157,596	49,622,000	464,404
Revenue over expenses	(2,709,805)	$ (8,648,268)	$ 5,938,463
Reconciliation to change in net position:			
Add:			
Sewer connection fees	81,668,331		
Capital outlay	243,421		
Debt service	48,914,175		
Capital asset, sewer and A&C interest	(404,992)		
Net decrease in the fair value of investments	(11,775,085)		
Deduct:			
Depreciation	(61,082,922)		
Interest expense included in debt service above	(18,255,096)		
Interest expense leased equipment	(1,475)		
Nonoperating expenses	(1,952,981)		
Lease expense	70,172		
OPEB expense	(1,162,891)		
OPEB employer payments	488,057		
OPEB contributions post measurement date	196,640		
OPEB contributions post measurement date prior year	(179,154)		
Employer contribution expense	8,385,864		
Pension expense	(12,407,294)		
Increase in net position	$ 30,034,965		

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, 2022 and 2021

Schedule of Operating Expenses - Budget and Actual
Year ended December 31, 2022

		Year-to-date Actual	Budget 2022		Variance – Favorable (Unfavorable)
Operations and maintenance:					
Wastewater transmission:					
Personnel	$	1,278,877	996,100	$	(282,777)
Materials and fuel		187,035	270,000		82,965
Utilities		162,564	162,000		(564)
Outside services		52,748	32,000		(20,748)
Support services		5,511	16,200		10,689
		1,686,735	1,476,300		(210,435)
Wastewater treatment:					
Personnel		10,652,629	10,640,470		(12,159)
Materials and fuel		2,160,396	1,324,500		(835,896)
Chemicals		5,103,776	3,425,000		(1,678,776)
Utilities		6,564,725	5,915,000		(649,725)
Outside services		856,297	620,200		(236,097)
Support services		229,416	196,900		(32,516)
		25,567,239	22,122,070		(3,445,169)
Solids processing:					
Personnel		2,444,337	3,017,158		572,821
Materials and fuel		1,354,884	1,094,000		(260,884)
Chemicals		4,724,331	4,826,000		101,669
Utilities		1,451,332	1,556,000		104,668
Outside services		2,035,758	2,387,000		351,242
		12,010,642	12,880,158		869,516
Solids recycling:					
Personnel		4,420,287	4,805,365		385,078
Materials and fuel		2,829,074	2,606,200		(222,874)
Chemicals		1,460,682	1,890,000		429,318
Utilities		17,521	34,000		16,479
Outside services		988,072	1,461,800		473,728
Support services		2,259	—		(2,259)
		9,717,895	10,797,365		1,079,470
Total operations and maintenance		48,982,511	47,275,893		(1,706,618)

See accompanying independent auditors' report.

Metro Water Recovery

For the Years Ended December 31, 2022 and 2021

Schedule of Operating Expenses - Budget and Actual
Year ended December 31, 2022

	Year-to-date Actual	Budget 2022	Variance – Favorable (Unfavorable)
Technical Management and Support:			
Operations and Maintenance:			
Personnel (1)	$ 5,388,646	6,409,202	$ 1,020,556
Materials and fuel	1,476,757	1,497,374	20,617
Utilities	702,450	467,000	(235,450)
Outside services	1,636,419	1,438,500	(197,919)
Support services	124,320	177,899	53,579
	9,328,592	9,989,975	661,383
Resource recovery and reuse:			
Personnel	1,862,251	1,179,600	(682,651)
Materials and fuel	539,375	601,000	61,625
Utilities	179,326	138,600	(40,726)
Outside services	511,438	31,200	(480,238)
Support services	59,815	83,800	23,985
	3,152,205	2,034,200	(1,118,005)
Laboratory:			
Personnel	5,097,073	5,915,683	818,610
Materials and fuel	587,358	852,445	265,087
Outside services	307,158	364,139	56,981
Support services	80,774	69,533	(11,241)
	6,072,363	7,201,800	1,129,437
Engineering:			
Personnel	4,864,748	6,202,500	1,337,752
Materials and fuel	16,952	15,000	(1,952)
Outside services	126,781	150,000	23,219
Support services	67,198	82,500	15,302
	5,075,679	6,450,000	1,374,321
Total technical management and support	23,628,839	25,675,975	2,047,136

See accompanying independent auditors' report.

Metro Water Recovery

For the Years Ended December 31, 2022 and 2021

Schedule of Operating Expenses - Budget and Actual
Year ended December 31, 2022

	Year-to-date Actual	Budget 2022	Variance – Favorable (Unfavorable)
Administrative and general:			
Personnel (1)	$ 18,566,638	19,679,000	$ 1,112,362
Materials and fuel	826,761	654,900	(171,861)
Outside services	6,114,804	6,218,961	104,157
Support services	3,765,876	3,973,274	207,398
Total administrative and general	29,274,079	30,526,135	1,252,056
Total operating system	101,885,429	103,478,003	1,592,574
Capital Outlay	243,421	522,000	278,579
Total Metro system	$ 102,128,850	$ 104,000,003	$ 1,871,153

(1) Personnel has been drecreased by $1,555,253 to reflect costs relating to capital projects that were capitalized during 2022

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

See accompanying independent auditors' report.

III. STATISTICAL SECTION

Index

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

I. Financial Trends 82

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

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

II. Revenue Capacity 84

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

Wastewater Treated
Annual Sewer Connections
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Ten Largest Customers

III. Debt Capacity 91

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

Pledged Revenue Coverage
Ratios of Outstanding Debt

IV. Demographic and Economic Information 93

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

Demographic and Economic Statistics
Ten Largest Employers

V. Operating Information 95

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

Number of Employees by Activity
Operating Indicators by Function/Program

Net Position by Component
(Last Ten Fiscal Years)
(Unaudited)

	Fiscal Year									
	2022	**2021 as restated**	**2020 as restated**	**2019 as restated**	**2018**	**2017[(2)]**	**2016**	**2015**	**2014[(1)]**	**2013**
Enterprise Fund:										
Net Investment in capital assets	$ 725,563,841	$ 642,950,327	$ 571,939,001	$ 646,389,366	$ 571,522,642	$ 510,877,257	$ 460,051,937	$ 429,463,120	$ 415,810,616	$ 395,807,892
Restricted - bonds	86,729,371	153,506,900	192,488,379	32,330,709	31,052,196	29,921,766	30,015,798	28,751,323	19,240,514	42,784,764
Restricted - board of directors	53,374,463	50,786,056	49,518,373	48,941,842	-	-	-	-	-	-
Unrestricted	176,583,189	164,972,616	172,167,463	214,718,026	293,952,857	296,623,363	300,634,133	269,101,343	229,052,829	194,045,456
Total Enterprise Fund net position	$ 1,042,250,864	$ 1,012,215,899	$ 986,113,216	$ 942,379,943	$ 896,527,695	$ 837,422,386	$ 790,701,868	$ 727,315,786	$ 664,103,959	$ 632,638,112

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

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

Fiscal Year		Operating revenue	Operating expenses	Operating income (loss)	Nonoperating revenues/ expenses	Income/Loss before capital contributions	Capital contributions and special items (1)	Change in net position
2013		$ 110,809,466	$ 84,314,050	$ 26,495,416	$ (12,869,919)	$ 13,625,497	$ 33,774,958	$ 47,400,455
2014	(1)	115,723,735	84,868,290	30,855,445	(1,807,331)	29,048,114	34,639,805	63,687,919
2015		120,903,118	95,001,708	25,901,410	(7,787,632)	18,113,778	45,098,049	63,211,827
2016		127,174,092	103,622,742	23,551,350	(14,230,026)	9,321,324	54,064,758	63,386,082
2017	(2)	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	(3)	138,461,087	140,420,373	(1,959,286)	(6,594,665)	(8,553,951)	52,287,224	43,733,273
2021	(4)	137,264,264	149,908,146	(12,643,882)	(20,452,127)	(33,096,009)	59,198,692	26,102,683
2022		141,017,485	167,576,957	(26,559,472)	(25,073,894)	(51,633,366)	81,668,331	30,034,965

(1) As restated for implementation of GASB No. 68.
(2) As restated for implementation of GASB No. 75.
(3) As restated for depreciation adjustment.
(4) As restated for implementation of GASB No. 87.

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

Fiscal Year	Annual charges to connectors	Other operating revenue	Sewer connection fees	Investment income (loss)	Other nonoperating revenue and special items	Total revenue
2013	$ 109,901,727	$ 907,739	$ 33,774,958	$ (34,201)	$ 4,296,684	$ 148,846,907
2014	114,847,305	876,430	34,639,805	4,597,918	8,722,469	163,683,927
2015	120,015,434	887,684	45,098,049	3,020,955	3,711,621	172,733,743
2016	124,516,013	2,658,079	54,064,758	110,946	4,002,317	185,352,113
2017	127,006,333	1,750,639	59,490,896	3,931,505	3,741,451	195,920,824
2018	129,546,460	3,301,829	64,155,603	5,844,697	3,629,718	206,478,307
2019	132,137,389	2,072,409	51,631,996	11,317,707	2,703,617	199,863,118
2020	135,440,824	3,020,263	52,287,224	8,005,862	2,812,479	201,566,652
2021	135,440,824	1,823,440	59,198,692	(2,134,013)	1,827,756	196,156,699
2022	138,149,640	2,867,845	81,668,331	(8,647,961)	3,654,209	217,692,064

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
2013		$ 1,796,093	$ 13,566,221	$ 7,761,947	$ 5,260,754	$ 2,377,180	$ 3,984,998	$ 7,179,686	$ 15,427,226	$ 26,959,945	$ 84,314,050	$ 17,132,402	$ 101,446,452
2014	(1)	1,735,774	14,367,188	7,823,389	5,537,914	2,170,828	3,952,942	6,279,562	15,628,555	27,372,138	84,868,290	15,127,718	99,996,008
2015		1,769,041	15,071,499	7,965,783	6,743,753	2,430,194	4,417,412	7,116,253	17,450,740	32,037,033	95,001,708	14,520,208	109,521,916
2016		1,727,967	16,961,517	7,690,712	8,211,750	2,156,632	5,082,336	7,460,951	18,560,772	35,770,105	103,622,742	18,343,289	121,966,031
2017	(2)	1,611,834	17,080,977	8,417,218	8,401,488	3,286,382	5,429,026	9,037,837	21,206,232	43,439,994	117,910,988	27,838,771	145,749,759
2018		1,933,139	18,086,763	8,668,269	9,286,612	3,312,549	5,990,846	9,573,120	22,778,547	42,092,133	121,721,978	25,651,020	147,372,998
2019		2,103,035	19,343,183	10,260,429	9,599,778	3,650,622	6,969,050	11,709,653	22,358,081	43,979,303	129,973,134	21,365,614	151,338,748
2020	(3)	1,349,024	19,801,990	10,192,371	8,617,925	4,064,644	6,617,457	10,577,124	24,345,296	54,854,542	140,420,373	17,413,006	157,833,379
2021	(4)	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		1,765,837	26,386,056	12,253,331	10,095,105	5,582,265	6,547,625	13,079,486	30,784,330	61,082,922	167,576,957	20,080,142	187,657,099

(1) As restated for implementation of GASB No. 68.
(2) As restated for implementation of GASB No. 75.
(3) As restated for depreciation adjustment.
(4) As restated for implementation of GASB No. 87.

Approximately $3.2 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2013.
Approximately $3.2 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2014.
Approximately $3.2 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2015.
Approximately $3.3 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2016.
Approximately $2.6 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2017.
Approximately $2.5 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2018.
Approximately $2.4 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2019.
Approximately $2.1 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2020.
Approximately $1.5 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2021.
Approximately $1.6 million of engineering wages associated with construction projects and information technology wages associated with software implementation were capitalized in 2022.

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)
2013	(34,201)	(16,372,226)	-	3,388,663	48,161	99,684	$ (12,869,919)
2014	4,597,918	(11,885,426)	-	3,349,848	(2,828,938)	4,959,267	(1,807,331)
2015	3,020,955	(12,743,455)	-	3,351,653	(968,698)	(448,087)	(7,787,632)
2016	110,946	(15,210,068)	-	3,364,291	280,252	(2,775,447)	(14,230,026)
2017	3,931,505	(21,751,909)	-	3,476,704	(336,518)	(5,485,597)	(20,165,815)
2018	5,844,697	(23,853,490)	-	3,376,025	(663,251)	(880,586)	(16,176,605)
2019	11,317,707	(19,269,915)	(1,407,833)	2,187,548	(68,975)	(102,822)	(7,344,290)
2020	8,005,862	(16,354,709)	(628,676)	1,814,187	(262,363)	831,034	(6,594,665)
2021	(2,134,012)	(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)

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)
2013	130.0	$	110.0	$	0.8
2014	133.0		115.0		0.9
2015	148.0		120.0		0.8
2016	137.0		124.5		0.9
2017	133.0		127.0		1.0
2018	129.0		129.5		1.0
2019	133.0		132.1		1.0
2020	129.0		135.4		1.0
2021	134.6		135.4		1.0
2022	131.5		138.1		1.1

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

Fiscal year	**Total sewer connections**		**Cost per single family residential equivalent**
2013	8,606	$	3,960
2014	8,804		3,960
2015	11,826		3,960
2016	14,022		4,220
2017	15,827		4,220
2018	18,549		4,270
2019	13,251		4,270
2020	12,047		4,340
2021	13,005		4,550
2022	17,339		4,710

Number of Sewer Customers by Type

(Last Ten Fiscal Years)

(Unaudited)

Fiscal year	Municipalities	Special connectors	Industrial	Total
2013	22	25	2	49
2014	22	25	2	49
2015	22	26	2	50
2016	22	26	2	50
2017	22	26	2	50
2018	22	26	2	50
2019	22	26	2	50
2020	22	26	2	50
2021	22	26	2	50
2022	23	26	2	51

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

Customer	Fiscal year 2022 Sewer revenue Amount	Percentage
City and County of Denver	$ 52,402,141	37.9%
City of Aurora	31,438,141	22.8%
City of Thornton	11,928,266	8.6%
City of Arvada	10,001,739	7.2%
Green Mountain Water and Sanitation District	2,786,265	2.0%
City of Westminster	2,759,234	2.0%
City of Lakewood	2,701,257	2.0%
Bancroft-Clover Water and Sanitation District	2,441,556	1.8%
North Washington Street Water and Sanitation District	2,029,026	1.5%
Cherry Creek Valley Water and Sanitation District	1,667,322	1.2%
Subtotal (10 largest)	120,154,947	87.0%
Balance from other customers	17,994,693	13.0%
Grand Totals	$ 138,149,640	100.0%

Customer	Fiscal year 2013 Sewer revenue Amount	Percentage
City and County of Denver	$ 44,859,512	40.8%
City of Aurora	22,183,628	20.2%
City of Arvada	7,222,990	6.6%
City of Thornton	7,171,105	6.5%
North Washington Street Water and Sanitation District	2,878,832	2.6%
City of Lakewood	2,524,644	2.3%
City of Westminster	2,365,664	2.2%
Bancroft-Clover Water and Sanitation District	2,231,724	2.0%
Green Mountain Water and Sanitation District	2,218,868	2.0%
Lakehurst Water and Sanitation District	1,535,404	1.4%
Subtotal (10 largest)	95,192,371	86.6%
Balance from other customers	14,709,356	13.4%
Grand Totals	$ 109,901,727	100.0%

Metro Water Recovery

For the Years Ended December 31, 2022 and 2021

Statistical Section

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

Fiscal year	Operating revenues	Sewer connection fees	Interest on Investments	Gross revenues (2)(4)	Less operating expenses (1)	Net available revenues	Debt service - revenue bonds			Coverage ratio
							Principal	Interest (3)	Total	
2013	$ 110,809,466	$ 33,774,958	$ (34,201)	$ 144,550,223	$ 60,225,319	$ 84,324,904	$ 10,710,000	$ 26,131,299	$ 36,841,299	2.29
2014	115,723,735	34,639,805	4,597,918	154,961,458	61,987,561	92,973,897	11,160,000	25,709,902	36,869,902	2.52
2015	120,903,118	45,098,049	3,020,955	169,022,122	65,807,672	103,214,450	12,005,000	25,219,771	37,224,771	2.77
2016	127,174,092	54,064,758	110,946	181,349,796	66,325,434	115,024,362	21,620,000	24,445,259	46,065,259	2.50
2017	128,756,972	59,490,896	3,931,505	192,179,373	73,405,388	118,773,985	22,370,000	23,286,846	45,656,846	2.60
2018	132,848,289	64,155,603	5,844,697	202,848,589	76,682,721	126,165,868	23,160,000	22,299,275	45,459,275	2.78
2019	134,209,798	51,631,996	11,317,707	197,159,501	82,125,678	115,033,823	23,985,000	21,609,030	45,594,030	2.52
2020	138,461,087	52,287,224	8,005,862	198,754,173	85,320,687	113,433,486	27,385,000	15,547,363	42,932,363	2.64
2021	137,264,264	59,198,692	(2,134,012)	194,328,944	89,338,343	104,990,601	26,645,000	20,375,156	47,020,156	2.23
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	48,914,175	2.29

(1) Operating expenses include capitalized wages and capital outlay, excluding depreciation. Source: ACFR Schedule of Operating Expenses - Budget and Actual
(2) As restated for implementation of GASB No. 68 in 2014.
(3) Net of 2009B BABS interest refund.
(4) As restated for implementation of GASB No. 75 2017.

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

Fiscal Year	Outstanding principal - revenue bonds (thousands of dollars)	Personal income (thousands of dollars)	Per capita personal income	Outstanding principal debt to personal income
2013	$ 670,062	$ 140,122,755	$ 51,946	$ 0.48
2014	656,685	148,684,245	53,983	0.44
2015	642,543	157,531,669	55,975	0.41
2016	618,786	162,316,535	56,892	0.38
2017	594,280	172,311,400	59,660	0.34
2018	569,574	188,515,221	64,287	0.30
2019	539,842	199,503,851	67,236	0.27
2020	670,292	208,852,979	69,822	0.32
2021	640,358	232,306,241	78,150	0.28
2022	610,292	N/A	N/A	N/A

N/A: not available at time of compilation

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

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

Fiscal Year	**Population (1)**	**Personal income (thousands of dollars)**	**Per capita personal income**	**Unemployment rate**
2013	2,697,476	$ 140,122,755	$ 51,946	6.5%
2014	2,754,258	148,684,245	53,983	4.8%
2015	2,814,330	157,531,669	55,975	3.6%
2016	2,853,077	162,316,535	56,892	3.1%
2017	2,888,227	172,311,400	59,660	3.1%
2018	2,932,415	188,515,221	64,287	3.6%
2019	2,967,239	199,503,851	67,236	2.5%
2020	2,991,231	208,852,979	69,822	6.4%
2021	2,972,566	232,306,241	78,150	4.2%
2022	N/A	N/A	N/A	2.8%

(1) Represents the population of Metropolitan Denver.
N/A: not available at time of printing
Source: U.S. Bureau of Economic Analysis and U.S. Department of Labor

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

Employer	Employees (2022)	Percentage of total (1)	Rank
UCHealth	13,190	0.82%	1
Amazon	12,360	0.77	2
HealthONE Corporation	12,160	0.75	3
Centura Health	10,740	0.67	4
Intermountain Healthcare (formerly SCL Health System)	10,000	0.62	5
Lockheed Martin Corporation	9,320	0.58	6
Comcast	8,080	0.50	7
United Airlines	7,130	0.44	8
Kaiser Permanente	7,100	0.44	9
Children's Hospital Colorado	7,000	0.43	10
Total	97,080		

Employer	Employees (2013)	Percentage of total (2)	Rank
HealthONE Corporation	10,320	0.71%	1
SCL Health System	7,710	0.53	2
Centura Health	7,140	0.49	3
Lockheed Martin Corporation	6,950	0.48	4
CenturyLink	6,800	0.47	5
Kaiser Permanente	6,030	0.42	6
Comcast Corporation	5,500	0.38	7
Children's Hospital of Colorado	5,020	0.35	8
United Airlines	4,900	0.34	9
University of Colorado Health	4,890	0.34	10
Total	65,260		

Source: Metro Denver Economic Development Corporation
(1) Total employed - 2022 1,610,710
(2) Total employed - 2013 1,445,053

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

	Full-time-equivalent employees as of December 31,									
	2022	**2021**	**2020***	**2019**	**2018**	**2017**	**2016***	**2015**	**2014**	**2013**
Administrative Services	29.00	52.00	56.00	63.00	62.00	58.00	59.00	66.00	67.00	67.00
Comprehensive Planning	5.00	4.00	3.00	—	—	—	—	—	—	—
Engineering	49.75	44.75	44.75	39.75	38.00	36.75	37.75	39.75	38.75	38.00
Environmental Services	78.00	71.00	81.00	77.00	70.00	68.50	70.50	68.50	63.50	61.50
Human Resources	12.00	12.00	12.00	12.00	12.00	12.00	5.00	—	—	—
Information Technology	25.00	—	—	—	—	—	—	—	—	—
Maintenance	72.00	69.00	72.00	79.00	79.00	69.00	73.00	—	—	—
Northern Treatment Plant	21.00	19.00	21.00	—	—	—	—	11.25	3.00	2.00
Office of the General Counsel	3.00	3.00	2.00	2.00	2.00	2.00	2.00	—	—	—
Office of the Chief Executive Officer (including legal services from 2013-2015)	7.00	7.00	4.00	4.00	3.00	2.00	3.00	8.00	7.00	7.00
Operations	38.00	36.00	35.00	46.00	45.00	42.00	46.00	—	—	—
RWHTF Operations and Maintenance	—	—	—	—	—	—	—	133.75	136.00	136.00
Resource, Recovery & Reuse	62.00	61.00	66.00	70.00	73.00	72.00	71.00	43.00	38.00	41.00
Strategy & Communication	9.00	8.00	8.00	—	—	—	—	—	—	—
Technology & Innovation	19.00	19.00	7.00	15.00	16.00	12.00	9.00	—	—	—
Total	429.75	405.75	411.75	407.75	400.00	374.25	376.25	370.25	353.25	352.50

* 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, 2022 and 2021

Statistical Section

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

	Fiscal Year									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Function/Program:										
Wastewater Treatment										
Number of Wastewater Plants	2	2	2	2	2	2	2	1	1	1
Treatment Capacity (mgd) (1)	249	249	249	249	249	249	249	225	225	225
Average Flow Treated (mgd) (1)	132	135	129	133	129	133	137	148	133	130
BOD (tpd) (2) (3)	165	169	168	171	162	160	166	164	155	156
TSS (tpd) (4)	142	171	171	186	170	181	171	170	168	170
Flow Permit Limits	249	249	249	249	249	249	249	220	220	220
BOD Permit Limits	240	240	240	240	240	240	240	212	212	212
Biosolids:										
Dry tons distributed	26,844	28,895	29,983	29,338	30,621	30,149	29,640	28,961	27,525	26,068
Truck miles driven	829,538	873,294	873,054	907,080	866,302	890,286	867,581	839,631	736,493	663,805
Truck loads	6,421	6,841	6,957	6,843	7,173	7,005	6,622	6,527	6,001	5,818
Acres biosolids applied to	12,668	12,850	15,786	13,697	13,360	13,975	16,537	16,765	16,912	13,965
Facility inspection:										
Line cleaning - feet	169,271	153,490	205,392	179,636	181,607	183,216	189,260	182,485	181,627	170,939
Surface inspection - number	2,114	2,352	2,255	2,502	2,478	2,624	2,788	2,481	2,910	2,259
TV inspection - feet	118,782	81,893	138,336	106,617	129,479	114,576	176,982	131,356	149,829	133,263
Cogeneration production:										
Energy output - kwhs (5)	41,434,839	39,841,191	33,152,566	34,023,964	31,765,767	28,792,361	30,421,280	32,183,360	30,869,600	31,838,560
Metro-wide personnel at year-end:	429.75	405.75	411.75	407.75	400.00	374.25	376.25	370.25	353.25	352.50

(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

Heron on railing at NTP

METRO WATER RECOVERY

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