

Popular Annual Financial Report

for the fiscal year ending December 31, 2024



Metro Water Recovery
State of Colorado

Letter from the **CEO**

Since 1961, Metro Water Recovery (Metro) has provided a cost-effective solution to water recovery for the growing Denver metropolitan area. For more than 60 years, Metro's smart and dedicated people have been in the business of serving communities by connecting them to their water, and 2024 was no different.

A major milestone of the year was the completion of the Second Creek Interceptor, which was placed into service in mid-2024. This 18-mile gravity pipeline connects Metro's Northern Treatment Plant to several communities in the northeast portion of our service area, diverts flow from other interceptors, eliminates costly lift stations, and accommodates growth in the east and north.

In 2024, Metro continued our commitment to cleaning water and recovering resources to protect public health and the environment for our communities and providing transparent and accessible financial information that demonstrates Metro's commitment to ratepayer value. This Popular Annual Financial Report (Report) for the fiscal year ending December 31, 2024, which is based on our Annual Comprehensive Financial Report, was created to provide financial transparency to our ratepayers, residents, connectors, government agencies, and other interested parties in an easy-to-understand format. The Report highlights our connections to service and communities through our financial story. 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 2024 Annual Comprehensive Financial Report. The financial statements were prepared in conformance with Generally Accepted Accounting Principles (GAAP) 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 are the heart of Metro, and we aim to empower them to be agents of change, driving our vision toward 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.

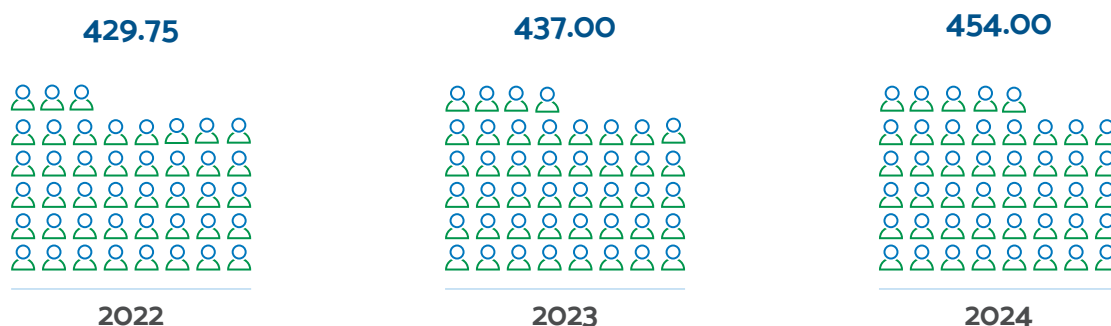
Values

Excellence, Collaboration, Inclusion, Integrity.

Metro has experienced change in the number of full-time-equivalent (FTE) employees over the past few years. In 2022, Metro had 429.75 FTEs. This was followed by an increase to 437.00 FTEs in 2023, with further growth to 454.00 FTEs in 2024. Out of Metro's 14 departments, nine saw increases in FTEs from 2023 to 2024, two experienced decreases in FTEs, and three had the same number of FTEs in 2024 as in 2023. Metro's 2024 breakdown of FTEs by department was:

| | | |
|-----------------------------|------------------------------|--------------------------------|
| Administrative Services: 30 | Information Technology: 29 | Operations: 41 |
| Comprehensive Planning: 5 | Legal: 3 | Resource Recovery & Reuse: 68 |
| Engineering: 48 | Maintenance: 71 | Strategy and Communication: 15 |
| Environmental Services: 72 | Northern Treatment Plant: 30 | Technology and Innovation: 19 |
| Human Resources: 14 | Office of the CEO: 9 | |

Full-time equivalent employees over time



Leadership

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



► Officers of the Board

Marena Lertch: Chair Pro Tem

Delbert Smith: Secretary

Sarah Niyork: Chair

Janet Kieler: Treasurer

► Members of the Board

Curt Aldstadt

Bonnie Baird*

Greg Baker*

Mike Barrett

Cody Berg**

Clint Blackhurst

Travis Bogan

Philip Burgi*

Nadine Caldwell

John Chavez

David Councilman

Deborah Crisp

Clark Davenport

James DeHerrera

Joe Drew**

Mary Gearhart

Jo Ann Giddings*

Joan Iler

Sharon Israel*

Andrew Johnston

Craig Kocian

Laura Kroeger

Doug Lazure*

Bob LeGare

Martin Majors

George Mazzotti, Jr.**

Charlie Miller

Jamie Miller

Josh Redman

Thomas Roode

Robert Roth**

Greg Sekera

Peter Spanberger

Mary Beth Susman

Amerigo Svaldi*

Dennis Towndrow

Scott Twombly

Jennifer Williams

Ronald Younger

*retired during 2024; **joined during 2024

► Organizational Leaders

William “Mickey” Conway: CEO

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

Metro serves approximately 2.2 million people across an 817-square-mile service area. Working with 65 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 is located in the largest metropolitan area in Colorado. The economic region has experienced significant population and economic growth in the past decade. Economic indicators as of December 2024 demonstrate that growth will continue in the region. Colorado and the Metro Denver area continue to see growth in the labor market and expect the unemployment rate to remain moderately low, around 4.0 percent in the near term. Colorado consumer habits continue to shift to services, such as lodging and dining, and tend to be more reactive to economic conditions compared to the national average. Inflation was one major disruption to the economy in 2022 and 2023. Prices stabilized in the second half of 2024, and the Colorado Consumer Price Index is expected to remain stable in the near term.

Metro experienced the impacts of the economic cycle in 2024. Metro saw large increases in prices for materials and fuels, chemicals, and utilities, as well as significant escalation of capital project costs. Local unemployment rates remained low, which has led to labor shortages accompanied by higher-than-average turnover rates. In the operating budget for 2024, salaries savings from vacant positions partly offset higher prices in other categories. Metro's 2024 expenses were less than the 2024 revised budget due to the stabilization of prices in the second half of 2024 and continued optimization strategies for operations.

Sewer connection charge revenue remained stable in 2024. Construction in our service area continued at the same pace in 2024 as it did in 2023, though statewide housing starts (construction of new residential housing units) are down compared to prior years. Metro will continue to budget relatively conservatively for these revenues.

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

About Our Customers

Number of Wastewater Customers



10,447

new sewer connections
in 2024



23 Member connectors
with voting representation on
the Metro Board of Directors



27 Special connectors
without voting representation
on the Metro Board of Directors



15 Indirect connectors

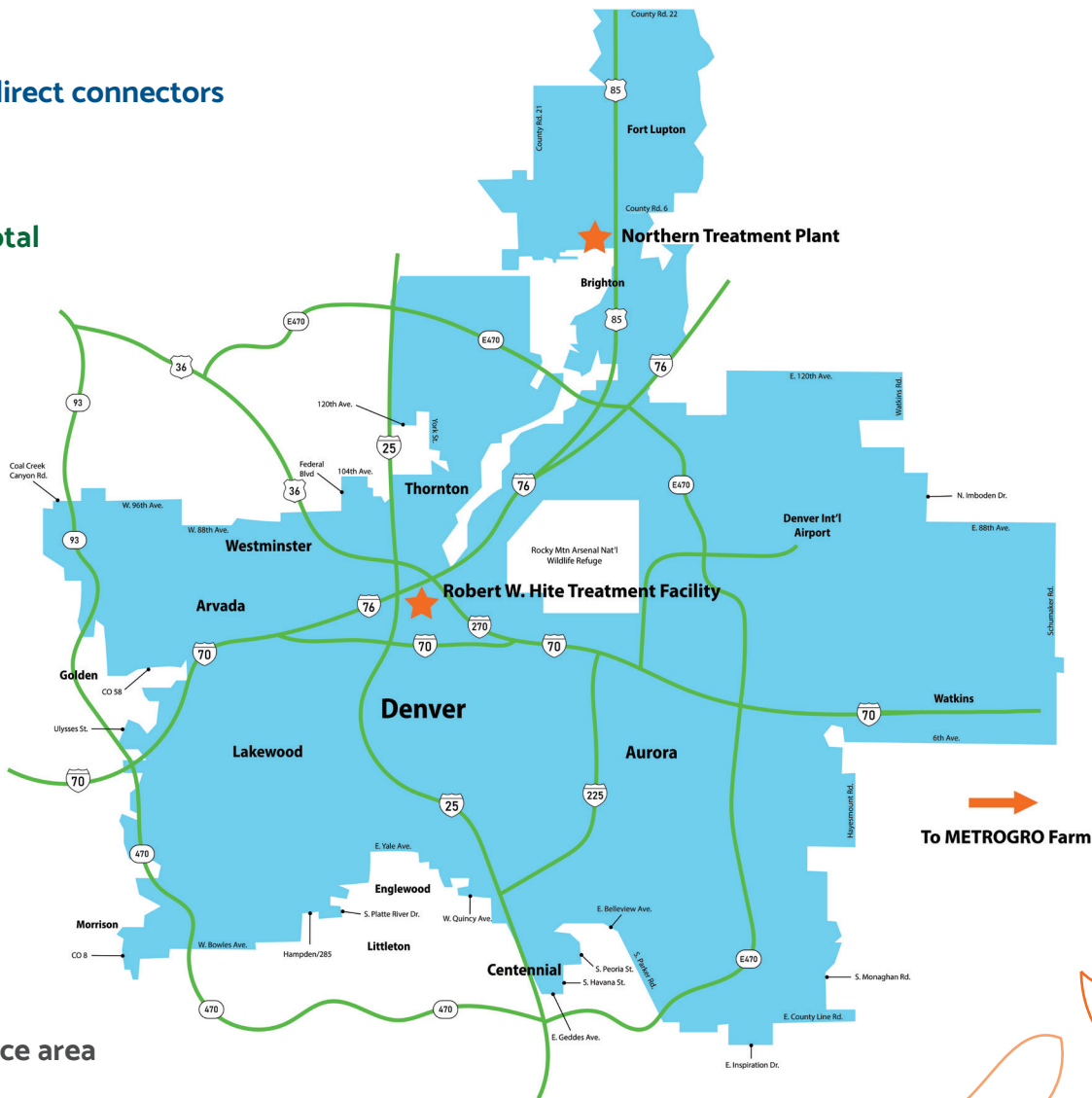


65 Total



\$5,520

cost per single family
residential equivalent



Map of our service area

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



Our Work

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



Treatment Capacity

249

million gallons per day



Average Flow Treated

137

million gallons per day



Biosolids Distributed

32,639

dry tons



Energy Produced Through Cogeneration

40,611,200

kilowatt hours



2024 Condensed Summary of Net Position

| Category | December 31, 2024 | December 31, 2023 as restated | December 31, 2022 as restated |
|----------------------------------|------------------------|----------------------------------|----------------------------------|
| Unrestricted assets | \$325,711,187 | \$354,633,942 | \$321,271,313 |
| Restricted assets | \$40,467,885 | \$68,584,408 | \$91,876,496 |
| Capital assets, net | \$1,427,449,341 | \$1,362,512,613 | \$1,344,421,901 |
| Total assets | \$1,793,628,413 | \$1,785,730,963 | \$1,757,569,710 |
| Deferred outflows of resources | \$6,694,584 | \$10,999,438 | \$15,953,224 |
| Current liabilities | \$76,809,107 | \$68,865,672 | \$70,884,826 |
| Noncurrent liabilities | \$578,215,715 | \$616,157,755 | \$654,709,033 |
| Total liabilities | \$655,024,822 | \$685,023,427 | \$725,593,859 |
| Deferred inflows of resources | \$6,308,599 | \$6,986,733 | \$5,600,254 |
| Net investment in capital assets | \$856,558,641 | \$775,236,672 | \$752,323,636 |
| Restricted - bonds | \$35,841,941 | \$62,460,754 | \$60,847,191 |
| Designated - board of directors | \$61,911,800 | \$56,066,525 | \$53,374,463 |
| Unrestricted, as restated | \$184,677,194 | \$210,956,290 | \$175,783,531 |
| Total net position | \$1,138,989,576 | \$1,104,720,241 | \$1,042,328,821 |

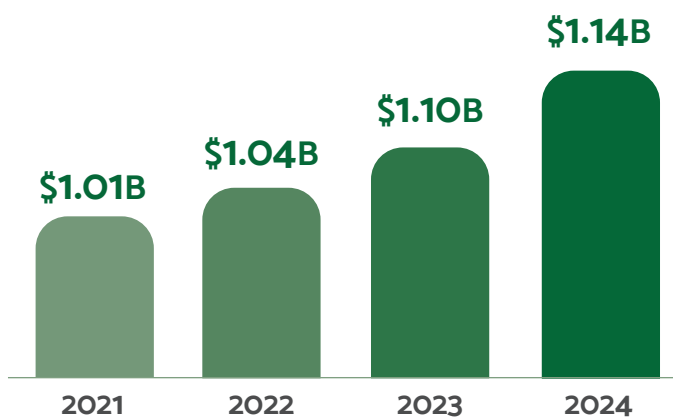
2024 Summary of Revenue, Expenses, and Changes in Net Position

| Category | December 31, 2024 | December 31, 2023 as restated | December 31, 2022 as restated |
|--|-----------------------|----------------------------------|----------------------------------|
| Annual charges to connectors | \$155,211,121 | \$145,057,122 | \$138,149,640 |
| Land application revenue | \$124,956 | \$177,419 | \$95,276 |
| Other operating revenue | \$7,922,704 | \$4,212,401 | \$2,772,569 |
| Total operating revenue | \$163,258,781 | \$149,446,942 | \$141,017,485 |
| Investment revenue (expense) | \$14,353,248 | \$16,816,216 | (\$8,647,961) |
| Intergovernmental revenue | \$1,795,393 | \$1,803,674 | \$1,795,393 |
| Other revenue | \$5,660,522 | \$3,711,645 | \$1,858,816 |
| Total revenue | \$185,067,944 | \$171,778,477 | \$136,023,733 |
| Operations and maintenance expenses | \$57,267,306 | \$53,885,332 | \$50,500,329 |
| Technical management and support | \$26,581,493 | \$27,341,251 | \$25,209,376 |
| Administrative and general | \$39,111,484 | \$33,359,363 | \$28,666,329 |
| Depreciation and amortization | \$65,685,868 | \$69,307,077 | \$62,931,919 |
| Total operating expenses | \$188,646,151 | \$183,893,023 | \$167,307,953 |
| Interest expense | \$17,229,387 | \$17,740,168 | \$18,447,618 |
| Studies expense | \$2,713,067 | \$9,901,743 | \$1,823,571 |
| Total nonoperating expenses | \$19,942,454 | \$27,641,911 | \$20,271,189 |
| Total expenses | \$208,588,605 | \$211,534,934 | \$187,579,142 |
| (Loss) before capital contributions | (\$23,520,661) | (\$39,756,457) | (\$51,555,409) |
| Capital contribution - sewer connection fees | \$57,789,996 | \$103,411,193 | \$81,668,331 |
| Increase in net position | \$34,269,335 | \$63,654,736 | \$30,112,922 |
| Beginning net position, as previously reported | \$1,041,065,505 | \$1,042,328,821 | \$1,012,215,899 |
| Change in accounting principle | \$0 | (\$1,263,316) | \$0 |
| Beginning net position, as restated | \$1,104,720,241 | \$1,041,065,505 | \$1,012,215,899 |
| Ending net position | \$1,138,989,576 | \$1,104,720,241 | \$1,042,328,821 |

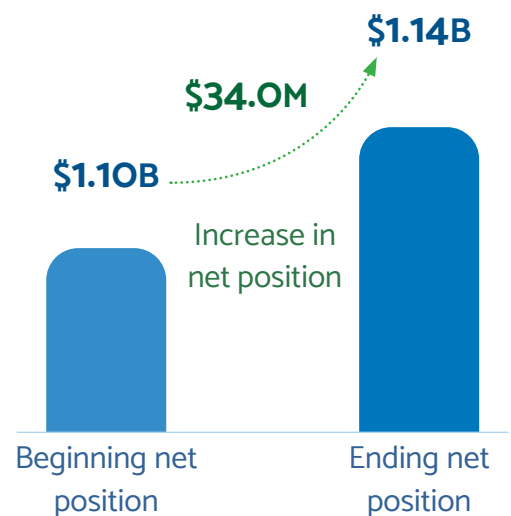
Net Position

Net position provides an overview of Metro's assets, liabilities, and equity. In essence, it shows the resources available to Metro for future use.

Total net position over time



Change in Net Position



Net position increased \$34 million to \$1.14 billion in 2024. This increase was primarily due to the receipt of \$57 million in sewer connection fees, reduced by a loss before sewer connection fees of \$23 million.

Restricted assets decreased by \$18 million, mainly as a result of spending bond proceeds issued in 2020.

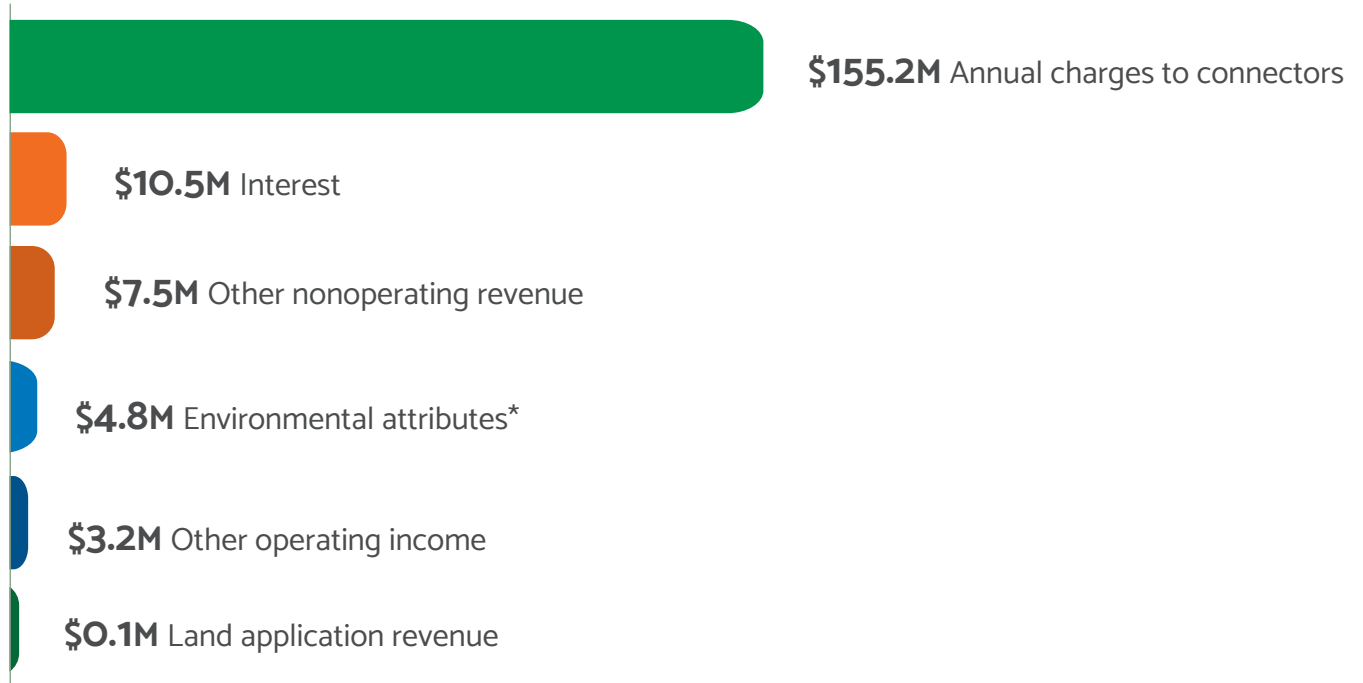
Noncurrent liabilities decreased by \$38 million, primarily due to the principal payments on outstanding bonds.

The charts on the previous pages summarize Metro's net position for 2024 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.](#)

Revenue

Total revenue for 2024 decreased by approximately \$32 million, down 11.7 percent from 2023. Operating revenue increased by \$13.8 million, primarily due to the increase in annual charge revenue, which was an overall rate increase of 7.0 percent from 2023. Sewer connection fees decreased by approximately \$46 million, or 44.1 percent, totaling \$58 million. During 2023, Metro received the full buy-in payment for existing connections from Brighton in the amount of \$46,597,324. This amount was included in the sewer connection charge revenues of 2023, representing the difference between 2023 and 2024 sewer connection charge revenue.

Revenue breakdown



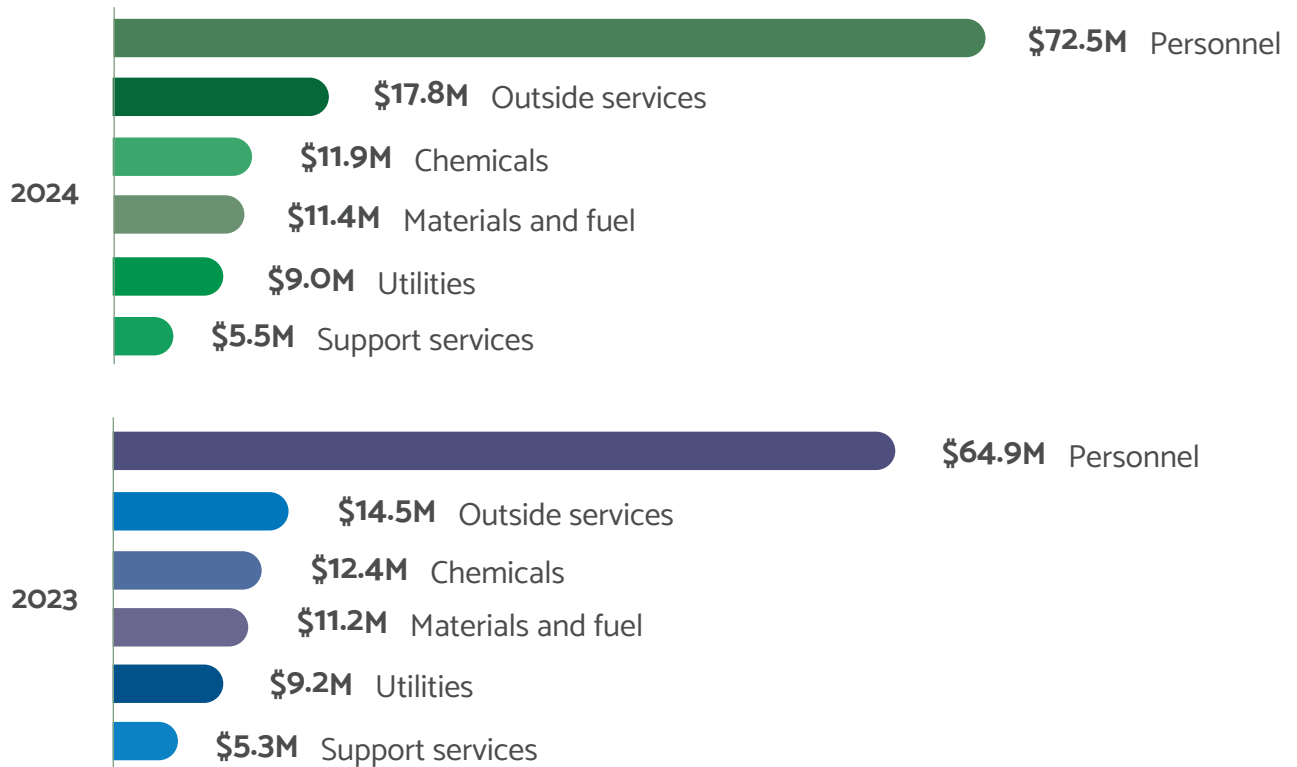
*Environmental attribute revenue is income from the sale of carbon offset credits.



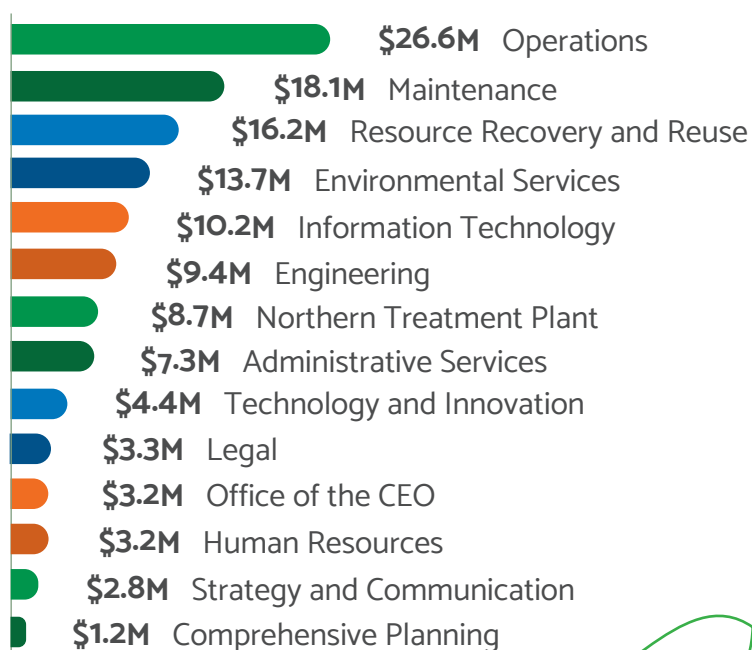
Expenses

Total expenses decreased by approximately \$3 million, down 1.9 percent from 2023. This included a small increase in operating expenses of \$4 million netted against a decrease of \$7 million in nonoperating expenses.

Operating expense breakdown by type



2024 operating expense breakdown by department



Long-Term Debt Summary

As of December 31, 2024, Metro's long-term debt consisted of approximately \$549 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

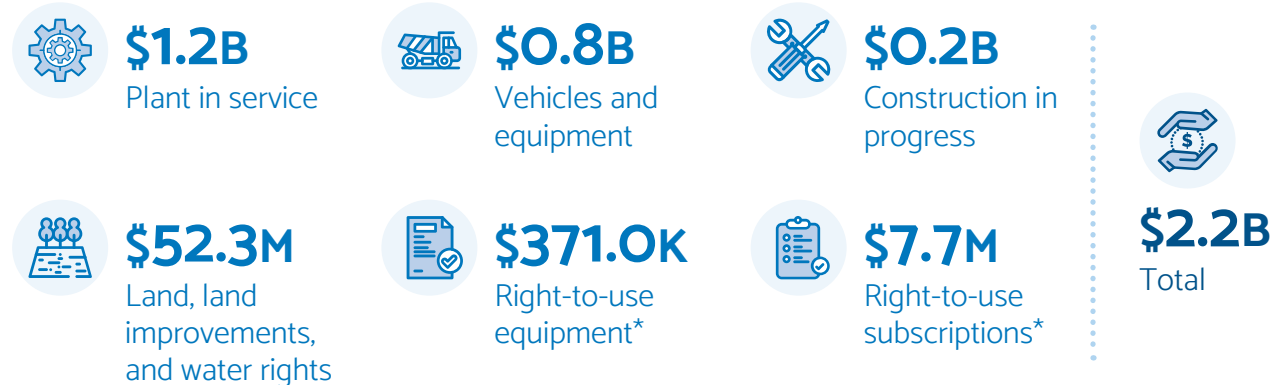
| Issue | Date issued | Amount issued | December 31, 2024 | December 31, 2023 |
|-------------------------------|-------------|---------------|----------------------|----------------------|
| 2009B Sewer Improvement Bonds | 08-27-09 | \$187,380,000 | \$94,195,000 | \$94,195,000 |
| 2019A Sewer Refunding Bonds | 05-17-19 | \$72,830,000 | \$0 | \$15,995,000 |
| 2019B Sewer Refunding Bonds | 12-10-19 | \$332,770,000 | \$296,555,000 | \$310,000,000 |
| 2020A Sewer Improvement Bonds | 10-27-20 | \$146,545,000 | \$146,545,000 | \$146,545,000 |
| Plus premium on 2019A Bonds | | | \$0 | \$791,368 |
| Plus premium on 2020A Bonds | | | \$11,653,749 | \$12,238,875 |
| | | Total | \$548,948,749 | \$579,765,243 |

Capital Asset Summary

Metro saw a \$66 million increase in net capital assets in 2024, bringing our investment in capital assets to \$1.428 billion. This increase was primarily due to approximately \$137 million in additions to construction projects already in progress. This was offset by \$196 million in the completion of other projects and by \$66 million in depreciation expenses.

The following project costs were incurred in 2024: Electrical Transmission Service Substation - \$32 million, Peracetic Acid Disinfection System - \$13 million, South Thornton Lift Station - \$12 million, and North Secondary Upgrades - \$10 million. An additional \$19 million was a result of additions to numerous smaller projects.

2024 Capital Assets



\$0.8B
Accumulated depreciation

\$1.4B
Net capital assets

*Right-to-use indicates non-cancelable leases and technology subscription 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.](#)

Award for

Outstanding Achievement

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Metro Water Recovery for its Popular Annual Financial Report for the fiscal year ended December 31, 2023. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Metro Water Recovery
Colorado**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO



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MetroWaterRecovery.com

