

# Celebrating Our Growth

Popular Annual Financial Report  
for the fiscal year ending December 31, 2023



# Letter from the **CEO**

Since 1961, Metro Water Recovery (Metro) has provided a cost-effective solution to water recovery to the growing Denver metropolitan area. For more than 60 years, the smartest, most dedicated people in the business have ensured the critical need for clean water has been met, and 2023 was no different.

A major highlight to this forward-thinking year was an update to our strategic plan to focus on three foundational pillars: people, communities, and work. Adopted by our board, this update will guide Metro's work in the next several years. In 2023, we also took our commitment to provide transparent and accessible financial information a step further.

For the first time in Metro history, I am honored to present our inaugural Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2023. Based on our Annual Comprehensive Financial Report (ACFR), the PAFR was composed to ensure that our ratepayers, residents, connectors, government agencies, and other invested parties can understand our finances, operations, and budget projections a bit easier.

Telling the complete story of who we are has never been more important. I hope that the PAFR highlights the fair and equitable ways we are managing our most precious resources. If you have any questions or comments, please feel free to contact Metro's Administrative Services Department.

Sincerely,



**William J. "Mickey" Conway**  
Chief Executive Officer (CEO)

The information in this report summarizes Metro's financial position based on the detailed financial statements found within the 2023 Annual Comprehensive Financial Report. The financial statements were prepared in conformance with Generally Accepted Accounting Principles (GAPP) and audited by an independent accounting firm, receiving an unmodified (clean) opinion. The numbers in this report are presented in an unaudited non-GAAP format. The financial information for Metro's fiduciary fund, Pension Trust Fund, is excluded from this report.



# Our People

**Metro Water Recovery (Metro) was formed under Colorado law in 1961. Metro is the largest water and resource recovery agency in the Rocky Mountain West. Our employees and Board of Directors are the heart of Metro, and we aim to empower them to be agents of change, driving our vision forward for a sustainable future.**

### Mission

To protect the region’s health and environment by cleaning water and recovering resources.

### Vision

To be a leader, an innovative clean water partner, and a great place to work.

### Values

Excellence, Collaboration, Inclusion, Integrity.

**Metro has experienced consistent growth in full-time-equivalent (FTE) employees over the past few years. In 2021, Metro had 405.75 FTEs. This was followed by an increase to 429.75 FTEs in 2022, with further growth to 437 FTEs in 2023. Out of Metro’s fourteen departments, seven saw increases in FTEs from 2022-2023, five experienced decreases in FTEs, and two had the same number of FTEs in 2023 as in 2022.**

## Employees by department in 2023



## Leadership

Metro is governed by a Board of Directors. Working alongside our Chief Executive Officer and key organizational leaders, the Board guides Metro’s strategic direction, supports our mission, and represents the communities we serve.



### ▶ 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      | Jo Ann Giddings  | Steve Pott*       |
| Peter Baertlein*   | Joan Iler        | Bill Ray*         |
| Bonnie Baird**     | Sharon Israel**  | Josh Redman**     |
| Greg Baker         | Andrew Johnston  | Thomas Roode**    |
| Mike Barrett       | Janet Kieler     | Robert Roth*      |
| Clint Blackhurst** | Craig Kocian     | Kim Schoen*       |
| Travis Bogan**     | Laura Kroeger    | Greg Sekera       |
| Philip Burgi       | Kathy Laurienti* | Delbert Smith     |
| Nadine Caldwell    | Doug Lazure      | Peter Spanberger  |
| John Chavez        | Bob LeGare       | Mary Beth Susman  |
| David Councilman   | Marena Lertch**  | Amerigo Svaldi    |
| Deborah Crisp      | Charles Long*    | Dennis Towndrow   |
| Clark Davenport    | Martin Majors    | Scott Twombly     |
| James DeHerrera    | Charlie Miller   | Jennifer Williams |
| Robert Duncanson*  | Jamie Miller     | Ronald Younger    |
| Mary Gearhart      | Sarah Niyork     |                   |

\*retired during 2023; \*\*joined during 2023

## ► Organizational Leaders

**William Conway:** Chief Executive Officer

**Emily Jackson:** Chief Legal Officer

**Liam Cavanaugh:** Deputy CEO and Chief Operating Officer

**Dawn Ambrosio:** Chief Strategy Officer

**Colleen Dempsey:** Chief Human Resources Officer

**Molly Kostelecky:** Chief Financial Officer

**Sherman Papke:** Chief Technical Officer

**Tanja Rauch-Williams:** Chief Innovation Officer

**Martin Alvis:** Director of Operations

**Kimberly Cowan:** Director of NTP Operations and Maintenance

**Shawn Fredrickson:** Director of Information Technology

**Daniel Freedman:** Director of Technology and Innovation

**Perry Holland:** Director of Comprehensive Planning

**Andrew Nelson:** Director of Engineering

**Jennifer Robinett:** Director of Environmental Services

**Patrick Stanley:** Director of Resource Recovery and Reuse

**Orren West:** Director of Maintenance





# Our Communities

**In 2023, we expanded our partnerships, and we now serve approximately 2.2 million people across an 817-square-mile service area. Working with local governments, comprised of municipalities and special districts, we clean millions of gallons of water every day to be suitable for agriculture, aquatic life, recreation, and water supply.**

## Economic Condition and Outlook

Metro Water Recovery is located in the largest metropolitan area in Colorado. This economic region has experienced significant population and economic growth over the past decade. Economic indicators as of December 2023 demonstrate that growth will continue in Metro Denver. Colorado and the Metro Denver area both continue to see growth in labor and consumer spending habits. Inflation was one major disruption to the economy in 2022, and it continued to provide significant price pressure throughout 2023. The Federal Reserve adopted interest rate increases throughout 2022 and the first half of 2023 to combat inflation. Some economists predict a pullback on rate hikes in 2024 as inflation has been stable through the last half of 2023.

Metro Water Recovery experienced the impacts of these economic trends in 2023. We continue to experience higher prices for materials, fuels, chemicals, and utilities, as well as significant increases in capital project costs. Local unemployment rates remain low, which has led to labor shortages accompanied by higher-than-average turnover rates.

Fortunately, Metro's sewer connection charge revenue in 2023 was not affected by the economic conditions. Growth in Metro Denver construction continued at the same pace in 2023 as it did in 2022, and Metro received final buy-in of sewer connection charges from the City of Brighton. Therefore, the sewer connection charge revenues received were more than projected.

Metro continues to track a variety of economic factors that may impact future operations and budget projections. For example, wages and benefits are increasing at higher rates; and Metro is also watching prices of chemicals, utilities, and maintenance contracts as supply chain and inflationary pressures continue throughout the region.

# About Our Customers

## Number of Wastewater Customers



# 20,197

new sewer connections  
in 2023



### 23 Municipalities

with voting representation on  
the Metro Board of Directors



### 27 Special connectors

without voting representation  
on the Metro Board of Directors



### 12 Connectors to connectors

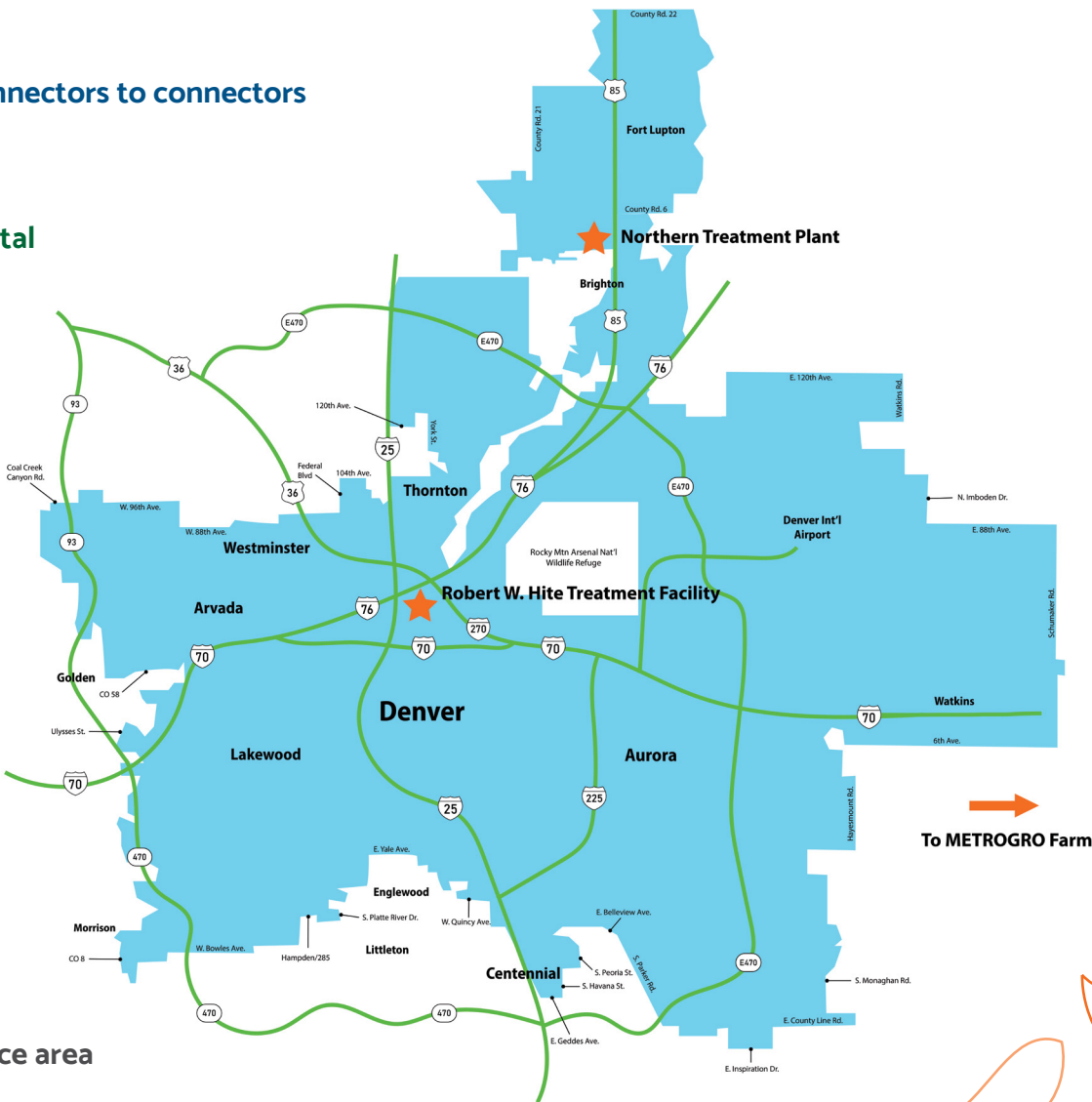


### 62 Total



# \$5,120

cost per single family  
residential equivalent



Map of our service area

[Visit our website for more information on our connectors.](#)



# Our Work

Metro Water Recovery delivers high-quality services by continuously innovating and investing in our processes. These efforts enable us to uphold the highest standards of safety, financial stewardship, and environmental sustainability.



Treatment Capacity

**249**

million gallons per day



Average Flow Treated

**141**

million gallons per day



Biosolids Distributed

**31,718**

dry tons



Energy Produced Through Cogeneration

**40,773,600**

kilowatt hours



## 2023 Condensed Summary of Net Position

	December 31		
	2023	2022 as restated	2021
Unrestricted assets	\$354,633,942	\$321,271,313	\$290,932,737
Restricted assets	\$68,584,408	\$91,876,496	\$158,979,363
Capital assets, net	\$1,362,512,613	\$1,344,421,901	\$1,288,670,362
<b>Total assets</b>	<b>\$1,785,730,963</b>	<b>\$1,757,569,710</b>	<b>\$1,738,582,462</b>
Deferred outflows of resources	\$10,999,438	\$15,953,224	\$10,854,526
Current liabilities	\$67,570,919	\$70,884,826	\$56,020,850
Noncurrent liabilities	\$615,507,006	\$654,709,033	\$661,753,416
<b>Total liabilities</b>	<b>\$683,077,925</b>	<b>\$725,593,859</b>	<b>\$717,774,266</b>
Deferred inflows of resources	\$6,986,733	\$5,600,254	\$19,446,823
Net investment in capital assets	\$775,236,672	\$752,323,636	\$732,181,785
Restricted - bonds	\$62,460,754	\$60,847,191	\$64,549,179
Restricted - board of directors	\$56,066,525	\$53,374,463	\$50,786,056
Unrestricted, as restated	\$212,901,792	\$175,783,531	\$164,698,879
<b>Total net position</b>	<b>\$1,106,665,743</b>	<b>\$1,042,328,821</b>	<b>\$1,012,215,899</b>

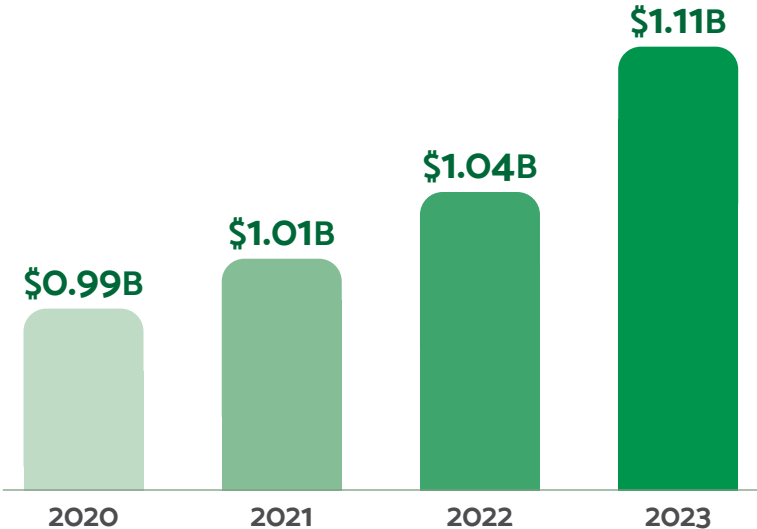
## 2023 Summary of Revenue, Expenses, and Changes in Net Position

	December 31		
	2023	2022 as restated	2021
Annual charges to connectors	\$145,057,122	\$138,149,640	\$135,440,824
Land application revenue	\$177,419	\$95,276	\$88,620
Other operating revenue	\$4,212,401	\$2,772,569	\$1,734,820
<b>Total operating revenue</b>	<b>\$149,446,942</b>	<b>\$141,017,485</b>	<b>\$137,264,264</b>
Investment revenue (expense)	\$16,816,216	(\$8,647,961)	(\$2,134,013)
Intergovernmental revenue	\$1,803,674	\$1,795,393	\$1,804,018
<b>Total revenue</b>	<b>\$168,066,832</b>	<b>\$134,164,917</b>	<b>\$136,934,269</b>
Operations and maintenance expenses	\$53,656,205	\$50,500,329	\$41,891,912
Technical management and support	\$27,124,728	\$25,209,376	\$23,129,976
Administrative and general	\$33,122,827	\$28,666,329	\$24,478,492
Depreciation and amortization	\$69,307,077	\$62,931,919	\$60,407,766
<b>Total operating expenses</b>	<b>\$183,210,837</b>	<b>\$167,307,953</b>	<b>\$149,908,146</b>
Interest expense	\$17,740,168	\$18,447,618	\$18,677,902
Other expense (revenue)	\$6,190,098	(\$35,245)	\$1,444,230
<b>Total nonoperating expenses</b>	<b>\$23,930,266</b>	<b>\$18,412,373</b>	<b>\$20,122,132</b>
<b>Total expenses</b>	<b>\$207,141,103</b>	<b>\$185,720,326</b>	<b>\$170,030,278</b>
<b>(Loss) before capital contributions</b>	<b>(\$39,074,271)</b>	<b>(\$51,555,409)</b>	<b>(\$33,096,009)</b>
Capital contributon - sewer connection fees	\$103,411,193	\$81,668,331	\$59,198,692
<b>Increase in net position</b>	<b>\$64,336,922</b>	<b>\$30,112,922</b>	<b>\$26,102,683</b>
Beginning net position	\$1,042,328,821	\$1,012,215,899	\$986,113,216
Ending net position	\$1,106,665,743	\$1,042,328,821	\$1,012,215,899

# Net Position

Net position provides an overview of Metro’s assets, liabilities, and equity. In essence, it shows the resources available to Metro for future use. Over the past few years, Metro has seen consistent growth in our net position.

## Total net position over time



► In essence, net position shows the resources available to Metro for future use.

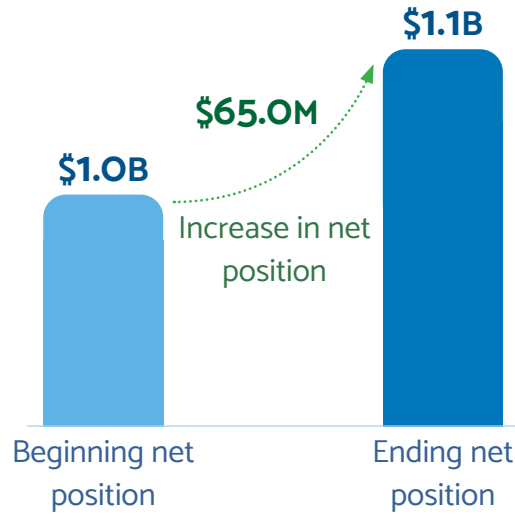
Net position increased \$65 million to \$1.11 billion in 2023. This increase was primarily due to the receipt of \$103 million in sewer connection fees, reduced by net loss (revenue minus expenses) of \$39 million.

Restricted assets decreased by \$23 million, mainly as a result of spending down bond proceeds from 2020.

Noncurrent liabilities decreased by \$39 million, primarily due to the principal payments on outstanding bonds.

The charts on the previous pages summarize Metro’s net position for 2023 and changes in net position. [More detailed statements of net position and changes in net position can be found in our Annual Comprehensive Financial Report, available on our website.](#)

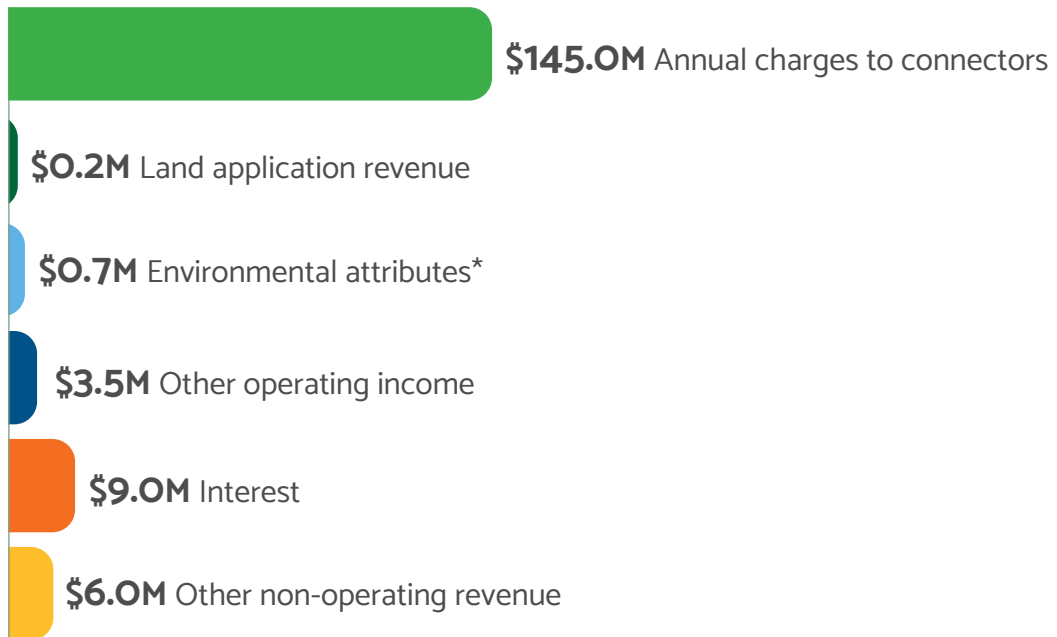
## Change in Net Position



## Revenue

Total revenue for 2023 increased by approximately \$34 million, up 25.4% from 2022. Operating revenue increased by \$8.4 million, primarily due to the increase in annual charge revenue, which was an overall rate increase of 5.0% from 2022. Sewer connection fees increased by approximately \$22 million, or 26.6%, totaling \$103 million. This increase was primarily a result of the final buy-in payment from a connector. Investment revenue increased by \$25 million due to unrealized gains on investments resulting from the significant increase in bond values.

### Revenue breakdown

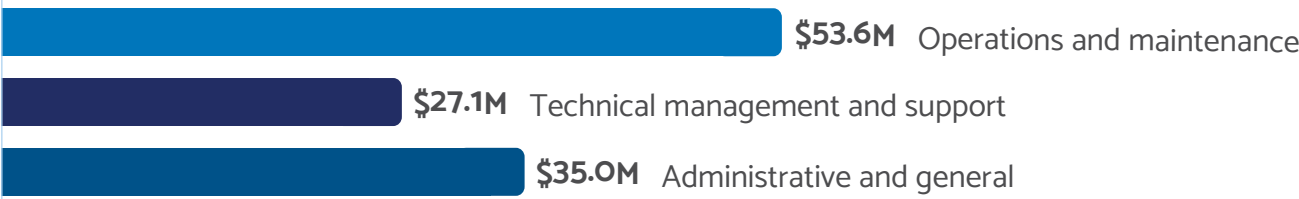


\*Environmental attribute revenue is income from the sale of carbon offset credits.

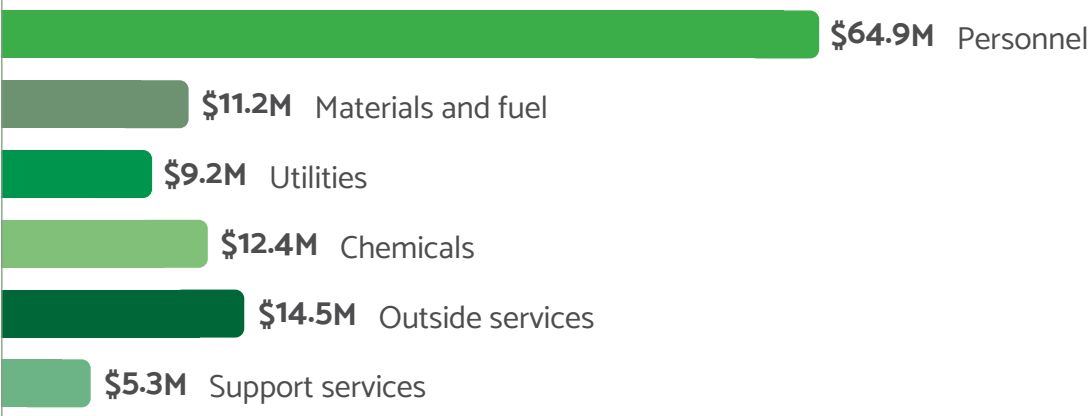
# Expenses

Total expenses increased by approximately \$21 million, up 11.3% from 2022. This included an increase of \$15 million in operating costs, primarily due to inflationary factors, and an additional increase of \$6 million in other non-operating expenses.

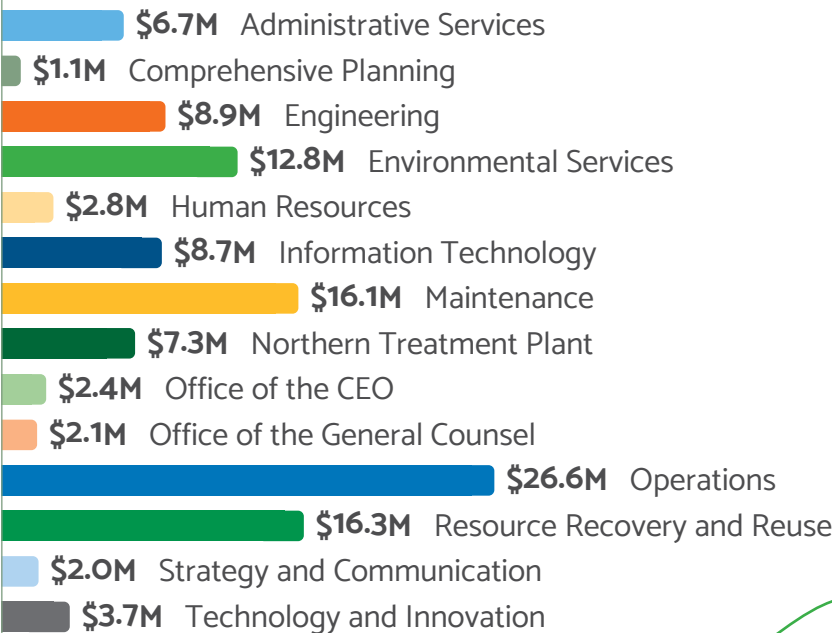
## Expense breakdown by function



## Expense breakdown by type



## Expense breakdown by department



# Long-Term Debt Summary

As of December 31, 2023, Metro’s long-term debt consisted of approximately \$567 million in bonds payable.

## Metro’s underlying bond ratings

### Standard & Poor’s

**AAA**

▶ The AAA rating means that we have extremely strong capacity to meet our financial commitments.

### Moody’s Investors Services

**Aa1**

▶ An Aa1 rating means that Metro has high-quality and very low credit risk.

## Total outstanding improvement bonds and refunding bonds

Issue	Date issued	Amount issued	December 31	
			2023	2022
2009B Sewer Improvement Bonds	08-27-09	\$187,380,000	\$94,195,000	\$94,195,000
2019A Sewer Refunding Bonds	05-17-19	\$72,830,000	\$15,995,000	\$31,235,000
2019B Sewer Refunding Bonds	12-10-19	\$332,770,000	\$310,000,000	\$323,345,000
2020A Sewer Improvement Bonds	10-27-20	\$146,545,000	\$146,545,000	\$146,545,000
Plus premium on 2019A Bonds			\$791,368	\$2,147,999
Plus premium on 2020A Bonds			\$12,238,875	\$12,824,000
<b>Total</b>			<b>\$579,765,243</b>	<b>\$610,291,999</b>

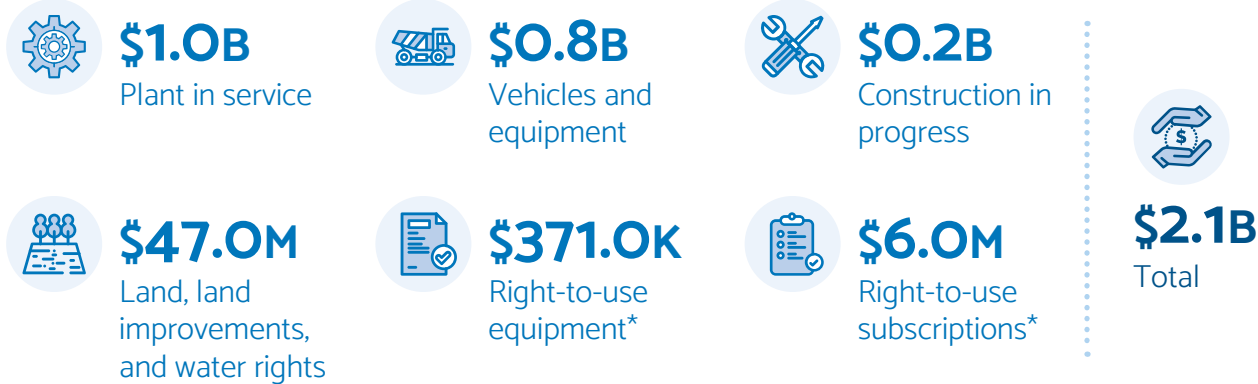
# Capital Asset Summary

Metro saw an \$18 million increase in net capital assets in 2023, bringing our investment in capital assets to \$1.362 billion. This increase was primarily due to approximately \$93 million in additions to construction projects already in progress. This was offset by the completion of other projects and by \$62 million in depreciation expenses.

The following project costs were incurred in 2023: Sand Creek and Second Creek Interceptors - \$29 million, Interceptor Rehabilitation - \$9 million, South Thornton Lift Station - \$12 million, and Sludge Processing Building - \$11 million. The remaining \$32 million was a result of additions to numerous smaller projects.

Construction in progress decreased by \$24 million in 2023. The \$93 million in additions to construction in progress was offset by \$108 million in completed projects, such as improvements to the solids processing building.

## 2023 Capital Assets



 **\$0.7B**  
Accumulated depreciation

 **\$1.4B**  
Net capital assets

\*Right-to-use indicates non-cancelable leases or other use agreements where Metro maintains a right to use assets belonging to other entities.

This report presented key highlights of our financial position. [For detailed financial statements and disclosures, refer to our Annual Comprehensive Financial Report, which is available on our website at https://www.metrowaterrecovery.com/about-us/budgets-reports/.](https://www.metrowaterrecovery.com/about-us/budgets-reports/)



METRO  
WATER  
RECOVERY®

We get your water.



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