

CITY OF BOULDER, COLORADO

Comprehensive Annual Financial Report

For the fiscal year ended

December 31, 2007

Prepared by the Department of Finance

Contents printed on recycled paper.

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO
Comprehensive Annual Financial Report

December 31, 2007

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	1
Letter of Transmittal	5
Certificate of Achievement for Excellence in Financial Reporting	13
Principal Elected and Administrative Officials	14
Organizational Chart	15
FINANCIAL SECTION	
Independent Auditor's Report	17
Management's Discussion and Analysis	21
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	37
Statement of Activities	38
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	40
Reconciliation of the Governmental Funds Balance Sheet to the	
Government-wide Statement of Net Assets	43
Statement of Revenues, Expenditures and Changes in Fund Balances	45
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances to the Government-wide	
Statement of Activities	47
Statements of Revenues, Expenditures, and Changes in Fund Balances –	
Budget and Actual (Budgetary Basis):	
General Fund	49
Open Space and Mountain Parks Fund	50
Transportation Fund	51
Proprietary Funds:	
Statement of Net Assets	52
Combining Statement of Revenues, Expenses, and Changes in Net Assets	56
Combining Statement of Cash Flows	58
Pension Trust Funds:	
Statement of Fiduciary Net Assets	66
Statement of Changes in Fiduciary Net Assets	67
Notes to the Financial Statements	69
Required Supplementary Information:	
Schedule of Funding Progress – Police Pension Fund	154
Schedule of Funding Progress – Fire Pension Fund	155
Schedule of Employer Contributions – Police and Fire Pension Funds	156
Schedule of Funding Progress – Boulder Retiree Health Care Benefit Plan	157

CITY OF BOULDER, COLORADO
Comprehensive Annual Financial Report

December 31, 2007

Table of Contents
(continued)

	<u>Page</u>
Other Schedules:	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	162
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	163
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	165
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	169
Schedules of Revenues, Expenditures, and Changes in Fund Balances –	
Budget and Actual (Budgetary Basis):	
Capital Development Fund	172
Lottery Fund	173
Planning & Development Services Fund	174
Affordable Housing Fund	175
CHAP Fund	176
.15 Cent Sales Tax Fund	177
.25 Cent Sales Tax Fund	178
Library Fund	179
Recreation Activity Fund	180
Climate Action Plan Tax Fund	181
Airport Fund	182
Transportation Development Fund	183
Transit Pass General Improvement District	184
Community Development Fund	185
HOME Fund	186
Nonmajor Debt Service Funds:	
Combining Balance Sheet	187
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	189
Schedules of Revenues, Expenditures, and Changes in Fund Balances –	
Budget and Actual (Budgetary Basis):	
General Obligation Debt Service Fund	190
.15 Cent Sales Tax Debt Service Fund	191
Nonmajor Capital Project Funds:	
Combining Balance Sheet	193
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	195
Schedules of Revenues, Expenditures, and Changes in Fund Balances –	
Budget and Actual (Budgetary Basis):	
1996 Parks Acquisition Bond Fund	196
Permanent Parks and Recreation Fund	197
Fire Training Center Construction Fund	198
Internal Service Funds:	
Combining Statement of Net Assets	200
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	202
Combining Statement of Cash Flows	204
Supplementary Schedule:	
Combined Schedule of Long-Term Debt Payable	210

CITY OF BOULDER, COLORADO
Comprehensive Annual Financial Report

December 31, 2007

Table of Contents
(continued)

	<u>Page</u>
STATISTICAL SECTION	
Index - Statistical Section	213
Financial Trends:	
Net Assets by Component	215
Changes in Net Assets	216
Fund Balances – Governmental Funds	218
Changes in Fund Balances – Governmental Funds	220
Revenue Capacity:	
Taxable Sales by Market Sector	222
Direct and Overlapping Sales Tax Rates	224
Largest Sales Tax Remitters by Market Sector	227
Debt Capacity:	
Ratios of Net Outstanding Debt by Type	228
Ratios of General Bonded Debt Outstanding	230
Direct and Overlapping Debt	231
Legal Debt Margin Information	232
Pledged Revenue Coverage	234
Demographic and Economic Information:	
Demographic and Economic Statistics	236
Principal Employers	237
Operating Information:	
Full Time Equivalent City Employees by Functions/Programs	238
Operating Indicators by Function/Program	240
Capital Asset Statistics by Function/Program	242
COMPLIANCE SECTION	
Single Audit Reports:	
Schedule of Expenditures of Federal Awards	245
Notes to Schedule of Expenditures of Federal Awards	246
Summary Schedule of Prior Audit Findings	247
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	248
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	250
Schedule of Findings and Questioned Costs	252
Corrective Action Plan	255
Local Highway Finance Report	256

(This page intentionally left blank.)



City of Boulder
Finance Department
1777 Broadway
Boulder CO 80301
303-441-3057

June 3, 2008

To: Honorable Mayor Shaun McGrath, Members of the City Council,
City Manager Frank Bruno and the Residents of the City of Boulder

Both the city of Boulder Charter and State law require that an audit of city financial records be conducted each year by an independent certified public accountant. Such an audit has been performed and this report is being published as part of the requirement for the fiscal year ended December 31, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

McGladrey & Pullen, LLP, has issued an unqualified ("clean") opinion on the city of Boulder's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The city of Boulder is located in north central Colorado, approximately 25 miles northwest of Denver via the Denver-Boulder Turnpike (U.S. 36). The city is located at the base of the foothills of the Front Range of the Rocky Mountains at an altitude of 5,354 feet. Nestled at the foot of the Rockies, Boulder has a special beauty that is complemented by its diverse culture. Boulder, the eleventh largest city in the state, has a diverse economy that is supported by computer, aerospace, scientific and research firms, the University of Colorado, and several federal laboratories.

Superior educational and cultural resources make Boulder a fulfilling place to live, work, and play. The city encompasses approximately 25.4 square miles and is the county seat of Boulder County. The population of the city according to the 2000 census was 94,673. The 2007 population of the city was estimated to be 102,569.

The city of Boulder is a municipal corporation duly organized and existing under the laws of the State of Colorado. In particular, the city is a home rule city and adopted a charter pursuant to Article XX of the Constitution of the State of Colorado by vote of the electorate on October 30, 1917.

The council/manager form of government was adopted in the city's charter and has been in operation since January 1918. The City Council, an elected body of nine members, is the policy-making arm of the government. Eight of the members of the City Council are elected for staggered four-year terms and one is elected for a two-year term, with five council members elected in November of each odd-numbered year. A City Manager, appointed by the City Council, serves as the city's chief administrative officer.

The city provides a full range of services. These services include police and fire protection; cultural and recreational facilities and events; open space and mountain parks acquisition and maintenance; housing and human services; construction and maintenance of highways, streets and infrastructure; water, wastewater, and stormwater and flood control utilities; and parking facilities and services.

Certain parking facilities and services are provided through two legally separate entities, Downtown Commercial District and University Hill Commercial District. In addition, acquisition and construction of certain city properties and facilities is provided by Boulder Municipal Property Authority. These separate entities function, in essence, as separate departments of the city of Boulder and have therefore been included as an integral part of the city of Boulder's financial statements.

Budgetary Process

The City Charter includes provisions for proper budgeting, fiscal control, and auditing. It requires the establishment and maintenance of a budgetary control system for general operations. The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the City Council that serves as the foundation of the city's financial planning and control. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The city budgets revenues and expenditures/expenses for all funds except the Pension Trust Fiduciary Funds.

The city has implemented a two-year budget process and adopts a biennial budget by December 1st of the year prior to the two-year budget period. Even though the budget is adopted for a two-year term, the State and City Charter require that prior to each fiscal year; an appropriation ordinance must be adopted to authorize budgeted expenditures for the coming fiscal year. Therefore, an annual appropriation ordinance is needed to formalize the budget for the second year.

Any budget revisions affecting fund totals are adopted in a supplemental appropriation ordinance approved by the City Council. The City Council may make additional appropriations or budgetary transfers during the fiscal year for unanticipated revenues received by the city. City management, with the approval of the Central Budget Office, may also transfer budgeted amounts within a fund without City Council approval. All appropriations lapse at year end.

Detailed budget to actual comparisons are provided in this report for the General Fund and all annually budgeted special revenue, debt service and capital project funds. Comparisons of totals by fund are also provided in the notes to the financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

Due to the impact of recessionary conditions at the national, regional and local level the city of Boulder experienced a decrease in sales and use tax collections of over 17% from 2001 through 2003. During the same time the Crossroads Mall was razed to make way for redevelopment. Additional competition also became more evident and there was sales tax leakage to nearby cities. However, beginning in 2003, sales and use tax revenues started a steady recovery with increases over each of the last four years. In addition, the Twenty Ninth Street Mall opened in October 2006, restoring retail space lost with the closure of the Crossroads Mall several years ago.

Sales and use tax revenues make up approximately 47% of the General Fund, 90% of the Open Space and Mountain Parks Fund, and 62% of the Transportation Fund, total revenues.

The property tax base has continued to grow and assessed valuation has increased each year over the last several years. Even with the healthy increases in the property tax base, because sales and use tax make up a high proportion of revenue in governmental funds, sizeable reductions in sales and use tax revenue resulted in the need to significantly downsize the city's expenditure base in the early 2000's.

As revenues begin to recover, any proposed increases in expenditures are evaluated based on the city's business plan, a decision making tool which helps the city make strategic recommendations regarding priorities for current and future funding changes. By using the business plan process, existing financial policies and the six-year planning model for operations, the city has been able to consistently maintain targeted fund balances, redirect any funding increases to the highest priority areas and ensure that operating revenues exceed ongoing operating expenditures each year.

Projections for the Future

Economic conditions have improved significantly since 2003. Sales and use tax are projected to generate 47% of General Fund revenues during 2008. Total sales and use tax revenues increased on a year-to-year basis by 4.51% in 2006 and 5.76% in 2007 (adjusted to exclude the effect of the one-year increase in sales tax rates in 2007 to fund the fire training center). As of the end of the first quarter of 2008, total sales and use tax revenues are up 7.15% as compared to the first quarter of 2007. The total projected increase in both sales and use tax for 2008 is 3.89%. The other revenues in the general fund are increasing by two to three percent per year and it is expected these targets will be met for 2008.

The change in March 2008 year-to-date sales and use tax revenue from the similar period in 2007 is as follows:

March YTD 2008 versus 2007		
Tax Category	% Change	% of Total
Retail Sales Tax	(.15)%	79.15%
Business / Consumer Use Tax	44.14%	11.67%
Construction Use Tax	97.70%	6.92%
Motor Vehicle Use Tax	(6.0)%	2.50%
Refunds	24.21%	(0.23)%
Total YTD Sales/Use Tax	7.15%	100.00%

Projections for 2008 are that the total increase in sales and use tax will be 3.89%. As the report above indicates the actual collections through March 2008 are 7.15%. Retail sales tax is an indicator of the ongoing economy in the city, and though January and February were up over 6% there was a drop off in March. Part of the difference is due to a timing difference of when certain sales taxes were paid in 2008 versus 2007. It is not uncommon for there to be erratic swings in month to month collections and it is more important to determine if there is a change in ongoing trends. Therefore, we will carefully analyze and monitor sales and use tax revenues in the coming months. If there is any type of change in the trends or if they go negative the city has several built in buffers that are set out in the budget policies that will provide adequate time to make any necessary adjustments.

The actual percentages for 2006 and 2007, along with the 2008 sales tax projections for the city of Boulder and statewide forecasts from the Colorado Office of State Planning and Budgeting, are as follows:

Forecast	2006	2007	2008
Base Sales/Use Tax actual/forecast - city of Boulder	4.51%	5.76%	3.89%
Denver-Boulder CPI-U actual/forecast	3.6%	2.2%	2.6%
Projected Statewide Retail Sales Trade Growth	5.6%	6.3%	5.4%
Projected Statewide Personal Income Growth	7.0%	5.9%	5.9%

The Twenty Ninth Street retail project (replacing the old Crossroads Mall) continues to open new stores since the grand opening in October 2006. The Twenty Ninth Street retail project added approximately 817,000 square feet of retail and restaurant space to the city. In addition, a new 16-plex cinema opened late summer 2007 that added another major attraction to the area. The Twenty Ninth Street retail project is a much appreciated addition to our sales tax base.

The combination of the new Boulder retail stores recently opened or planned for the future and increased retail spending, due to the general increases in disposable income in the region, should support a steadily increasing on-going growth in the retail sales and use tax base.

THE IMPORTANCE OF SOUND FINANCIAL PLANNING DOWNSIZING STRATEGY AND ACTIONS

During good times and bad, the city of Boulder believes that sound financial plans and processes are critical to maintaining long-term financial integrity and engages in the following “best practice” processes:

- A Business Plan that prioritizes, classifies, and stratifies ongoing and new operating programs plus capital improvement projects in the city.
- Adequate emergency/stabilization and working capital reserves.
- Adequate facility and equipment renovation and replacement reserves.
- Development of multi-year financial plans for all funds.
- Ongoing monitoring of revenues and expenditures.
- Development of contingency plans.
- Requirements that non-recurring revenues will not be used to fund on-going costs.
- Development of six-year capital improvement plans, integrating operating costs.
- Annual financial reports qualifying for the GFOA financial reporting award.
- Budget documents qualifying for the GFOA budgeting award.
- Use of a Blue Ribbon Commission to develop long range plans through 2030 and consider revenue stabilization measures.

These plans and processes have provided the “blueprint” for the on-going fiscal sustainability of the municipal corporation of Boulder, Colorado.

MAJOR INITIATIVES

Planned major capital expenditures within the next five years include: (i) acquisition and development of open space lands totaling \$24.7 million; (ii) parks and recreation projects totaling \$14.9 million including development of new community parks and renovation of existing facilities; (iii) \$29.6 million in transportation system improvements including \$6.1 million in enhancements to 28th Street, \$6.1 million for pedestrian and bikeway improvements, \$3.6 million for the first phase of the Boulder Transit Village bus station and FasTracks BRT and rail terminal to be located at 30th and Pearl; (iv) the construction of a new fire training center funded with \$4.1 million contributed by Boulder County and \$3.7 million collected from a one-year 0.15% city sales tax in 2007; (v) \$19.5 million for waterline replacement projects; (vi) \$6.6 million to construct a third bio-solids digester at the waste water treatment plant; (vii) \$6.4 million for rehabilitation of sewer pipe throughout the city; (viii) \$15.9 million for flood mitigation improvements along the various creeks and drainages within the City.

Planned capital expenditures will be financed using revenues from current rates and charges, plant investment and connection fees, bond proceeds and future rate and fee increases.

Long Range Financial Planning

In January of 2008, the City Council received the final report from the Blue Ribbon Commission that was appointed by Council in July of 2006. The Commission was charged with establishing a long term, balanced and stable revenue stream for the city of Boulder that accomplishes public priorities, while allowing flexibility to meet the varied and dynamic needs of the municipal corporation in the next 20 years. The Commission reviewed and established long range revenue and expenditure trends and assumptions for the city. These were then projected to the year 2030. The study found that on an annual basis services levels will need to be restrained, revenues will need to be increased, and service efficiencies will need to continue be found. The report provided 12 revenue stabilization principles and 30 recommended policies that will become a part of the annual budget process. The report will undergo a major update every five years to determine if base assumptions are still correct. The process and the report have become the comprehensive financial plan of the city and have taken financial planning in the city to a new and higher level of analysis.

Climate Action Plan Tax

In 2002, the City Council formally recognized the need to take action on climate change and passed a resolution committing the city to an initial goal of reducing greenhouse gas emissions to seven percent below 1990 levels by 2012. The resolution, referred to as the Kyoto Resolution, directed staff to develop a local action plan outlining cost-effective actions to reduce emissions in all sectors. A consultant was hired in March 2005 to help identify funding options for a greenhouse gas emissions management plan.

In June 2006, City Council approved the Climate Action Plan (CAP) which outlined baseline information that included an emissions inventory, established the context for the greenhouse gas program and presented emission reduction strategies for each sector of the community. After a lengthy process and much deliberation, Council decided on a CAP tax proposal to fund the plan. In August 2006, the City Council put this proposed CAP tax on the November ballot.

On November 7, 2006, voters approved city of Boulder Initiative 202, the Climate Action Plan Tax, with 60% of the votes cast in favor of the initiative.

The climate action plan tax is imposed on each residence and business within the city based on their non-wind powered electric consumption, beginning in April 2007. By doing this, the city of Boulder became the first municipal government in the nation to impose an energy tax on its residents to directly combat global warming.

The tax generated \$0.6 million in revenues for the program in 2007. This initiative will continue to impact future operations of the city as the programs continue to evolve and become integrated in the day to day operations of the City.

OTHER FINANCIAL INFORMATION

Debt Ratings

The city's general obligation credit rating has been established as Aa1 by Moody's Investors Service and AA+ by Standard & Poors. The primary reasons cited in the past for these high rating levels have been the general strength of the Boulder economy and its distinctiveness from the general Denver metropolitan economy and the lesser reliance of the city's General Fund on sales taxes when compared with other Colorado municipalities. On April 25, 2007 Standard and Poor's expressed the following when providing the Outlook in affirming the AA+ rating for Boulder's Open Space Acquisition Refunding Bonds that are secured by the city's full faith and credit pledge:

"The stable outlook reflects the city's strong financial position and stable reserves, despite some recent fluctuation in sales and use tax revenues, which have rebounded strongly over the past three years. The stable outlook also reflects the local economy's and regional economy's general strength, anchored by University of Colorado-Boulder and above- average income indicators."

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city for its CAFR for the fiscal year ended December 31, 2006. This was the eighteenth consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. 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 our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its 2006-2007 biennium budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

We are proud of this continuing commitment to provide complete and reliable information to the residents of the city of Boulder.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed in its preparation. We also thank the Mayor, City Council Members, City Council Audit Committee Members, and the City Manager for their interest and support in planning and conducting the financial operations of the city in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bob Eish", followed by a long horizontal flourish.

Director of Finance and Record

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boulder
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF BOULDER, COLORADO

Principal Elected and Administrative Officials

At December 31, 2007

Mayor and City Council

Mayor:	Shaun McGrath
Deputy Mayor:	Crystal Gray
Council Members:	Suzy Ageton Matthew Appelbaum Macon Cowles Angelique Espinoza Lisa Morzel Susan Osborne Ken Wilson

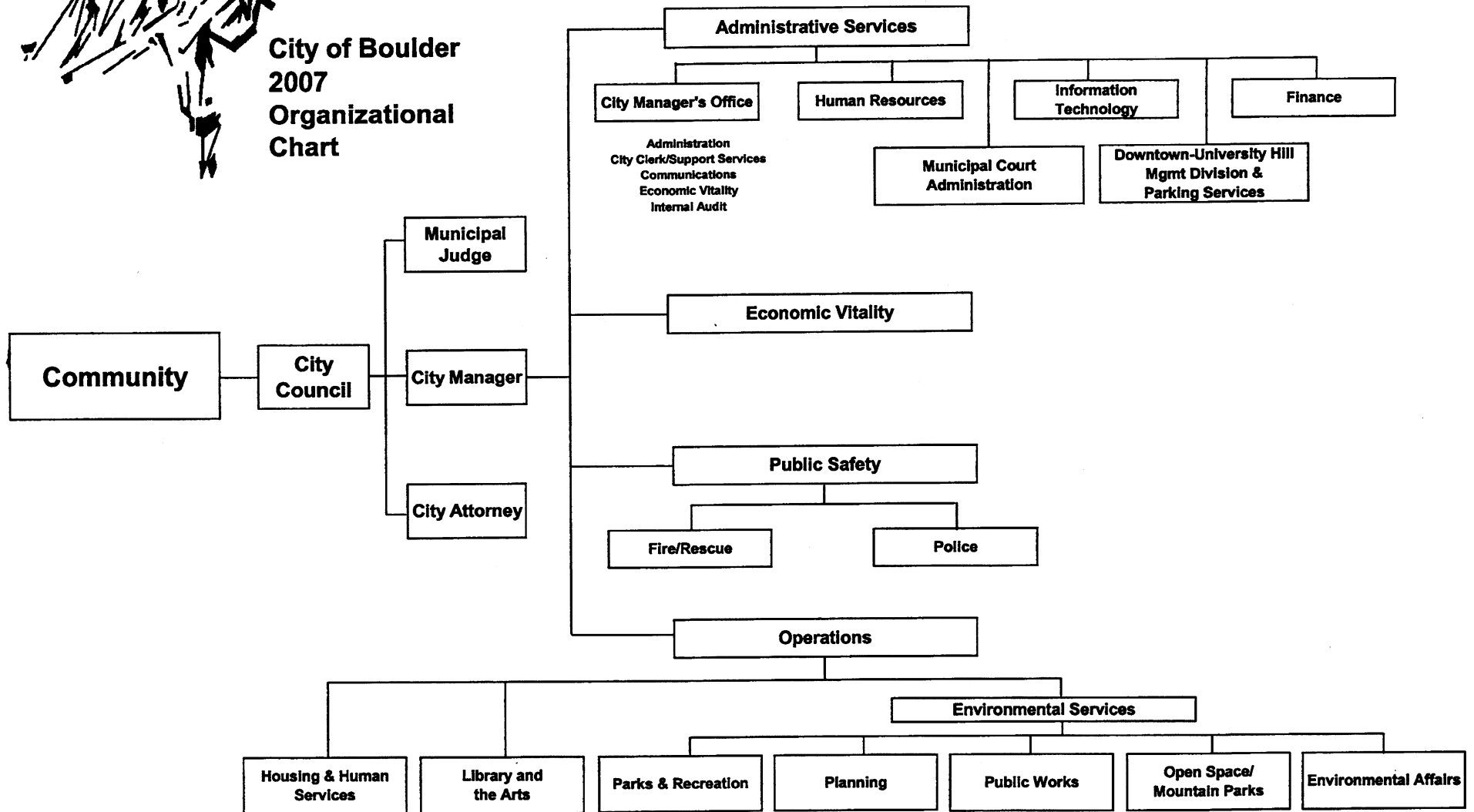
Administrative

City Manager:	Frank Bruno
Deputy City Managers:	Stephanie Grainger
Finance Director:	Bob Eichem



**City of Boulder
2007
Organizational
Chart**

15



(This page intentionally left blank.)

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Boulder, Colorado
Boulder, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boulder, Colorado, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Boulder's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boulder, Colorado, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof and respective budgetary comparison for the General Fund, Open Space and Mountain Parks Fund, and Transportation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2008 on our consideration of the City of Boulder's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

(This page intentionally left blank.)

The management's discussion and analysis on pages 21 through 34, and Police Pension Fund and Fire Pension Fund information on pages 154 through 156 and Boulder Retiree Health Care Benefits Plan Schedule of Funding Progress on page 157 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boulder, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules and local highway finance report, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
June 3, 2008

(This page intentionally left blank.)

City of Boulder, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

This section of the City of Boulder's (the city) financial statements provides a narrative overview and analysis of its financial activities for the year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the city's financial statements, which follow this section. All amounts within this comprehensive annual financial report are expressed in thousands of dollars unless otherwise indicated.

Financial Highlights

- The assets of the city exceeded its liabilities at the close of 2007 by \$794.3 million (\$453.2 million in governmental activity net assets and \$341.1 million in business-type activity net assets). Of the governmental activities net asset total, \$45.8 million, or 10%, is unrestricted and may be used to meet the city's ongoing obligations to the public and creditors. Similarly, \$57.2 million, or 17%, of business-type activities net assets are unrestricted.
- Total net assets of the city increased \$43.7 million, or 6%, compared to 2006. Net assets of the city's governmental activities increased \$25.5 million, which represents an increase of 6% from 2006. Net assets of the city's business-type activities increased \$18.2 million, or 6%, over 2006 as well.
- The total cost of all the city's programs increased \$5.9 million, or 3%, compared to 2006. The cost of governmental activity program expenses increased \$6.1 million, or 4%, to \$153.0 million, while the cost of business-type activities decreased \$0.2 million, or 0.3%, from 2006 to \$42.7 million.
- Total revenues, excluding transfer and extraordinary items, increased \$20.6 million, or 9%, compared to 2006. Governmental activities revenues increased \$22.3 million, or 14%, to \$179.6 million, while revenues of business-type activities decreased \$1.7 million, or 3%, to \$60.5 million compared to 2006.

As of December 31, 2007, the city's governmental funds reported a combined ending fund balance of \$83.6 million. Approximately 75%, or \$62.5 million, is unreserved, undesignated fund balance and, therefore, available for spending at the city's direction within the purposes specified for the city's funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements are comprised of three components; (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the city's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The *statement of activities* presents information showing how the city's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the city include general government, administrative services, public safety, public works, planning and development services, culture and recreation, open space and mountain parks, and housing and human services. The business-type activities of the city include water utility, wastewater utility, stormwater and flood management, parking services, and the Boulder Municipal Property Authority's acquisition of open space and parks property.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into three categories: governmental funds, proprietary funds and fiduciary (Pension Trust) funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the city's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds. Proprietary funds are generally used to account for services for which the city charges customers – either outside customers or internal units or departments of the city. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The city maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for the operations of the Water Utility, Wastewater Utility, Stormwater and Flood Management, Boulder Municipal Property Authority and Downtown Commercial District funds – all of which are considered to be major funds of the city. In addition, the University Hill Commercial District is accounted for as an enterprise fund and is the city's only non-major enterprise fund.
- **Internal Service funds** are used by the city to account for the costs of acquiring, operating and maintaining certain types of equipment and facilities, costs for city-wide insurance programs and funding for certain governmental fund compensated absences liabilities. Because these services predominantly benefit governmental rather than business-type functions, the assets and liabilities of the internal service funds have been included within governmental activities in the government-wide financial statements. Internal service funds are combined into a single, aggregated memo presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's progress in funding its obligation to provide pension benefits to its police and firefighters and provide healthcare benefits for retirees.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Included are budgetary comparison schedules for all annually budgeted nonmajor special revenue, debt service and capital project funds. Schedules of capital assets used in the operation of governmental funds are also presented in this section.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the city's financial position. Our analysis below focuses on the net assets and changes in net assets of the city's governmental and business-type activities.

Table 1 - Net Assets (dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 149,618	\$ 149,006	\$ 93,998	\$ 115,540	\$ 243,616	\$ 264,546
Capital assets	427,072	409,072	407,500	382,770	834,572	791,842
Total assets	576,690	558,078	501,498	498,310	1,078,188	1,056,388
Noncurrent liabilities	88,326	96,444	143,280	158,547	231,606	254,991
Other liabilities	35,116	33,908	17,124	16,869	52,240	50,777
Total liabilities	123,442	130,352	160,404	175,416	283,846	305,768
Net assets:						
Invested in capital assets	350,644	343,319	283,633	269,527	634,277	612,846
Restricted	56,833	44,610	228	220	57,061	44,830
Unrestricted	45,771	39,797	57,233	53,147	103,004	92,944
Total net assets	\$ 453,248	\$ 427,726	\$ 341,094	\$ 322,894	\$ 794,342	\$ 750,620

Table 1 presents an analysis of the city's net assets as of December 31, 2007. The city's assets exceeded its liabilities by \$794.3 million at the close of the current fiscal year. By far the largest portion of the city's net assets (80%) reflects its investment of \$634.3 million in capital assets (for example, land, buildings, transportation infrastructure, machinery and equipment, utility plant in service and underground drainage facilities), less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to the public; consequently, these assets are *not* available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net assets, \$57.1 million (7%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$103.0 million (13%), may be used to meet the city's on-going obligations to the public and creditors. The unrestricted net assets of the city's business-type activities in the amount of \$57.2 million are not available to fund the city's governmental activities.

At the end of the current fiscal year, the city is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. Net assets invested in capital assets, net of related debt, increased \$21.4 million, or 3%, compared to 2006. This increase is due to current year asset acquisitions and construction projects. This is discussed below in “Capital Assets” in more detail. Restricted net assets increased \$12.2 million, or 27%, compared to 2006. This increase is primarily due to the receipt of \$7.7 million in 2007 for construction of a new firefighting training center. The increase of \$10.1 million, or 11%, in unrestricted net assets reflects revenues in excess of expenses for the current year.

It is important to note that approximately \$28.5 million in governmental unrestricted net assets arises from the net assets of the city’s internal service funds, discussed above in “Overview of the Financial Statements – Proprietary Funds.” Although it is highly unlikely that these funds will be liquidated, in the event that they are, the distribution of the net assets of these funds would result in a portion of these unrestricted net assets being allocated to unrestricted net assets of governmental activities and unrestricted net assets of business-type activities.

Analysis of Changes in Net Assets

As can be seen from *Table 2*, the city’s net assets increased by \$43.7 million during 2007. This increase is explained in the government and business-type activities discussion below.

Governmental Activities

Net assets of governmental activities increased by \$25.5 million during 2007, accounting for 58% of the total increase in the city’s net assets. This was \$14.5 million more than the increase of \$11.0 million in 2006.

Revenues during 2007 increased by \$22.3 million compared to 2006. Capital grants and contributions increased \$7.0 million primarily due to significant 2007 transportation projects, sales and use taxes increased \$8.3 million largely due to the impact of the new 29th Street Mall and general economic activity increases, interest and investment earnings increased \$1.7 million, and miscellaneous revenues increased \$1.7 million.

Expenses for 2007 increased \$6.0 million compared to 2006. Expenses increased \$1.4 million for General Government partially due to the new climate action plan program and economic vitality programs, \$4.3 million for Public Safety primarily due to personnel cost increases of \$1.9 million for police and \$1.0 million for fire, \$3.4 million for Public Works due in part to increased facility maintenance transfers and other general program increases, and a decrease of \$4.3 million in Housing and Human Services due to \$1.6 million in one time community housing acquisition assistance provided in 2006 and land acquisition costs capitalized in 2007.

Table 2 - Change in Net Assets (dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Program revenues:						
Charges for services	\$ 21,531	\$ 19,868	\$ 47,338	\$ 48,555	\$ 68,869	\$ 68,423
Operating grants and contributions	7,522	7,039	210	140	7,732	7,179
Capital grants and contributions	13,521	6,514	4,812	6,618	18,333	13,132
General revenue:						
Sales and use taxes	88,403	80,057	99	85	88,502	80,142
Property taxes	20,475	19,854	772	1,129	21,247	20,983
Other taxes	14,791	14,053	766	664	15,557	14,717
Interest and investment earnings	6,594	4,869	5,795	5,215	12,389	10,084
Miscellaneous revenue	6,752	5,002	(24)	(159)	6,728	4,843
Total Revenues	179,589	157,256	59,768	62,247	239,357	219,503
Program expenses (includes indirect expenses allocation):						
Governmental activities:						
General Government	9,846	8,429	-	-	9,846	8,429
Administrative Services	3,182	3,337	-	-	3,182	3,337
Public Safety	42,221	37,942	-	-	42,221	37,942
Public Works	36,030	32,657	-	-	36,030	32,657
Planning and Development Services	7,657	7,476	-	-	7,657	7,476
Culture and Recreation	26,573	25,901	-	-	26,573	25,901
Open Space and Mountain Parks	13,156	12,299	-	-	13,156	12,299
Housing and Human Services	10,420	14,720	-	-	10,420	14,720
Interest on long-term debt	3,872	4,137	-	-	3,872	4,137
Business-type activities:						
Water Utility	-	-	20,767	21,711	20,767	21,711
Wastewater Utility	-	-	10,849	10,362	10,849	10,362
Stormwater and Flood Management	-	-	4,197	3,963	4,197	3,963
Parking Services	-	-	5,549	5,374	5,549	5,374
Property and Facility Acquisition	-	-	1,316	1,411	1,316	1,411
Total expenses	152,957	146,898	42,678	42,821	195,635	189,719
Excess before extraordinary items and transfers	26,632	10,358	17,090	19,426	43,722	29,784
Extraordinary items	-	-	-	3,754	-	3,754
Transfers	(1,110)	663	1,110	(663)	-	-
Increase in net assets	\$ 25,522	\$ 11,021	\$ 18,200	\$ 22,517	\$ 43,722	\$ 33,538

Charts 1 and 2 illustrate the city's governmental expenses and revenues by function and its revenues by source. As can be seen in *Chart 1*, Public Safety is the largest function based on expenses (28%), followed by Public Works (24%) and Culture and Recreation (17%). General revenues such as sales and use taxes, property and other taxes are not shown in *Chart 2* by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, sales and use taxes are the largest single source (49%), followed by charges for services (12%) and property taxes (11%). These ratios are comparable to those for 2006.

Chart 1: 2007 Expenses and Program Revenues - Governmental Activities

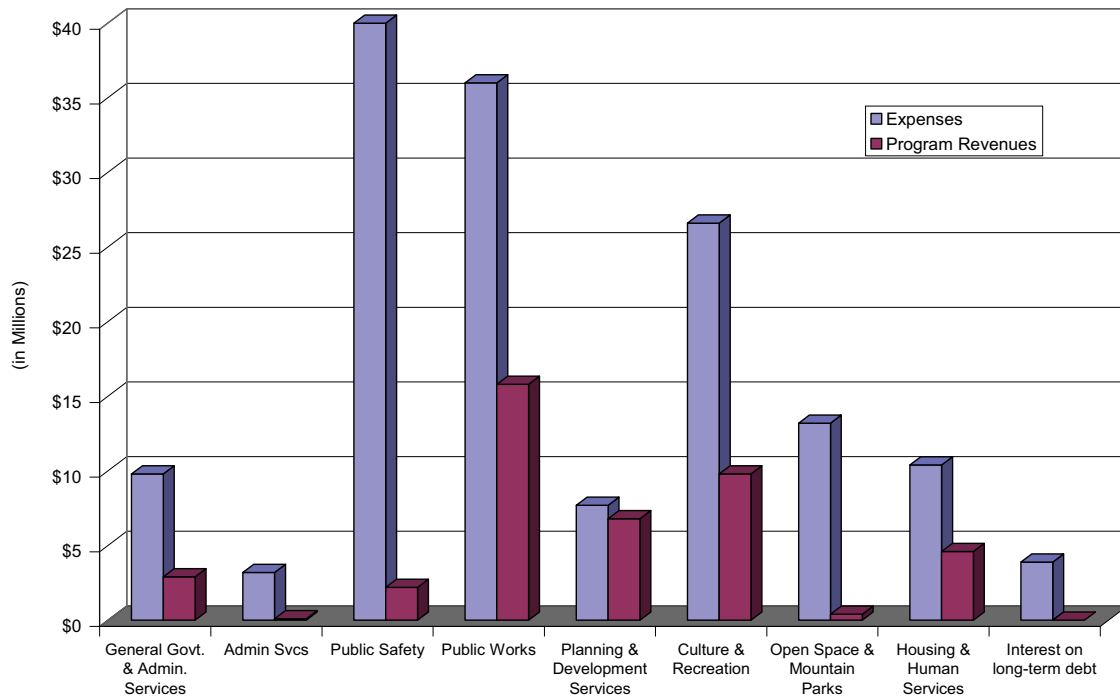
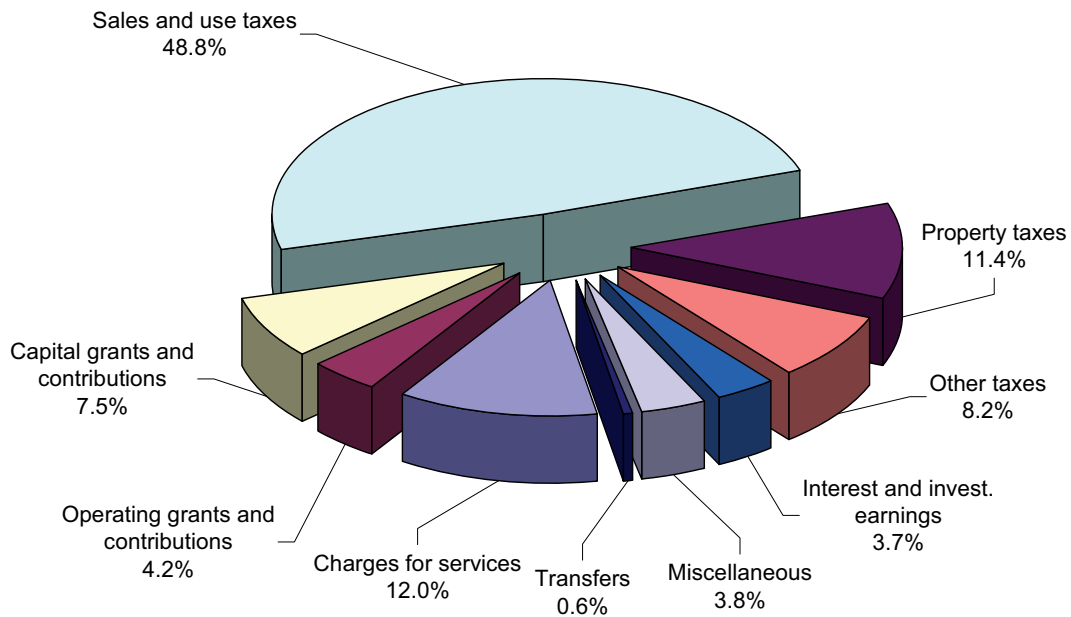


Chart 2: 2007 Revenues by Source - Governmental Activities



Business-type Activities

Net assets in business-type activities increased \$18.2 million for 2007, accounting for 43% of the total increase in the city's net assets. This was \$4.3 million, or 19%, less than the increase of \$22.5 million in 2006.

Total business-type revenues decreased \$2.5 million, or 4%, compared to 2006. Water utility charges for services decreased by \$2.4 million, or 10% largely due to a 9% decrease in the volume of water sold in 2007 from the volume sold in 2006. Sewer revenues increased by \$0.5 million or 4% despite the decrease in volume of water sold due to a 6% rate increase effective January 2007. The other business-type revenues were comparable to the prior year.

Expenses of business-type activities in total were comparable to 2006, decreasing by only \$0.1 million or less than 1% compared to 2006. Water Utility operations decreased by \$1.0 million while Wastewater Utility operations increased by for \$0.5 million. Changes in various non-personnel costs such as engineering costs, repair and maintenance costs, and gas / electric utility costs accounted for the majority of these changes.

As can be seen from *Charts 3 and 4*, the city's water utility and wastewater utility activities account for the majority of its business-type activities, representing 74% of total business-type expenses. Charges for services provide the largest share of revenues (78%), followed by interest and investment earnings (9%) and capital grants and contributions (8%).

Chart 3: 2007 Expenses and Program Revenues - Business-type Activities

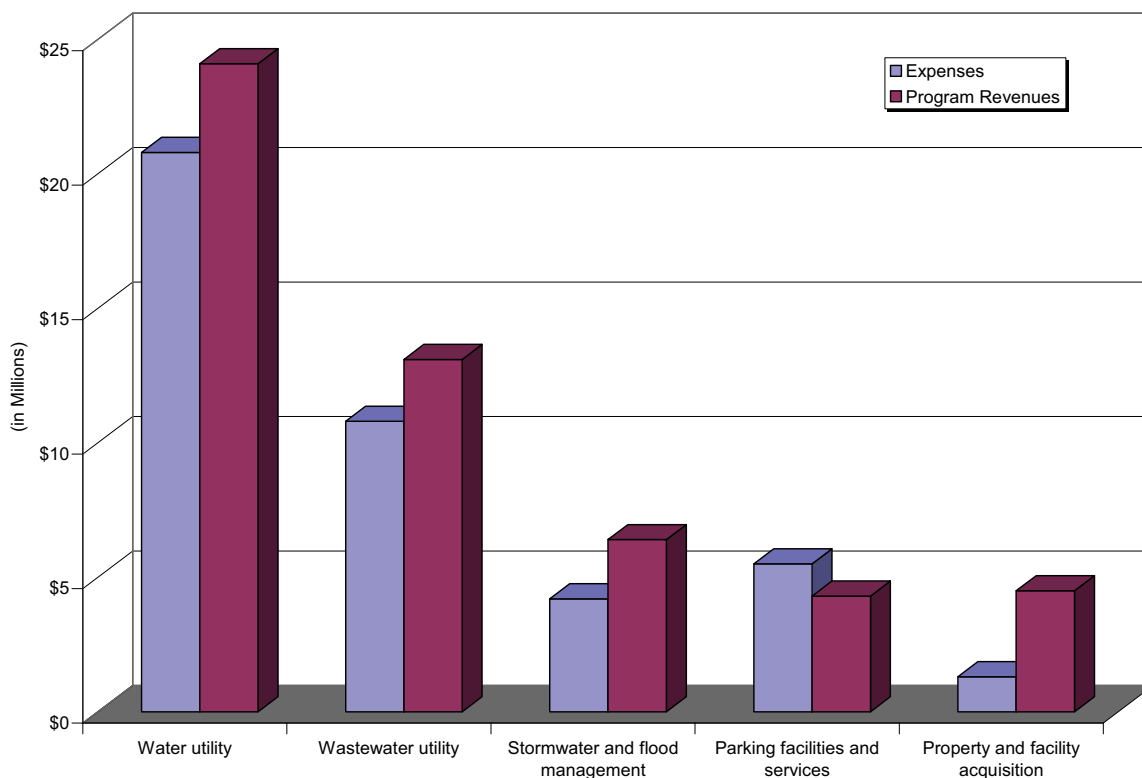
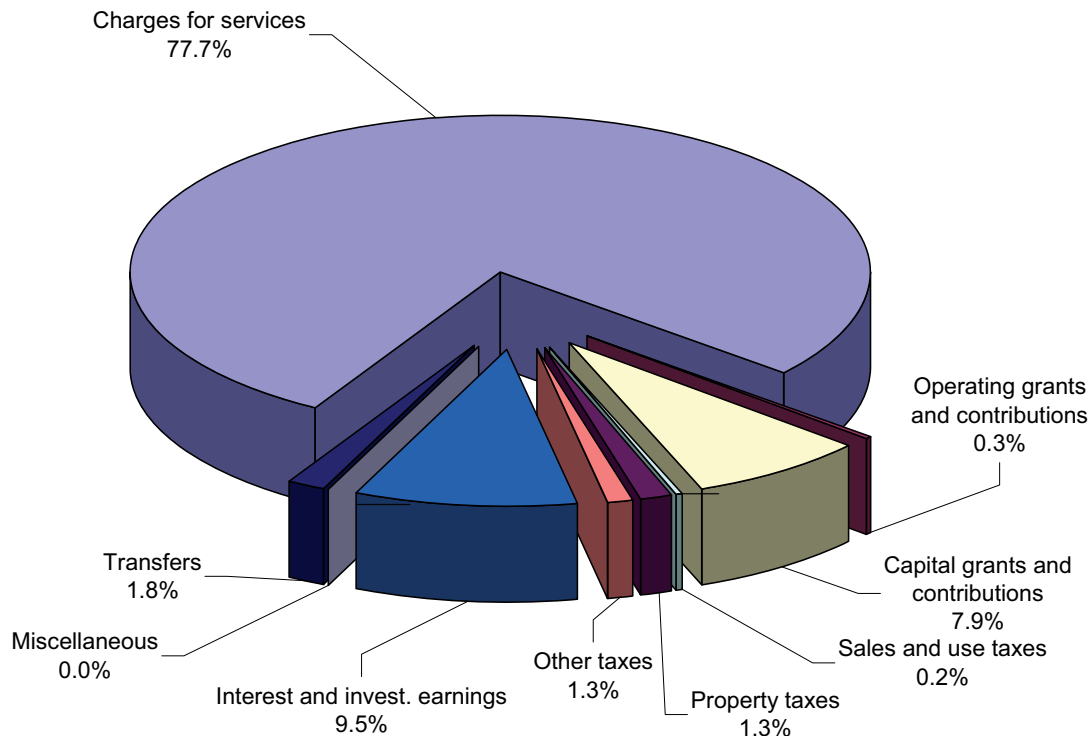


Chart 4: 2007 Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the city uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the city's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the city's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the city's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the city include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of December 31, 2007, the city's governmental funds reported combined ending fund balances of \$83.7 million, a decrease of \$5.0 million, or 6%, in comparison with the prior year. The fund balance of the General Fund decreased by \$0.7 million. While General Fund revenues increased by \$3.8 million, primarily from an increase in sales taxes of \$2.1 million, General Fund expenditures increased by \$4.9 million, with general government expenditures increasing

by \$1.1 and public safety expenditures increasing by \$3.6 million. The fund balance of the Open Space and Mountain Parks Fund decreased by \$16.3 million primarily due to the use of \$18.8 million in bond proceeds for the acquisition of open space lands. The fund balance of the Fire Training Center Construction Fund increased \$7.7 million in 2007. The .15% sales tax and the contribution from Boulder County dedicated for the training center was received in 2007 but the actual construction is planned for 2008 and 2009.

Approximately \$70.0 million or 84% of the combined ending fund balance in the governmental funds constitutes unreserved fund balance, which is available for spending at the city's discretion within the purposes specified for each of the funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for specific purposes. These reserves have been established; (1) to liquidate existing contracts and purchase orders - \$9.3 million, (2) special purposes - \$2.4 million, and (3) for a variety of other restricted purposes - \$1.9 million.

The General Fund is the primary operating fund of the city. At the end of 2007 the unreserved fund balance of the General Fund was \$17.6 million, while total fund balance was \$20.6 million. As a measure of the General Fund's liquidity, it is useful to compare undesignated fund balance to total fund expenditures and transfers out. Designated fund balances represent amounts that, while the city is not legally constrained from using these fund balances at its discretion within the purposes specified for the respective funds, the City Council has "designated" these resources for various uses – although the City Council could change or remove that designation. For 2007, undesignated fund balances of \$11.7 million represent 13% of total general fund expenditures and transfers out of \$88.7 million. For 2006, undesignated fund balances of \$12.4 million represent 15% of total general fund expenditures and transfers out of \$82.3 million. General Fund unreserved fund balance – including designated fund balance – as a percentage of total expenditures and transfers out were 20% and 22% for 2007 and 2006, respectively.

It should also be noted that for the 2007 budget year the City Council established a minimum target for undesignated fund balance of 10% of expenditures and transfers out, excluding expenditures funded by grants. City Council has approved a range of 10-15% for this target by policy. This minimum undesignated fund balance is available for emergency purposes, stabilization of funding of programs during periods of temporary revenue declines or temporary funding of programs to allow for controlled reductions in expenditures in periods of extended or permanent revenue reductions. This target was achieved for the year. The target for 2006 was also 10%, and although City Council would like the target to increase, competing demands on the city's resources will probably keep the target at the current level for the near future.

Proprietary Funds

As already discussed, the city's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

As of December 31, 2007, the unrestricted net assets of the Water Utility Fund were \$38.7 million, the Wastewater Utility Fund were \$6.0 million, the Stormwater and Flood Management Fund were \$9.9 million, the Downtown Commercial District were \$0.2 million and the University Hill Commercial District were \$0.7 million. The total increase in net assets for the proprietary funds was \$17.7 million. Factors concerning these funds have already been addressed in the discussion of the city's business-type activities.

General Fund Budgetary Highlights

The city's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year. The final budget for General Fund appropriations including transfers out for 2007 was \$7.7 million greater than the original budget. The primary reasons for this difference are as follows:

- \$4.1 million increase in appropriations for a recycling center, athletic field lights at the Fairview High School, and various other programs for General Government purposes.
- \$0.6 million increase in appropriations for various capital projects, operating programs and grants within the City Manager's Department
- \$1.2 million increase in appropriations for event security, wildland firefighting and various other programs for the Police and Fire Departments.
- \$.9 million increase in Health and Human Services Department appropriations for new grant programs and program carryovers from 2006.

On a basis consistent with the adopted budget, actual revenues and transfers were \$0.3 million less than the final budget. Actual expenditures and transfers out were \$4.9 million, or 5%, less than the final budget. The net effect of these differences was a favorable variance in fiscal year-end budgeted fund balance of \$4.6 million. The primary factors contributing to this favorable variance included the following:

- \$1.2 million in sales and use tax revenues in excess of the amounts budgeted.
- \$1.0 million less in licenses, permits and fines than the amounts budgeted.
- \$1.1 million less in other revenues than budgeted.
- \$3.0 million in the City Manager Department from general savings and carryover of several multi-year projects into 2008.
- \$0.8 million in police department from general savings.
- \$0.8 million in housing and human services from general savings and grant program carryovers.

Capital Assets and Debt Administration

Capital Assets

As can be seen from *Table 3*, the city's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounts to \$834.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, park facilities, transportation infrastructure, and utility plant in service, underground drainage facilities, machinery, equipment and vehicles. The net increase in the city's investment in capital assets was \$42.7 million, or 5% from 2006. Net capital assets of governmental activities increased \$18.0 million, or 4%, and those of business-type activities increased \$24.7 million, or 6%.

Table 3 - Capital Assets, Net of Depreciation (dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land and easements	\$ 223,388	\$ 202,427	\$ 78,686	\$ 79,929	\$ 302,074	\$ 282,356
Buildings	42,825	45,627	34,194	35,522	77,019	81,149
Improvements other than buildings	25,664	26,196	3,946	4,149	29,610	30,345
Infrastructure	98,975	109,559	-	-	98,975	109,559
Utility plant in service and undergrounds	-	-	238,127	236,240	238,127	236,240
Machinery, equipment and vehicles	15,011	14,851	5,339	2,615	20,350	17,466
Construction in progress	21,209	10,412	47,208	24,315	68,417	34,727
Total	<u>\$ 427,072</u>	<u>\$ 409,072</u>	<u>\$ 407,500</u>	<u>\$ 382,770</u>	<u>\$ 834,572</u>	<u>\$ 791,842</u>

Major capital asset activity during 2007 included the following:

Governmental activities

- Construction in progress of several transportation infrastructure projects including the Arapahoe and Foothills Parkway intersection, totaling \$12.5 million.
- Open space land purchases totaling \$21 million.
- Recognition of \$20.4 million in depreciation expense.

Business-type activities

- Implementation of the new Utility Billing system, \$1.6 million
- Continued construction of the Waste Water Treatment Plant expansion, \$24.2 million.
- Sale of open space land from BMPA to Boulder County for \$1.2 million.
- Installation of new parking pay stations, \$1.2 million.
- Recognition of \$8.6 million in depreciation expense.

Additional information on the city's capital assets can be found in Note I to the Basic Financial Statements.

Debt Administration

Table 4 summarizes the city's bonded debt as of the end of 2007 and 2006. At December 31, 2007, the city had total bonded debt (including certificates of participation) of \$201.4 million. Of this amount, \$88.2 million consisted of general obligation debt backed by the full faith and credit of the city. The remainder of \$113.2 million represents bonds secured solely by specified revenue sources (revenue bonds and certificates of participation). During 2007, the city issued \$12.3 million of Open Space Acquisition Refunding general obligation bonds for the purpose of refunding \$11.6 million of outstanding Open Space Acquisition general obligation bonds. In addition, the city issued \$25.9 million in Water and Sewer Revenues Bonds to refund \$11.8 million of outstanding Water and Sewer Revenue Bonds.

Table 4 - General Obligation Bonds, Revenue Bonds and Certificates of Participation Outstanding (dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 67,755	\$ 75,082	\$ 20,431	\$ 23,143	\$ 88,186	\$ 98,225
Revenue bonds	8,810	9,855	101,792	111,120	110,602	120,975
Certificates of Participation	-	-	2,605	3,055	2,605	3,055
Total bonded debt	<u>\$ 76,565</u>	<u>\$ 84,937</u>	<u>\$ 124,828</u>	<u>\$ 137,318</u>	<u>\$ 201,393</u>	<u>\$ 222,255</u>

The city's general obligation credit rating continues to be Aa1 by Moody's Investor Services, Inc. and AA+ by Standard & Poor's Corporation. Under the City Charter, the city's general obligation debt issuances are subject to a legal limitation based on 3% of total assessed value of real and personal property. The city's general obligation debt is issued as sales tax revenue bonds enhanced by a general obligation pledge of the full faith and credit of the city. The city does not currently levy an ad valorem property tax for debt service even though authorized to do so. As a result, all bonded debt is considered to be self-supporting and the ratio of net bonded debt supported solely by property taxes to assessed valuation is zero.

Additional information on the city's bonded debt can be found in Note O to the Basic Financial Statements.

Other Significant Matters

Governmental Activities

The Twenty Ninth Street retail center that replaced the Crossroads Mall held its grand opening in October 2006. Recognizing that the impact cannot be truly isolated because sales and construction activity within the Twenty Ninth Street area have both positively and negatively impacted activity in other areas of the city, the Twenty Ninth Street area generated \$5.4 million in retail sales tax in 2007.

In 2007, Boulder became the first municipality in the nation to tax energy use as a method to fund greenhouse gas emission reduction strategies. The tax went into effect in April 2007 generating \$0.6 million for the program in 2007. This activity is separately reported as the Climate Action Plan Tax Fund within the special revenue funds financial statements.

In 2007, the city levied a temporary, one year .15% sales tax generating \$3.7 million for the design and construction of a fire training center within the city. Boulder County also contributed \$4.1 million to the project. The fire training center is expected to be constructed in 2008 and 2009. This project is accounted for as the Fire Training Center Construction Fund within the non-major capital project funds financial statements.

Business-type Activities

The city's business-type activities rates and charges have and are expected to continue to increase by approximately the rate of inflation. The exception is in the Wastewater Utility Fund where rates increased by 20% in 2006 and 6% in 2007. The rate increase is part of the increases scheduled to fund: (1) capital improvements to the Wastewater Treatment Facility to comply with the city's CPDES permit (this project is funded by the Water and Sewer Revenue Bonds Series 2005C proceeds issued in December of 2005), (2) upgrade and replacement of the existing biosolids handling facilities (this project is also be funded with the Water and Sewer Revenue Bonds Series 2005C bond proceeds), and (3) rehabilitation of sewer pipe throughout the city.

Another significant change, although not resulting in an increase in revenues, was the implementation of the new water budget rate structure in January 2007. Monthly water budgets are established for each customer based on customer class and outdoor irrigable area. Customers pay a monthly charge based on the amount of water used compared to their monthly water budget. In general, the quantity charges will increase as the amount of water used increases or exceeds the monthly water budget amount.

Contacting the City's Financial Management

This financial report is designed to provide the public, taxpayers, customers, investors and creditors with a general overview of the city's finances and to show the city's accountability for the funds and assets it receives. If you have questions about this report, or need additional financial information, contact the Finance Director of the City of Boulder Finance Department at 1777 Broadway, Boulder, CO 80302.

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Statement of Net Assets

December 31, 2007

(Amounts in 000's)

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,778	\$ 1,871	\$ 4,649
Investments	99,642	67,647	167,289
General property tax receivable	21,851	1,578	23,429
Sales tax receivable	10,274	-	10,274
Notes receivable	1,185	1,215	2,400
Other receivables (net of allowance for doubtful accounts)	9,519	2,790	12,309
Restricted cash and investments	2,583	17,930	20,513
Inventory of materials and supplies	72	184	256
Other assets	597	783	1,380
Prepaid net pension obligation	1,117	-	1,117
Capital assets (net of accumulated depreciation):			
Land and easements	223,388	78,686	302,074
Buildings	42,825	34,194	77,019
Improvements other than buildings	25,664	3,946	29,610
Infrastructure	98,975	-	98,975
Utility plant in service and undergrounds	-	238,127	238,127
Machinery, equipment and vehicles	15,011	5,339	20,350
Construction in progress	21,209	47,208	68,417
Total assets	<u>576,690</u>	<u>501,498</u>	<u>1,078,188</u>
Liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	3,996	3,482	7,478
Contracts and retainage payable	1,142	2,275	3,417
Accrued liabilities	6,612	4,082	10,694
Intergovernmental	66	-	66
Internal balances	122	(122)	-
Other liabilities	331	194	525
Unearned revenue:			
General property taxes	21,851	1,578	23,429
Other	996	-	996
Deferred credit	-	5,635	5,635
Noncurrent liabilities:			
Due within one year	11,185	10,781	21,966
Due in more than one year	77,141	132,499	209,640
Total liabilities	<u>123,442</u>	<u>160,404</u>	<u>283,846</u>
Net assets:			
Invested in capital assets, net of related debt	350,644	283,633	634,277
Restricted for:			
Special purposes	34,174	128	34,302
Capital projects	22,612	100	22,712
Debt service	47	-	47
Unrestricted	45,771	57,233	103,004
Total net assets	<u>\$ 453,248</u>	<u>\$ 341,094</u>	<u>\$ 794,342</u>

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Activities

Year ended December 31, 2007

(Amounts in 000's)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:					
General Government	\$ 11,388	\$ (1,542)	\$ 2,009	876	\$ -
Administrative Services	9,028	(5,846)	112	-	-
Public Safety	39,647	2,574	1,426	754	-
Public Works	37,098	(1,068)	890	2,413	12,501
Planning & Development Services	6,649	1,008	6,803	-	-
Culture and Recreation	25,257	1,316	8,589	202	1,020
Open Space and Mountain Parks	12,606	550	374	47	-
Housing and Human Services	9,611	809	1,328	3,230	-
Interest on long-term debt	3,872	-	-	-	-
Total governmental activities	<u>155,156</u>	<u>(2,199)</u>	<u>21,531</u>	<u>7,522</u>	<u>13,521</u>
Business-type activities:					
Water utility	19,662	1,105	21,175	19	2,920
Wastewater utility	10,092	757	12,596	-	501
Stormwater and flood management	4,015	182	4,796	191	1,366
Parking facilities and services	5,394	155	4,231	-	25
Property and facility acquisition	1,316	-	4,540	-	-
Total business-type activities	<u>40,479</u>	<u>2,199</u>	<u>47,338</u>	<u>210</u>	<u>4,812</u>
Total government	<u>\$ 195,635</u>	<u>\$ -</u>	<u>\$ 68,869</u>	<u>\$ 7,732</u>	<u>\$ 18,333</u>

General revenues:

Taxes:

Sales and use taxes
Sales and use tax increment
General property taxes
General property tax increment
Other taxes
Excess tax increment
Interest and investment earnings
Miscellaneous

Transfers

Total general revenues
and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (6,961)	\$ -	\$ (6,961)
(3,070)	-	(3,070)
(40,041)	-	(40,041)
(20,226)	-	(20,226)
(854)	-	(854)
(16,762)	-	(16,762)
(12,735)	-	(12,735)
(5,862)	-	(5,862)
<u>(3,872)</u>	<u>-</u>	<u>(3,872)</u>
<u>(110,383)</u>	<u>-</u>	<u>(110,383)</u>
-	3,347	3,347
-	2,248	2,248
-	2,156	2,156
-	(1,293)	(1,293)
-	<u>3,224</u>	<u>3,224</u>
-	<u>9,682</u>	<u>9,682</u>
<u>(110,383)</u>	<u>9,682</u>	<u>(100,701)</u>
88,403	-	88,403
-	99	99
20,475	912	21,387
-	563	563
14,791	766	15,557
-	(703)	(703)
6,594	5,796	12,390
6,752	(25)	6,727
<u>(1,110)</u>	<u>1,110</u>	<u>-</u>
<u>135,905</u>	<u>8,518</u>	<u>144,423</u>
<u>25,522</u>	<u>18,200</u>	<u>43,722</u>
<u>427,726</u>	<u>322,894</u>	<u>750,620</u>
<u>\$ 453,248</u>	<u>\$ 341,094</u>	<u>\$ 794,342</u>

CITY OF BOULDER, COLORADO

Balance Sheet

Governmental Funds

December 31, 2007

(Amounts in 000's)

<u>Assets</u>	<u>General Fund</u>	<u>Open Space & Mountain Parks Fund</u>	<u>Trans- portation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Equity in pooled cash and cash equivalents	\$ 461	\$ 309	\$ 180	\$ 1,018	\$ 1,968
Investments	16,109	11,192	6,491	36,524	70,316
Receivables:					
General property taxes	18,362	-	-	3,489	21,851
Sales and use taxes	4,420	2,530	1,725	1,599	10,274
Accounts	1,348	15	2,311	95	3,769
Notes	-	-	-	1,185	1,185
Accrued interest	139	86	50	284	559
Intergovernmental	483	9	1,879	2,416	4,787
Other	42	-	31	78	151
	<u>24,794</u>	<u>2,640</u>	<u>5,996</u>	<u>9,146</u>	<u>42,576</u>
Due from other funds	29	-	-	-	29
Advances to other funds	358	-	-	-	358
Inventory of materials and supplies	20	-	-	52	72
Restricted assets:					
Investments for special purposes	1,743	-	-	686	2,429
Investments for capital projects	-	3	-	90	93
Investments for debt service	-	-	-	47	47
Total restricted assets	<u>1,743</u>	<u>3</u>	<u>-</u>	<u>823</u>	<u>2,569</u>
Other assets	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>
Total assets	<u>\$ 43,619</u>	<u>\$ 14,144</u>	<u>\$ 12,667</u>	<u>\$ 47,563</u>	<u>\$ 117,993</u>

The accompanying notes are an integral part of this statement.

<u>Liabilities and Fund Equity</u>	<u>General Fund</u>	<u>Open Space & Mountain Parks Fund</u>	<u>Trans- portation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities:					
Accounts and accrued liabilities:					
Vouchers and accounts payable	\$ 1,020	\$ 152	\$ 859	\$ 1,502	\$ 3,533
Contracts and retainage payable	-	-	645	442	1,087
Accrued salaries, wages and amounts withheld from employees	2,145	271	312	778	3,506
Accrued interest	40	942	-	44	1,026
Intergovernmental	66	-	-	-	66
Due to other funds	11	463	3	33	510
Advances from other funds	226	-	-	-	226
Other liabilities	108	1	165	57	331
Deferred revenue:					
General property taxes	18,362	-	-	3,489	21,851
Other	1,088	49	962	102	2,201
Total liabilities	<u>23,066</u>	<u>1,878</u>	<u>2,946</u>	<u>6,447</u>	<u>34,337</u>
Fund equity:					
Fund balances:					
Reserved for:					
Encumbrances	727	431	3,478	4,689	9,325
Special purposes	1,743	3	-	686	2,432
Capital projects	-	-	-	91	91
Debt service	-	-	-	47	47
Advances to other funds	358	-	-	-	358
Notes receivable	-	-	-	1,185	1,185
Inventories	20	-	-	52	72
Other assets	105	-	-	-	105
Unreserved:					
Designated:					
Special purposes:					
General Fund	5,866	-	-	-	5,866
Open Space & Mountain Parks Fund	-	681	-	-	681
Transportation Fund	-	-	269	-	269
Nonmajor Special Revenue Funds	-	-	-	669	669
Nonmajor Capital Project Funds	-	-	-	52	52
Undesignated:					
General Fund	11,734	-	-	-	11,734
Open Space & Mountain Parks Fund	-	11,151	-	-	11,151
Transportation Fund	-	-	5,974	-	5,974
Nonmajor Special Revenue Funds	-	-	-	20,199	20,199
Nonmajor Debt Service Funds	-	-	-	334	334
Nonmajor Capital Project Funds	-	-	-	13,112	13,112
Total fund equity	<u>20,553</u>	<u>12,266</u>	<u>9,721</u>	<u>41,116</u>	<u>83,656</u>
Total liabilities and fund equity	\$ <u>43,619</u>	\$ <u>14,144</u>	\$ <u>12,667</u>	\$ <u>47,563</u>	\$ <u>117,993</u>

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets

Year ended December 31, 2007

(Amounts in 000's)

Total governmental fund balances	\$	83,656
----------------------------------	----	--------

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds. This amount is net of accumulated depreciation of \$264,611.	369,453
--	---------

Other long-term assets (bond issuance costs) are reported as current period expenditures during the period incurred in the funds. The costs are deferred, net of amortization, in the government-wide statement of net assets.	286
--	-----

Accumulated difference between the actual pension contributions expensed in the governmental funds and the actuarially determined annual pension cost expensed in the government-wide statements.

Police prepaid net pension obligation	\$	355	
Fire prepaid net pension obligation		<u>762</u>	1,117

Internal service funds are used by management to charge the costs of insurance, capital asset replacement and other activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	85,681
--	--------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(88,146)
--	----------

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Special assessments receivable	36	
Intergovernmental receivable	<u>1,165</u>	<u>1,201</u>

Net assets of governmental activities	\$	<u><u>453,248</u></u>
---------------------------------------	----	-----------------------

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended December 31, 2007

(Amounts in 000's)

	General <u>Fund</u>	Open Space & Mountain Parks <u>Fund</u>	Trans- portation <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:					
Taxes:					
Sales and use taxes	\$ 38,249	\$ 21,758	\$ 14,798	\$ 13,598	\$ 88,403
General property taxes	17,151	-	-	3,324	20,475
Other taxes	12,946	-	-	1,845	14,791
Charges for services	2,499	35	-	9,546	12,080
Sale of goods and capital assets	81	713	1,796	403	2,993
License, permits and fines	4,966	61	-	5,232	10,259
Intergovernmental	2,841	39	6,292	10,670	19,842
Leases, rents and royalties	234	279	84	1,452	2,049
Interest and investment earnings	1,175	1,317	539	2,011	5,042
Other	613	68	294	605	1,580
Total revenues	<u>80,755</u>	<u>24,270</u>	<u>23,803</u>	<u>48,686</u>	<u>177,514</u>
Expenditures:					
Current:					
General Government	10,614	-	-	1,091	11,705
Administrative Services	8,583	-	-	16	8,599
Public Safety	40,256	71	-	-	40,327
Public Works	4,652	-	23,026	6,801	34,479
Planning & Development Services	27	-	-	6,769	6,796
Culture and Recreation	4,275	-	-	19,904	24,179
Open Space and Mountain Parks	138	29,654	-	127	29,919
Housing and Human Services	5,354	-	-	5,077	10,431
Capital outlay	-	-	-	1,254	1,254
Debt service payments:					
Principal	940	5,580	-	2,379	8,899
Interest	190	2,503	-	1,124	3,817
Base rentals to Boulder Municipal					
Property Authority Debt Service Fund	596	3,296	123	525	4,540
Total expenditures	<u>75,625</u>	<u>41,104</u>	<u>23,149</u>	<u>45,067</u>	<u>184,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,130</u>	<u>(16,834)</u>	<u>654</u>	<u>3,619</u>	<u>(7,431)</u>
Other financing sources (uses):					
Long-term refunding bonds issued	-	12,345	-	-	12,345
Premium on long-term refunding bonds issued	-	71	-	-	71
Transfers in	7,281	1,174	318	11,486	20,259
Transfers out	(13,108)	(776)	(1,293)	(2,771)	(17,948)
Payment to refunding bond escrow agent	-	(12,311)	-	-	(12,311)
Total other financing sources (uses)	<u>(5,827)</u>	<u>503</u>	<u>(975)</u>	<u>8,715</u>	<u>2,416</u>
Net change in fund balances	(697)	(16,331)	(321)	12,334	(5,015)
Fund balances, beginning of year	<u>21,250</u>	<u>28,597</u>	<u>10,042</u>	<u>28,782</u>	<u>88,671</u>
Fund balances, end of year	\$ <u>20,553</u>	\$ <u>12,266</u>	\$ <u>9,721</u>	\$ <u>41,116</u>	\$ <u>83,656</u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-wide Statement of Activities

Year ended December 31, 2007

(Amounts in 000's)

Net change in fund balances - total governmental funds	\$	(5,015)
--	----	---------

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$14,445) was less than capital outlays (\$34,548) in the current period.	20,103
--	--------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,196
---	-------

Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in governmental funds. Examples are revenues from special assessments, property taxes and notes receivable.

Special assessments - Public Works	\$	(32)	
Intergovernmental revenue - Public Works		<u>648</u>	616

Internal service funds are used by management to charge the costs of insurance, capital asset replacement and other activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

Capital contributions (to) from other funds:			
Public Safety		22	
Public Works		146	
Culture and Recreation		38	
Interest and investment earnings		1,552	
Net transfers to governmental funds		(587)	
Allocation of net profit or (loss)		<u>113</u>	1,284

The increase in the prepaid net pension obligation resulting from contributions greater than the annual required contribution is not a financial resource and is not reported in the funds.	338
---	-----

Change in net assets of governmental activities	\$	<u><u>25,522</u></u>
---	----	----------------------

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)General Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	
Revenues:				
Taxes:				
Sales and use taxes	\$ 36,942	\$ 37,048	\$ 38,249	\$ 1,201
General property taxes	17,176	17,215	17,151	(64)
Other taxes	12,600	12,673	12,946	273
Charges for services	2,173	2,591	2,499	(92)
Sale of goods and capital assets	56	56	81	25
Licenses, permits and fines	6,015	6,015	4,966	(1,049)
Intergovernmental	1,268	2,737	2,841	104
Leases, rents and royalties	270	270	234	(36)
Interest and investment earnings	557	557	1,001	444
Other	870	1,957	863	(1,094)
Total revenues	<u>77,927</u>	<u>81,119</u>	<u>80,831</u>	<u>(288)</u>
Expenditures:				
Current:				
General Government	9,928	14,049	11,064	2,985
Administrative Services	8,581	9,215	8,930	285
Public Safety	39,540	40,794	39,946	848
Public Works	4,607	4,720	4,718	2
Planning & Development Services	27	27	27	-
Culture and Recreation	4,304	4,428	4,376	52
Open Space and Mountain Parks	138	138	138	-
Housing and Human Services	5,250	6,136	5,354	782
Debt service payments:				
Principal	940	640	940	(300)
Interest	190	190	190	-
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	598	598	598	-
Total expenditures	<u>74,103</u>	<u>80,935</u>	<u>76,281</u>	<u>4,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,824</u>	<u>184</u>	<u>4,550</u>	<u>4,366</u>
Other financing sources (uses):				
Transfers in	7,076	7,505	7,516	11
Transfers out	<u>(12,411)</u>	<u>(13,324)</u>	<u>(13,108)</u>	<u>216</u>
Total other financing sources (uses)	<u>(5,335)</u>	<u>(5,819)</u>	<u>(5,592)</u>	<u>227</u>
Net change in fund balance	\$ <u>(1,511)</u>	\$ <u>(5,635)</u>	(1,042)	\$ <u>4,593</u>
Encumbrances, end of year			727	
Fund balance, beginning of year, basis of budgeting			<u>22,649</u>	
Fund balance, end of year, basis of budgeting			22,334	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			121	
Accrued salaries, wages and amounts withheld from employees			(2,024)	
Change in accrued interest payable			(10)	
Advances from other funds			(226)	
Advances to other funds			<u>358</u>	
Fund balance, end of year, GAAP basis			\$ <u>20,553</u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Open Space and Mountain Parks Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 21,037	\$ 21,037	\$ 21,758	\$ 721
Charges for services	-	-	35	35
Sale of goods and capital assets	-	-	713	713
Licenses, permits and fines	-	-	61	61
Intergovernmental	-	159	39	(120)
Leases, rents and royalties	325	325	279	(46)
Interest and investment earnings	325	325	1,157	832
Other	-	53	68	15
Total revenues	<u>21,687</u>	<u>21,899</u>	<u>24,110</u>	<u>2,211</u>
Expenditures:				
Current:				
Public Safety	71	71	71	-
Open Space and Mountain Parks	12,858	32,194	30,034	2,160
Debt service payments:				
Principal	5,410	5,580	5,580	-
Interest	2,878	2,814	2,814	-
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	3,406	3,406	3,365	41
Total expenditures	<u>24,623</u>	<u>44,065</u>	<u>41,864</u>	<u>2,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,936)</u>	<u>(22,166)</u>	<u>(17,754)</u>	<u>4,412</u>
Other financing sources (uses):				
Long-term refunding bonds issued	-	12,345	12,345	-
Premium on long-term refunding bonds issued	-	71	71	-
Transfers in	1,012	1,174	1,174	-
Transfers out	(776)	(776)	(776)	-
Payment to refunding bond escrow agent	-	(12,311)	(12,311)	-
Total other financing sources (uses)	<u>236</u>	<u>503</u>	<u>503</u>	<u>-</u>
Net change in fund balance	\$ <u>(2,700)</u>	\$ <u>(21,663)</u>	(17,251)	\$ <u>4,412</u>
Encumbrances, end of year			431	
Fund balance, beginning of year, basis of budgeting			<u>29,944</u>	
Fund balance, end of year, basis of budgeting			13,124	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			75	
Accrued salaries, wages and amounts withheld from employees			(254)	
Change in accrued interest payable			<u>(679)</u>	
Fund balance, end of year, GAAP basis			\$ <u>12,266</u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)

Transportation Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ 14,304	\$ 14,304	\$ 14,798	\$ 494
Sale of goods and capital assets	-	-	1,796	1,796
Intergovernmental	8,622	16,177	6,292	(9,885)
Leases, rents and royalties	84	84	84	-
Interest and investment earnings	368	368	467	99
Other	685	685	294	(391)
Total revenues	<u>24,063</u>	<u>31,618</u>	<u>23,731</u>	<u>(7,887)</u>
Expenditures:				
Current:				
Public Works	24,741	38,788	26,486	12,302
Debt service payments:				
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	123	123	123	-
Total expenditures	<u>24,864</u>	<u>38,911</u>	<u>26,609</u>	<u>12,302</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(801)</u>	<u>(7,293)</u>	<u>(2,878)</u>	<u>4,415</u>
Other financing sources (uses):				
Transfers in	-	318	318	-
Transfers out	<u>(1,293)</u>	<u>(1,293)</u>	<u>(1,293)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,293)</u>	<u>(975)</u>	<u>(975)</u>	<u>-</u>
Net change in fund balance	\$ <u>(2,094)</u>	\$ <u>(8,268)</u>	(3,853)	\$ <u>4,415</u>
Encumbrances, end of year			3,478	
Fund balance, beginning of year, basis of budgeting			<u>10,346</u>	
Fund balance, end of year, basis of budgeting			9,971	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			44	
Accrued salaries, wages and amounts				
withheld from employees			<u>(294)</u>	
Fund balance, end of year, GAAP basis			\$ <u>9,721</u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Net Assets

Proprietary Funds

December 31, 2007

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 1,194	\$ 359	\$ 264
Investments	43,242	12,980	9,564
Receivables:			
General property taxes	-	-	-
Accounts	256	11	-
Charges for services	848	639	299
Notes - current installments	9	4	58
Accrued interest	355	200	79
Intergovernmental	-	-	36
	<u>1,468</u>	<u>854</u>	<u>472</u>
Due from other funds	-	-	-
Advances to other funds	-	-	-
Inventory of materials and supplies	184	-	-
Other assets - prepaid expenses	-	-	-
Total current assets	<u>46,088</u>	<u>14,193</u>	<u>10,300</u>
Noncurrent assets:			
Advances to other funds	-	-	-
Notes receivable - less current installments	-	-	-
Restricted assets:			
Cash for capital projects	-	-	-
Investments for bond reserves	3,069	170	825
Investments for capital projects	100	13,323	-
Total restricted assets	<u>3,169</u>	<u>13,493</u>	<u>825</u>
Other assets -			
Deferred charges	298	166	14
Capital assets:			
Land and easements	19,935	1,395	13,313
Buildings	1,133	1,750	764
Improvements other than buildings	68	-	653
Utility plant in service	231,436	67,193	-
Undergrounds - drainage facilities	-	-	59,412
Vehicles	-	-	-
Machinery and equipment	<u>3,637</u>	<u>3,300</u>	<u>1,605</u>
	<u>256,209</u>	<u>73,638</u>	<u>75,747</u>
Less accumulated depreciation	<u>(74,182)</u>	<u>(36,362)</u>	<u>(15,074)</u>
	<u>182,027</u>	<u>37,276</u>	<u>60,673</u>
Construction in progress	<u>1,616</u>	<u>45,019</u>	<u>442</u>
Total capital assets, net of accumulated depreciation	<u>183,643</u>	<u>82,295</u>	<u>61,115</u>
Total noncurrent assets	<u>187,110</u>	<u>95,954</u>	<u>61,954</u>
Total assets	<u>233,198</u>	<u>110,147</u>	<u>72,254</u>

The accompanying notes are an integral part of this statement.

<u>Boulder Municipal Property Authority</u>	<u>Downtown Commercial District</u>	<u>Other Enterprise Fund University Hill Commercial District</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ -	\$ 34	\$ 20	\$ 1,871	\$ 810
-	1,144	717	67,647	29,326
-	1,552	26	1,578	-
-	13	-	280	5
-	-	-	1,786	-
104	-	-	175	-
31	12	6	683	224
-	5	-	41	24
135	1,582	32	4,543	253
481	-	-	481	450
-	-	-	-	19
-	-	-	184	-
-	-	-	-	210
616	2,760	769	74,726	31,068
-	-	-	-	207
1,040	-	-	1,040	-
-	88	-	88	-
-	355	-	4,419	-
-	-	-	13,423	14
-	443	-	17,930	14
-	305	-	783	-
41,266	2,333	444	78,686	102
6,433	37,682	-	47,762	65,896
-	5,042	31	5,794	8,301
-	-	-	298,629	-
-	-	-	59,412	-
-	-	-	-	23,421
-	1,419	78	10,039	9,341
47,699	46,476	553	500,322	107,061
(2,216)	(12,120)	(76)	(140,030)	(50,265)
45,483	34,356	477	360,292	56,796
-	131	-	47,208	823
45,483	34,487	477	407,500	57,619
46,523	35,235	477	427,253	57,840
47,139	37,995	1,246	501,979	88,908

(continued)

CITY OF BOULDER, COLORADO

Statement of Net Assets,
continuedProprietary Funds

December 31, 2007

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Liabilities:			
Current liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	\$ 548	\$ 2,684	\$ 219
Contracts and retainage payable	262	2,013	-
Accrued salaries, wages and amounts withheld from employees	238	176	50
Accrued interest	183	161	22
Accrued claims liability	-	-	-
Due to other funds	-	-	-
Other liabilities	164	17	-
Deferred revenue -			
General property taxes	-	-	-
General obligation bonds payable (current portion)	-	-	-
Revenue bonds payable (current portion)	4,095	1,810	550
Certificates of participation (current portion)	-	-	-
Lease purchase revenue notes payable (current portion)	-	-	-
Compensated absences payable (current portion)	91	12	24
Total current liabilities	<u>5,581</u>	<u>6,873</u>	<u>865</u>
Non-current liabilities:			
Accounts and accrued liabilities:			
Accrued landfill cleanup liability	-	2,531	-
Deferred credit - future water rights	5,635	-	-
Advances from other funds	-	-	-
General obligation bonds payable (net of premium and refunding bond charges)	-	-	-
Revenue bonds payable (net of premium and refunding bond charges)	48,516	42,141	4,680
Certificates of participation	-	-	-
Lease purchase revenue notes payable	-	-	-
Capitalized lease obligations	-	-	-
Compensated absences payable	523	631	99
Retiree health care benefit	15	12	4
Rebatable arbitrage payable	1	42	-
Total non-current liabilities	<u>54,690</u>	<u>45,357</u>	<u>4,783</u>
Total liabilities	<u>60,271</u>	<u>52,230</u>	<u>5,648</u>
Net assets:			
Invested in capital assets, net of related debt	134,101	51,837	56,710
Restricted for:			
Special purposes	-	-	-
Capital projects	100	-	-
Unrestricted	38,726	6,080	9,896
Total net assets	<u>\$ 172,927</u>	<u>\$ 57,917</u>	<u>\$ 66,606</u>

The accompanying notes are an integral part of this statement.

<u>Boulder Municipal Property Authority</u>	<u>Downtown Commercial District</u>	<u>Other Enterprise Fund University Hill Commercial District</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ -	\$ 30	\$ 1	\$ 3,482	\$ 463
-	-	-	2,275	55
-	51	8	523	113
481	181	-	1,028	-
-	-	-	-	1,967
-	450	-	450	-
-	11	2	194	-
-	1,552	26	1,578	-
-	1,165	-	1,165	-
-	-	-	6,455	-
475	-	-	475	-
2,559	-	-	2,559	-
-	-	-	127	-
<u>3,515</u>	<u>3,440</u>	<u>37</u>	<u>20,311</u>	<u>2,598</u>
-	-	-	2,531	-
-	-	-	5,635	-
-	358	-	358	-
-	19,266	-	19,266	-
-	-	-	95,337	-
2,130	-	-	2,130	-
14,310	-	-	14,310	-
-	-	-	-	-
-	108	15	1,376	177
-	5	1	37	3
-	-	-	43	-
<u>16,440</u>	<u>19,737</u>	<u>16</u>	<u>141,023</u>	<u>180</u>
<u>19,955</u>	<u>23,177</u>	<u>53</u>	<u>161,334</u>	<u>2,778</u>
26,009	14,499	477	283,633	57,619
-	124	4	128	-
-	-	-	100	-
<u>1,175</u>	<u>195</u>	<u>712</u>	<u>56,784</u>	<u>28,511</u>
\$ <u>27,184</u>	\$ <u>14,818</u>	\$ <u>1,193</u>	340,645	\$ <u>86,130</u>

Adjustment to reflect the consolidation of internal service
fund activities related to enterprise funds

449
\$ 341,094

Net assets of business-type activities

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year ended December 31, 2007

(Amounts in 000's)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund
Operating revenues:			
Charges for services	\$ 21,159	\$ 12,570	\$ 4,765
Leases, rents and royalties	-	-	-
Total operating revenues	<u>21,159</u>	<u>12,570</u>	<u>4,765</u>
Operating expenses:			
Personnel	5,573	3,945	1,331
Non-personnel	5,796	3,427	1,534
Depreciation and amortization	4,635	1,547	940
Total operating expenses	<u>16,004</u>	<u>8,919</u>	<u>3,805</u>
Operating income (loss)	<u>5,155</u>	<u>3,651</u>	<u>960</u>
Nonoperating revenues (expenses):			
Interest and investment earnings	2,850	2,130	579
Leases, rents and royalties	16	26	31
Intergovernmental revenue	19	-	191
Sales and use tax increment	-	-	-
General property taxes	-	-	-
General property tax increment	-	-	-
Other taxes	-	-	-
Excess tax increment	-	-	-
Interest expense	(2,396)	(1,276)	(260)
Contribution expense - future water rights	(1,554)	-	-
Gain (loss) on sale of capital assets	(23)	(54)	-
Other, net	26	(35)	2
Total nonoperating revenues (expenses)	<u>(1,062)</u>	<u>791</u>	<u>543</u>
Income (loss) before capital contributions and transfers	4,093	4,442	1,503
Capital contributions	2,920	501	1,366
Transfers in	103	118	-
Transfers out	<u>(1,288)</u>	<u>(930)</u>	<u>(297)</u>
Changes in net assets	5,828	4,131	2,572
Total net assets, beginning of year	<u>167,099</u>	<u>53,786</u>	<u>64,034</u>
Total net assets, end of year	\$ <u>172,927</u>	\$ <u>57,917</u>	\$ <u>66,606</u>

The accompanying notes are an integral part of this statement.

Boulder Municipal Property Authority	Downtown Commercial District	Other Enterprise Fund University Hill Commercial District	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ -	\$ 3,844	\$ 167	\$ 42,505	\$ 14,488
4,540	-	-	4,540	-
<u>4,540</u>	<u>3,844</u>	<u>167</u>	<u>47,045</u>	<u>14,488</u>
-	1,208	206	12,263	1,897
-	1,493	133	12,383	6,303
144	1,414	6	8,686	5,972
<u>144</u>	<u>4,115</u>	<u>345</u>	<u>33,332</u>	<u>14,172</u>
4,396	(271)	(178)	13,713	316
94	101	42	5,796	1,552
-	220	-	293	7
-	-	-	210	26
-	99	-	99	-
-	887	25	912	-
-	563	-	563	-
-	764	2	766	-
-	(703)	-	(703)	-
(1,173)	(934)	-	(6,039)	-
-	-	-	(1,554)	-
-	-	(26)	(103)	205
-	34	11	38	46
<u>(1,079)</u>	<u>1,031</u>	<u>54</u>	<u>278</u>	<u>1,836</u>
3,317	760	(124)	13,991	2,152
-	360	-	5,147	505
-	1,495	191	1,907	-
<u>(161)</u>	<u>(624)</u>	<u>(31)</u>	<u>(3,331)</u>	<u>(887)</u>
3,156	1,991	36	17,714	1,770
<u>24,028</u>	<u>12,827</u>	<u>1,157</u>		<u>84,360</u>
\$ <u>27,184</u>	\$ <u>14,818</u>	\$ <u>1,193</u>		\$ <u>86,130</u>

Adjustment to reflect the consolidation of internal service
fund activities related to enterprise funds
Change in net assets of business-type activities

486
\$ 18,200

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2007

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 21,056	\$ 12,447	\$ 5,237
Receipts from interfund services provided	-	-	-
Other receipts (payments)	(2)	11	2
Payments to suppliers	(4,466)	(2,301)	(1,207)
Payments to employees	(5,521)	(3,888)	(1,321)
Payment for interfund services used	<u>(1,115)</u>	<u>(1,018)</u>	<u>(254)</u>
Net cash provided (used) by operating activities	<u>9,952</u>	<u>5,251</u>	<u>2,457</u>
Cash flows from noncapital financing activities:			
Payments from (to) other funds			
on due from (due to) balances	-	-	-
Payments from (to) other funds on advances	-	-	-
Leases, rents and royalties	16	26	31
Intergovernmental revenue	7	-	191
Transfers in	-	-	-
Transfers out	<u>(1,288)</u>	<u>(930)</u>	<u>(297)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,265)</u>	<u>(904)</u>	<u>(75)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(6,918)	(22,592)	(1,968)
Proceeds from sale of property and equipment	-	-	-
Contractual payment - future water rights	(2,118)	-	-
Long-term refunding bonds issued	25,938	-	-
Payment to refunded bond escrow agent	(30,124)	-	-
Cost of issuance paid at bond closing	(173)	-	-
Principal paid on notes payable, bonds payable and capitalized lease obligations	(2,750)	(1,750)	(525)
Interest paid on notes payable, bonds payable, and capitalized lease obligations	(2,427)	(2,000)	(284)
Payment received on note receivable due from County for sale of land	-	-	-
Proceeds from insurance claims	-	-	-
Capital contributions	<u>2,851</u>	<u>495</u>	<u>939</u>
Net cash provided (used) for capital related financing activities	<u>(15,721)</u>	<u>(25,847)</u>	<u>(1,838)</u>

The accompanying notes are an integral part of this statement.

<u>Boulder Municipal Property Authority</u>	<u>Downtown Commercial District</u>	<u>Other Enterprise Fund University Hill Commercial District</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 4,641	\$ 3,831	\$ 167	\$ 47,379	\$ 179
-	-	-	-	14,373
-	33	12	56	13
-	(1,385)	(104)	(9,463)	(6,450)
-	(1,186)	(201)	(12,117)	(1,829)
-	(110)	(37)	(2,534)	-
<u>4,641</u>	<u>1,183</u>	<u>(163)</u>	<u>23,321</u>	<u>6,286</u>
-	450	-	450	(450)
-	-	-	-	(226)
-	220	-	293	7
-	1,610	27	1,835	2
-	1,443	164	1,607	-
<u>(161)</u>	<u>(624)</u>	<u>(31)</u>	<u>(3,331)</u>	<u>(588)</u>
<u>(161)</u>	<u>3,099</u>	<u>160</u>	<u>854</u>	<u>(1,255)</u>
-	(887)	(24)	(32,389)	(3,726)
-	-	-	-	318
-	-	-	(2,118)	-
-	-	-	25,938	-
-	-	-	(30,124)	-
-	-	-	(173)	-
(3,368)	(2,720)	-	(11,113)	-
(1,273)	(954)	-	(6,938)	-
161	-	-	161	-
-	-	-	-	33
-	-	-	4,285	-
<u>(4,480)</u>	<u>(4,561)</u>	<u>(24)</u>	<u>(52,471)</u>	<u>(3,375)</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continuedProprietary Funds

Year ended December 31, 2007

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Cash flows from investing activities:			
Purchase of investment securities restricted for the payment of construction contracts	\$ (212)	\$ (28,304)	\$ -
Proceeds from sale and maturities of investment securities restricted for the payment of construction contracts	2,008	48,543	-
Purchase of investment securities restricted for debt service and bond reserves	(6,519)	(362)	(1,752)
Proceeds from sale and maturities of investment securities restricted for debt service and bond reserves	9,720	362	1,752
Purchase of investment securities	(91,396)	(27,257)	(20,220)
Proceeds from sale and maturities of investment securities	91,360	26,672	19,296
Interest on investments	<u>2,422</u>	<u>1,966</u>	<u>475</u>
Net cash provided (used) in investing activities	<u>7,383</u>	<u>21,620</u>	<u>(449)</u>
Net increase in cash and cash equivalents	349	120	95
Cash and cash equivalents, January 1	<u>845</u>	<u>239</u>	<u>169</u>
Cash and cash equivalents, December 31	\$ <u><u>1,194</u></u>	\$ <u><u>359</u></u>	\$ <u><u>264</u></u>
Reconciliation of cash and cash equivalents to balance sheet amounts:			
Equity in pooled cash and cash equivalents	\$ 1,194	\$ 359	\$ 264
Cash for capital projects	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u><u>1,194</u></u>	\$ <u><u>359</u></u>	\$ <u><u>264</u></u>

The accompanying notes are an integral part of this statement.

<u>Boulder Municipal Property Authority</u>	<u>Downtown Commercial District</u>	<u>Other Enterprise Fund University Hill Commercial District</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ -	\$ -	\$ -	\$ (28,516)	\$ -
-	-	-	50,551	-
-	(754)	-	(9,387)	-
-	753	-	12,587	-
-	(2,415)	(1,516)	(142,804)	(62,037)
-	2,616	1,514	141,458	59,413
-	87	35	4,985	1,256
-	287	33	28,874	(1,368)
-	8	6	578	288
-	114	14	1,381	522
\$ <u>-</u>	\$ <u>122</u>	\$ <u>20</u>	\$ <u>1,959</u>	\$ <u>810</u>
\$ -	\$ 34	\$ 20	\$ 1,871	\$ 810
-	88	-	88	-
\$ <u>-</u>	\$ <u>122</u>	\$ <u>20</u>	\$ <u>1,959</u>	\$ <u>810</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continuedProprietary Funds

Year ended December 31, 2007

(Amounts in 000's)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 5,155	\$ 3,651	\$ 960
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization of deferred charges	4,635	1,547	940
Other nonoperating revenues (expenses)	(2)	11	2
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(13)	1	12
Charges for services receivable	(90)	(124)	(29)
Intergovernmental receivables	-	-	489
Inventory of materials and supplies	(7)	-	-
Other assets - prepaid expenses	-	-	-
Increase (decrease) in liabilities:			
Vouchers and accounts payable	222	108	73
Accrued salaries, wages and amounts withheld from employees	12	26	10
Accrued insurance reimbursement	-	-	-
Compensated absences	25	19	(4)
Retiree health care benefit	15	12	4
Total adjustments	4,797	1,600	1,497
Net cash provided (used) by operating activities	\$ 9,952	\$ 5,251	\$ 2,457
Noncash investing, capital and financing activities:			
Assets acquired through:			
Capital contributions:			
From other funds	\$ 103	\$ 118	\$ 54
Other	71	10	384
Financed through contracts and retainage	160	592	(72)
Assets transferred to other funds:			
Enterprise Funds	-	(54)	-
Increase in fair value of investments	471	319	99
	\$ 805	\$ 985	\$ 465

The accompanying notes are an integral part of this statement.

<u>Boulder Municipal Property Authority</u>	<u>Downtown Commercial District</u>	<u>Other Enterprise Fund University Hill Commercial District</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ <u>4,396</u>	\$ <u>(271)</u>	\$ <u>(178)</u>	\$ <u>13,713</u>	\$ <u>316</u>
144	1,414	6	8,686	5,972
-	33	12	56	13
101	(13)	-	88	64
-	-	-	(243)	-
-	-	-	489	-
-	-	-	(7)	-
-	-	-	-	(1)
-	(2)	(8)	393	147
-	-	-	48	47
-	-	-	-	(293)
-	17	4	61	18
-	5	1	37	3
<u>245</u>	<u>1,454</u>	<u>15</u>	<u>9,608</u>	<u>5,970</u>
\$ <u><u>4,641</u></u>	\$ <u><u>1,183</u></u>	\$ <u><u>(163)</u></u>	\$ <u><u>23,321</u></u>	\$ <u><u>6,286</u></u>
\$ -	\$ 412	\$ 27	\$ 714	\$ 505
-	-	-	465	-
-	-	-	680	-
-	-	(24)	(78)	(299)
-	15	7	911	280
\$ <u><u>-</u></u>	\$ <u><u>427</u></u>	\$ <u><u>10</u></u>	\$ <u><u>2,692</u></u>	\$ <u><u>486</u></u>

(This page intentionally left blank.)

FIDUCIARY FUNDS

Pension Trust Funds account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees and the City at amounts determined by biennial actuarial studies and by State law.

The City of Boulder has the following pension trust funds:

Police Pension Fund – to account for retirement annuity payments for the City’s police officers.

Fire Pension Fund – to account for retirement annuity payments for the City’s fire fighters.

CITY OF BOULDER, COLORADO

Statement of Fiduciary Net Assets

Pension Trust Funds

December 31, 2007

(Amounts in 000's)

Assets:

Equity in pooled cash and cash equivalents	\$	10
Investments:		
U.S. Treasuries		223
U.S. Instrumentalities		1,685
Mutual Funds		15,229
Equity Securities		6,186
Local Government Investment Pools		74
Money Market Funds		202
Real Estate Investment Trust		783
Other		1,200
Receivables -		
Accrued interest		16
Total assets		<u>25,608</u>

Liabilities:

Accounts and accrued liabilities -		
Accrued pensions payable		103
Total liabilities		<u>103</u>

Net assets held in trust for pension benefits (a schedule of funding progress for each plan is presented in the Required Supplementary Information located after the Notes to the Financial Statements)	\$	<u><u>25,505</u></u>
---	----	----------------------

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

Year ended December 31, 2007

(Amounts in 000's)

Additions:

Pension contributions:

City of Boulder	\$	788
Employees		<u>31</u>
Total contributions		<u>819</u>

Investment earnings		2,590
Less investment expense		<u>(62)</u>
Net investment income		<u>2,528</u>

Total additions		<u>3,347</u>
-----------------	--	--------------

Deductions:

Benefits		2,331
Administrative		<u>11</u>
Total deductions		<u>2,342</u>

Net increase		1,005
--------------	--	-------

Net assets held in trust for
pension benefits:

Beginning of year		<u>24,500</u>
End of year	\$	<u><u>25,505</u></u>

The accompanying notes are an integral part of this statement.

(This page intentionally left blank.)

NOTES TO THE FINANCIAL STATEMENTS

(This page intentionally left blank.)

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

Index

	<u>Page</u>
NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	73
NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	86
NOTE C - LEGAL COMPLIANCE - BUDGETS	88
NOTE D - LEGAL COMPLIANCE - AMENDMENT ONE	92
NOTE E - DEPOSITS AND INVESTMENTS	93
NOTE F - PROPERTY TAXES RECEIVABLE	99
NOTE G - NOTES RECEIVABLE	100
NOTE H - OTHER RECEIVABLES	100
NOTE I - CAPITAL ASSETS	101
NOTE J - RISK MANAGEMENT	104
NOTE K - ACCRUED LIABILITIES	106
NOTE L - PROPERTY TAX OVERCOLLECTION LIABILITY	106
NOTE M - ACCRUED LIABILITY - LANDFILL CLEANUP	107
NOTE N - DEFERRED CREDIT - FUTURE WATER RIGHTS	109
NOTE O - LONG-TERM DEBT	110
NOTE P - INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS	120
NOTE Q - RELATED PARTY TRANSACTIONS	123
NOTE R - RESERVED AND DESIGNATED FUND BALANCES	123
NOTE S - RESTRICTED NET ASSETS	125
NOTE T - COMMITMENTS AND CONTINGENCIES	125
NOTE U - PENSION AND RETIREMENT PLANS	128
NOTE V - DEFERRED COMPENSATION PLANS	146
NOTE W - OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB) THAN PENSIONS	146
NOTE X - PLEDGED REVENUES	149
 REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF FUNDING PROGRESS – POLICE PENSION FUND	154
SCHEDULE OF FUNDING PROGRESS – FIRE PENSION FUND	155
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION FUNDS	156
SCHEDULE OF FUNDING PROGRESS – BOULDER RETIREE HEALTH CARE BENEFIT PLAN	157

(This page intentionally left blank.)

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the city of Boulder, Colorado (the city) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the city's significant accounting policies follows:

1. Reporting Entity

The city is a municipal corporation duly organized and existing under the laws of the State of Colorado. It is a home rule city and adopted a charter pursuant to Article XX of the Constitution of the State of Colorado by vote of the electorate on October 30, 1917. The council/manager form of government was adopted in the city's charter and has been in operation since January 1918. The City Council, an elected body of nine members, is the policy-making arm of the government. Eight of the members of the Council are elected for staggered four-year terms and one is elected for a two-year term, with five council members elected in November of each odd-numbered year. A City Manager, appointed by the Council, serves as the city's chief administrative officer.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the City to impose its will on that organization or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

Blended component units, although legally separate entities are, in substance, part of the city's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the city and the primary government.

Based upon the application of these criteria the city has identified three blended component units. Each of these component units has a December 31 year end and is included in the accompanying financial statements.

Blended Component Units

Downtown Commercial District and University Hill Commercial District - These Districts provide parking facilities and services to citizens and are public subdivisions of the State of Colorado, administered by the City Council of the city of Boulder in an ex-officio capacity as its Board of Directors. The Districts operate under a formal budget adopted in conjunction with the budget of the city. The Districts are reported as blended component unit Enterprise Funds (proprietary funds); no separate financial statements are issued. In 2007, the Central Area General Improvement District was renamed the Downtown Commercial District and the University Hill General Improvement District was renamed the University Hill Commercial District. The funds were renamed to more appropriately reflect the broad purpose that the operations had come to serve over the last few years.

Boulder Municipal Property Authority - The Authority is responsible for the acquisition and construction of certain city properties and facilities and is a nonprofit corporation and instrumentality of the city, administered by the City Council of the city of Boulder in an ex-officio capacity as its Board of Directors. The Authority operates under a formal budget adopted in conjunction with the budget of the city. The Authority's activities are reported as a blended component unit Enterprise Fund (a proprietary fund); no separate financial statements are issued.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

Related Organizations

A related organization is an organization for which the city appoints a voting majority of the board but for which the city is not financially accountable, either because the city does not impose its will upon the organization or a financial benefit or burden relationship does not exist. These related organizations are not included within the city's financial reporting entity.

The following two organizations have been identified as related organizations.

Boulder Housing Partners is a separate related organization whose primary purpose is to develop, acquire, subsidize and manage housing units for low to moderate income families and elderly persons and to provide tenant support services.

Downtown Boulder Business Improvement District is a separate related organization whose primary purpose is to provide promotion, marketing, enhanced maintenance and management functions for the district.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide financial statements*, and *proprietary fund and fiduciary fund financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. And although the city accrues debt service interest expenses into the year incurred, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, property taxes when budgeted for, other taxes, charges for services, intergovernmental revenues when eligibility requirements are met, and interest and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

The city reports the following major governmental funds:

General Fund – The General Fund is the city’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Open Space and Mountain Parks Fund – This special revenue fund accounts for the acquisition and maintenance of greenbelt land and parks. Financing is provided by sales taxes and the issuance of long-term bonds and notes payable.

Transportation Fund – This special revenue fund accounts for the construction, operation and maintenance of all major thoroughfares, local streets, bikeways, walkways and city-owned parking. Financing is provided by sales taxes, the city’s share of the County Road and Bridge tax, State Highway Users’ tax, State Auto Registration fees and Federal and State reimbursements through the Colorado Department of Transportation.

The city reports the following major enterprise funds:

Water Utility Fund – This enterprise fund was established to finance and account for the acquisition, operation and maintenance of water facilities and services. It is predominately self-supported by user charges but also receives revenues from hydroelectric sales and plant investment and connection fees.

Wastewater Utility Fund – This enterprise fund was established to finance and account for the acquisition, operation and maintenance of wastewater facilities and services. It is predominately self-supported by user charges but also receives revenues from surcharge fees, cogeneration sales, and plant investment and connection fees.

Stormwater and Flood Management Fund – This enterprise fund was established to finance and account for the acquisition, operation and maintenance of stormwater and flood management facilities and services. It is predominately self-supported by user charges but also receives revenues from the Urban Drainage District and plant investment fees.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Boulder Municipal Property Authority – The Boulder Municipal Property Authority is responsible for the acquisition and construction of certain city properties and facilities. Funding is derived from the issuance of lease purchase revenue debt. Debt service is paid with income received from the city in the form of base rentals that is derived from the acquired or constructed assets.

Downtown Commercial District – This district provides parking facilities and services to citizens in the downtown Boulder area. It is predominately self-supported by user charges but also receives general property and other tax revenues.

Additionally, the city reports the following fund types:

Internal service funds are established to finance and account for services and/or commodities required by other funds, on a cost reimbursement basis. The city has funds that account for the costs of acquiring, operating and maintaining certain types of equipment and facilities, costs for city-wide insurance programs and funding for certain governmental fund compensated absences liabilities.

Pension trust funds account for the accumulation of resources to be used for retirement annuity payments for the city's police officers and fire fighters.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The city has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, interest and investment earnings, and miscellaneous revenues.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility Fund, Wastewater Utility Fund, Stormwater and Flood Management Fund and Downtown Commercial District are charges to customers for sales and services. The Water Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating revenues in the blended component unit Boulder Municipal Property Authority are received from the city in the form of base rentals on open space and parks property. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Budgets

Budgets are adopted on a budgetary basis as described in Note C. The city budgets revenues and expenditures/expenses for all funds except Internal Service Funds and Fiduciary Funds. Internal Service Funds, although not required to be budgeted are appropriated in the annual budget document, against which performance is measured. Pension Trust Fiduciary Funds each have an independent Board, which review all expense, refund, disability and investment transactions. The Gifts and Contributions Fund does not have an adopted budget as control over expenditures is provided by the one grantor to the fund, the Library Foundation. All annual appropriations lapse at fiscal year end.

The budget of the city is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues and represents a process through which policy decisions are made, implemented and controlled. The City Charter requires that the city establish a budgetary system for general operations and prohibits expending funds for which there is no legal appropriation.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets (Continued)

Local city code states that total expenditures for each fund cannot exceed the amount appropriated. The fund is, therefore, the level of control on which expenditures may not legally exceed appropriations. In the Enterprise Funds, budgeting at the operating, capital and debt service expense level provides further control.

Although appropriations lapse at year-end, subsequent year's appropriations provide authority to complete transactions involving encumbrances outstanding at year-end. The City Charter stipulates that, at any time after the adoption of the annual appropriation ordinance and after at least one week's public notice, the City Council may transfer unused balances appropriated for one purpose to another purpose and may by ordinance appropriate available revenues not included in the annual budget. This provision does not apply to the Water Utility Fund, Permanent Parks and Recreation Fund or Library Fund. Available fund balances not required for operations and capital improvements during the year are included in the annual appropriations ordinance. This is done to ensure that excess funds are available for use if the need arises after the adoption of that ordinance. Council approval is still required to transfer unallocated amounts to active operating or capital improvement budgets.

5. Equity in Pooled Cash and Cash Equivalents/Cash and Cash Equivalents

The city utilizes the pooled cash concept whereby cash balances of each of the city's funds are pooled and invested by the city in short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, local government investment pools and United States Treasury Obligations.

The investment pool is used to maximize interest income while protecting principal. Securities are selected according to their risk, marketability and diversification. Income earnings or losses arising from the investment of pooled cash are allocated to the various funds based on their respective daily average equity in pooled cash.

At year-end, cash in bank accounts, cash on hand, cash held by trustees, certificates of deposit (with an original maturity date less than 90 days) and money market deposit accounts are classified as Equity in Pooled Cash and Cash Equivalents. All other securities within pooled cash are reclassified for reporting purposes to investments.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Investments

In addition to the cash and cash equivalents mentioned in Note A5, the city authorizes investments in the following securities for the general pooled investments. The Fire and Police Pension Boards adopt and establish separate investment policies for the Pension Trust Funds. The city's authorization for general pooled investments is more restrictive than Colorado State statutes, in that the statutes allow all of the following investments plus additional securities as well:

- Bonds or other interest-bearing obligations of the United States of America or its agencies thereof and Local Government Investment Pools that invest therein
- Repurchase agreements and reverse repurchase agreements
- Obligations secured by first liens on real estate or by pledge of specific income or revenue and issued, insured, or guaranteed by an agency or instrumentality of the United States government or State of Colorado
- Commercial paper (with a rating at the time of purchase in its highest rating categories by one or more nationally recognized rating organizations)
- Eligible bankers acceptances
- Money market mutual funds (with a rating at the time of purchase of at least AAAm by Standard and Poor's or Aaa by Moody's)
- Corporate Bonds, rated at least AA by Standard & Poors or Aa2 by Moody's. Authorized corporates shall be limited to corporations organized and operated within the United States with a net worth in excess of \$250,000,000.

The city records long-term investments at fair value in accordance with GASB Statement No. 31. The city authorizes the purchase and sale of investments, except for those held in the Pension Trust funds, which are controlled by the Fire and Police Pension Boards as trustees. Since almost all city moneys are designated for specific uses, maturities are selected to coincide with the periods these moneys will be spent. For those securities sold prior to maturity, the specific identification method is used in determining gain or loss. Investment earnings are recorded when earned since they are measurable and available.

The city invests in two external local government investment pools, COLOTRUST and CSAFE, which are not SEC-registered. These pools are short-term money market funds organized in conformity with Part 7 of Article 75 of Title 24, Colorado Revised Statutes, subject to enforcement by the Colorado Securities Commissioner. The fair value of the position in the pools is the same as the value of the pool shares.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

8. Inventories

Inventories of a material amount are maintained in the General Fund for postage, the Recreation Activity Fund for golf course clubhouse merchandise and the Water Utility Fund for materials supply. These inventories are valued at lower of cost or market, using the first-in, first-out (FIFO) method. The costs of these inventories are recorded as expenditures when consumed rather than when purchased. All other inventories in the city are considered immaterial and are expensed when purchased.

9. Restricted Assets

Pooled and non-pooled investments restricted for specified uses by gift, fee, grant and retainage requirements are classified as "restricted assets" in the General, Special Revenue and Internal Service Funds. Pooled investments and cash held by paying agents have been restricted in the Capital Project and Enterprise Funds for future capital improvements in compliance with bond ordinances. Additional pooled investments in the Debt Service and Enterprise Funds have been restricted for debt service bond reserves in compliance with bond ordinances.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Capital Assets

All capital assets, including "Public Domain" infrastructure capital assets such as bridges, streets and sidewalks are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 (\$50,000 for infrastructure) and an estimated useful life in excess of one year. Donated assets are valued at fair value on the date donated. The city does not capitalize historical treasure or works of art. Costs incurred for the purchase or construction of capital assets for governmental activities are recorded as capital outlay expenditures in the governmental funds.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, net of any related interest income, is included as part of the capitalized value of the assets constructed for business-type activities. Interest capitalized in 2007 totaled \$729,897.

Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the government-wide financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	10-50 years
Improvements to land other than buildings	20 years
Infrastructure	20-75 years
Utility plant in service	30-40 years
Undergrounds	30-75 years
Machinery and equipment	3-20 years
Vehicles	3-20 years

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining life of the capital asset, as applicable.

Upon sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Compensated Absences

Upon termination or retirement, all unused vacation pay, unused sick pay based on certain service requirements, an appreciation bonus dependent upon employee length of service, and compensation time per the Police employees contract, must be paid to the employee. These compensated absences are recognized when earned in proprietary fund types and when due in governmental fund types. A liability for these amounts is reported in the government-wide financial statements when earned.

12. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, losses on refunding, and issuance costs, are deferred and amortized over the life of the bonds using a method which approximates the effective interest rate method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, losses on refunding, as well as bond issuance costs in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances and losses on debt refunding are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt principal payments are reported as debt service expenditures.

Debt service for the major utility funds is paid from monies provided by those funds. The blended component unit Boulder Municipal Property Authority pays debt service from revenues received from the city in the form of base rentals on open space and parks property.

13. Fund Equity

In the *fund financial statements*, governmental funds report *reservations* of fund balance for amounts that are legally restricted by outside parties for specific purposes and for amounts that are not available for appropriation. *Designations* result from management's plans regarding future use. Proprietary funds report *restrictions* of net assets for those amounts that are legally restricted by outside parties for a specific purpose.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Fund Equity (continued)

Reserves – Governmental fund reserves have been established to liquidate existing contracts and purchase orders, fund capital projects in future fiscal periods, and for gifts and memorials and other restricted purposes. Included in General Fund reserves are moneys collected under the Colorado Contraband Forfeiture Act. These funds will be used for the specific purpose of law enforcement activities.

Designations – Designations set aside portions of unreserved fund balances as determined by management and represent tentative plans for future use of financial resources. City management has determined the following designation of unreserved fund balances:

Special Purposes – The city has designated education excise tax revenues in the General Fund to promote the development of public educational facilities and services. The General Fund has also designated monies for economic vitality programs. Additional designations, including funds to cover liquidations of compensated absences, have been set aside in the Special Revenue and Capital Project Funds.

In the *government-wide financial statements*, applicable net assets are categorized as *restricted* rather than as reserved. The fund balance of certain special revenue and capital project funds have been restricted where the fund was created through legislation that includes a legally enforceable restriction on the use of revenues (Note S).

Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt, excludes unspent bond proceeds. Unspent bond proceeds as of December 31, 2007 were \$22,475,530.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Government Fund Balance Sheet and the Government-wide Statement of Net Assets

The government fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of the \$88,146 difference are as follows (amounts in 000’s):

General obligation bonds	\$ 67,755
Revenue bonds	8,810
Loans payable	1,536
Compensated absences	9,822
Retiree health care benefits payable	257
Rebatable arbitrage payable	<u>146</u>
Total governmental activities long-term liabilities	88,326
Less: internal service fund long-term liabilities	<u>(180)</u>
Governmental fund long-term liabilities	\$ <u>88,146</u>

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that “debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.”

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

The details of the \$8,196 increase are as follow (amounts in 000's):

Debt issued or incurred:	
Issuance of general obligation refunding bonds - par	\$ (12,345)
Increase in compensated absences	(968)
Increase in retiree health care benefit	(257)
Increase in rebatable arbitrage payable	(104)
Total debt issued or incurred	<u>(13,674)</u>
Principal repayments:	
General obligation bonds:	
Repayments	7,470
Bonds refunded	11,560
Amortization of debt premium	35
Amortization of deferred loss on bond refundings	(73)
Premium	(71)
Loss on bond refunding	<u>751</u>
General obligation repayments	19,672
Revenue bonds	1,045
Loan payable	384
Compensated absences	<u>691</u>
Total principal repayments	<u>21,792</u>
Net change in governmental activities long-term liabilities	8,118
Other debt related items:	
Deferral of cost of issuance on bonds issued in current year	88
Amortization of cost of issuance	<u>(31)</u>
Total change in governmental activities long-term liabilities	8,175
Less: change in internal service fund long-term liabilities	<u>21</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities – debt and related items	\$ <u>8,196</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE C - LEGAL COMPLIANCE - BUDGETS

City management, with the approval of the Budget Office, may transfer budgeted amounts within a fund without City Council approval. Excluded are transfers between operating, capital and debt service budgets in the Enterprise Funds. The City Manager must approve increases and decreases to appropriations and estimated revenues in the Internal Service Funds.

Budget amendments were not materially different from the original appropriations adopted by the City Council, except for the annual carryover ordinance and the following additional items:

- 1) \$306,686 increase in the General Fund from fund balance, and \$496,000 increase in the General Fund out of EPA grant revenue, to establish "Recycle Row," a one stop destination for the community to take recyclable materials including hard to recycle items;
- 2) \$300,000 increase in the General Fund from Education Excise Tax revenues, to reimburse the Boulder Valley School District for a portion of the cost of athletic field lights at Fairview High School;
- 3) \$226,000 increase in the General Fund from an advance from the Fleet Fund to finance costs associated with the the implementation of new pay station parking technology;
- 4) \$219,062 increase in the General Fund from additional revenue received from the community for various events that require security. This revenue reimburses the city for salaries of off-duty police officer and equipment as needed;
- 5) \$305,500 increase in the General Fund from additional revenue received from the State as reimbursement for wildland fire fighting expenses;
- 6) \$247,135 increase in the General Fund from additional revenue generated by a .25 cent per hour rate increase as well as the extension of hours at on-street parking meters, then transferred to the Downtown Commercial District to finance the new pay station parking technology;
- 7) \$318,000 increase in the General Fund from fund balance, transferred to the Transportation Fund, to assist with removal of street snow and ice from the extraordinary winter storms during the winter of 2006/2007;
- 8) \$600,000 decrease in the Affordable Housing Fund from additional revenue. The city entered into a revolving credit facility agreement of \$3,000,000 with Fannie Mae, from August of 2003 through July of 2008, for the purpose of providing affordable housing in the city of Boulder. Credit of \$600,000 available for housing projects was not used in 2007. This adjustment reduces both estimated revenue and appropriation for 2007;
- 9) \$12,521,104 increase in the Open Space and Mountain Parks Fund to appropriate bond proceeds from the issuance of the 2007 Refunding Open Space Bonds (see Note O);

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE C - LEGAL COMPLIANCE – BUDGETS (CONTINUED)

- 10) \$318,000 increase in the Transportation Fund from a transfer from the General Fund to cover costs associated with removal of street snow and ice from the extraordinary winter storms during the winter of 2006/2007;
- 11) \$415,000 increase in the Fire Training Center Construction Fund from additional revenue in the form of interest earnings accrued on the \$3,775,000 Boulder County sales and use tax collected from January 1, 2002 to December 31, 2004, remitted to the city in 2007 to support construction of a county-wide fire training facility;
- 12) \$295,000 increase in the .15 Cent Sales Tax Debt Service Fund from sales tax revenues transferred to the .15 Cent Sales Tax Special Revenue Fund for operation of recreation facilities;
- 13) \$28,897,265 increase in the Water Utility Fund to appropriate bond proceeds from the issuance of the 2007 Refunding Water and Sewer Bonds (see Note O);
- 14) \$1,722,000 increase in the Stormwater and Flood Management Fund from additional revenue to be received from the Colorado Department of Revenue with the goal of removing properties from the 100 year floodplain and to provide a multi-use path connection and underpass.

The city's basis of budgeting differs from GAAP in several ways:

GAAP expenditures *not* treated as expenditures using the basis of budgeting:

- All fund types – adjustment to accrued salaries, wages and amounts withheld from employees adjustment to compensated absences, adjustment to accrued interest payable (certain debt)
- Proprietary fund types – depreciation and amortization of deferred charges, bond premiums and deferred refunding losses, capital assets reassigned to other funds

Expenditures using the basis of budgeting *not* treated as GAAP expenditures:

- All fund types – encumbrances, payments on advances from other funds, intrafund transfers
- Proprietary fund types – capital outlay including capital assets acquired through issuance of long-term lease purchase revenue notes, principal retirement, reduction in deferred credit, refunding of debt

GAAP revenues *not* treated as revenues using the basis of budgeting:

- All fund types – fair market value adjustment to investments

Revenues using the basis of budgeting *not* treated as GAAP revenues:

- Proprietary fund types – long-term debt proceeds

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE C - LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A summary of budgeted and actual expenditures, along with the variances by fund, follows (amounts in 000's):

<u>Fund</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual Expenditures (Basis of Budgeting)</u>	<u>Variance - Positive (Negative)</u>
General	\$ 86,514	\$ 94,259	\$ 89,389	\$ 4,870
Capital Development	111	1,658	43	1,615
Lottery	1,100	1,898	1,035	863
Planning & Development Services	7,887	8,659	8,450	209
Affordable Housing	2,727	3,821	1,657	2,164
Community Housing Assistance Program (CHAP)	1,711	3,574	1,976	1,598
.15 Cent Sales Tax	2,571	3,000	2,569	431
.25 Cent Sales Tax	6,443	8,657	6,447	2,210
Library	11,894	12,159	12,150	9
Recreation Activity	9,533	9,822	9,713	109
Climate Action Plan Tax	-	860	804	56
Open Space and Mountain Parks	25,399	57,152	54,951	2,201
Airport	1,857	2,140	2,066	74
Transportation	26,157	40,204	27,902	12,302
Transportation Development	4,243	12,409	7,330	5,079
Transit Pass General Improvement District	13	13	13	-
Community Development	915	2,205	954	1,251
HOME	1,500	2,148	738	1,410
General Obligation Debt Service	25	25	16	9
.15 Cent Sales Tax Debt Service	1,170	1,505	1,480	25
1996 Parks Acquisition Bond	-	7	-	7
Permanent Parks and Recreation	2,047	5,627	1,063	4,564
Fire Training Center Construction Fund	-	7,790	637	7,153
Water Utility	27,532	65,925	59,567	6,358
Wastewater Utility	13,578	47,091	43,235	3,856
Stormwater and Flood Management	6,236	12,012	5,238	6,774
Boulder Municipal Property Authority	4,661	4,822	4,784	38
Downtown Commercial District	7,518	8,850	8,597	253
University Hill Commercial District	364	390	390	-
	<u>\$ 230,846</u>	<u>\$ 418,682</u>	<u>\$ 353,194</u>	<u>\$ 65,488</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE C - LEGAL COMPLIANCE - BUDGETS (CONTINUED)

A reconciliation of expenses, basis of budgeting to GAAP, at December 31, 2007, in the accompanying financial statements for the enterprise funds is as follows (amounts in 000's):

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund	Boulder Municipal Property Authority	Downtown Commercial District	University Hill Commercial District	Total
Actual expenses-basis of budgeting:	\$ 59,567	\$ 43,235	\$5,238	\$ 4,784	\$ 8,597	\$ 390	\$ 121,811
Less:							
Encumbrances	(567)	(6,801)	(463)	-	(59)	(2)	(7,892)
Capital outlay	(6,918)	(22,592)	(1,968)	-	(887)	(24)	(32,389)
Assets acquired through Decrease (increase) in accounts payable	434	(1,226)	1,077	-	-	-	285
Assets acquired through issuance of retainage and contracts payable	(160)	(592)	72	-	-	-	(680)
Capitalized interest	(47)	(661)	(20)	-	-	-	(728)
Principal retirement	(2,750)	(1,750)	(525)	(3,368)	(2,720)	-	(11,113)
Change in pre-2002 debt interest accrual	-	-	-	(82)	-	-	(82)
Reduction in deferred credit	(564)	-	-	-	-	-	(564)
Excess tax increment	-	-	-	-	(703)	-	(703)
Payments to refunding bond escrow agent	(30,124)	-	-	-	-	-	(30,124)
Cost of issuance paid	(173)	-	-	-	-	-	(173)
Other nonoperating expenses netted against other revenue on financial statements	-	(41)	-	-	-	-	(41)
Plus:							
Adjustment to accrued salaries, wages and amounts withheld from employees	21	32	11	-	-	1	48
Adjustment to compensated absences	25	19	(4)	-	17	4	61
Adjustment to retiree health care benefit payable	15	12	4	-	5	1	37
Amortization of bond premium and deferred refunding loss	63	(57)	-	-	9	-	15
Depreciation and amortization of deferred charges	<u>4,635</u>	<u>1,547</u>	<u>940</u>	<u>144</u>	<u>1,414</u>	<u>6</u>	<u>8,686</u>
Actual expenditures-GAAP basis	<u>\$ 21,242</u>	<u>\$ 11,125</u>	<u>\$ 4,362</u>	<u>\$ 1,478</u>	<u>\$ 5,673</u>	<u>\$ 376</u>	<u>\$ 44,256</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE C - LEGAL COMPLIANCE - BUDGETS (CONTINUED)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund	Boulder Municipal Property Authority	Downtown Commercial District	University Hill Commercial District	Total
Expenses, from Statement of Revenues, Expenses and Changes in Fund Net Assets:							
Operating expenses	\$ 16,004	\$ 8,919	\$ 3,805	\$ 144	\$4,115	\$345	\$ 33,332
Nonoperating expenses:							
Interest expense	2,396	1,276	260	1,173	934	-	6,039
Contribution expense- future water rights	1,554	-	-	-	-	-	1,554
Transfers out	<u>1,288</u>	<u>930</u>	<u>297</u>	<u>161</u>	<u>624</u>	<u>31</u>	<u>3,331</u>
Total expenses	\$ <u>21,242</u>	\$ <u>11,125</u>	\$ <u>4,362</u>	\$ <u>1,478</u>	\$ <u>5,673</u>	\$ <u>376</u>	\$ <u>44,256</u>

NOTE D - LEGAL COMPLIANCE - AMENDMENT ONE

The voters of Colorado at the general election held in the State on November 3, 1992 approved an amendment to the Colorado Constitution (Article X, Section 20 or Amendment One or TABOR). The language of Amendment One applies to the State and all local governments, including the city.

Amendment One generally requires that the voters of the city approve any new tax, increase of an existing tax, property tax mill levy increase, assessed valuation ratio increase, tax extension or tax policy change of the city that results in an increase in taxes. Amendment One also limits increases in the city's property tax revenue over the prior year to the rate of inflation plus the net percentage change in the actual value of all real property in the city from construction of improvements and additions to taxable real property, unless otherwise approved by the voters. In addition to revenue limits, Amendment One also limits increases in the city's spending over the prior year to the rate of inflation plus the net percentage change in the actual value for all real property in the city from construction of improvements and additions to taxable real property, unless otherwise approved by the voters. The initial base years for this limit on spending increases by the city are the 1992 fiscal year of the city and 1991 property taxes collected in 1992. Any revenues collected in excess of these limits on spending and property tax revenue are required to be refunded during the next fiscal year.

On November 2, 1993, the voters within the city of Boulder approved a ballot question which authorizes the city to collect, retain and expend the full proceeds of the city's sales and use tax, admissions tax, accommodations tax and non-federal grants notwithstanding any Amendment One restrictions.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE D - LEGAL COMPLIANCE - AMENDMENT ONE (CONTINUED)

At the November 8, 1994 election, the voters approved an increase in the city's trash tax and also approved an education excise tax. Both of these ballot issues included language which allowed the city to collect and spend the full proceeds of the tax and any interest earnings thereon.

On November 5, 1996, the voters within the city of Boulder approved a ballot question by a vote of 21,832 to 16,170 which removed the Amendment One restriction on all revenues (except property tax) and expenditures of the city, eliminated the emergency reserve requirements, and authorized the collection, retention and expenditure of all revenues of the city free from current revenue and expenditure limitations and from any limitations that may be enacted in the future without the amendment of the City Charter by the electors of the city.

At December 31, 2007, the city believes it was in compliance with Amendment One. (See Note L).

NOTE E - DEPOSITS AND INVESTMENTS

At December 31, 2007, the city had the following in cash and investments (in 000's):

Cash on hand	\$ 30
Deposits	4,833
Investments	<u>213,180</u>
Total	\$ <u>218,043</u>

Cash and investments are reported in the financial statements as follows (in 000's):

Citywide Pool Investments

Equity in pooled cash and cash equivalents	\$ 4,649
Investments	167,289
Restricted cash and investments	<u>20,513</u>
	<u>192,451</u>

Fiduciary Fund Investments

Equity in pooled cash and cash equivalents	10
Investments	<u>25,582</u>

Total	\$ <u>218,043</u>
-------	-------------------

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk – deposits. For deposits, this is the risk that in the event of a bank failure, the city's deposits may not be returned. Title 2, Chapter 10 of the Boulder Revised Code (1981) requires that depositories belong to the FDIC and qualify as a depository of public funds in the state under the Colorado Public Deposit Protection Act (PDPA) as defined in 24-75-603, C.R.S. As of December 31, 2007, all financial institutions holding deposits for the city of Boulder have been identified as eligible public depositories under PDPA by the State of Colorado Division of Banking. PDPA requires that any amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

On December 31, 2007, the city had bank deposits of \$188,294 insured by FDIC and \$4,645,463 properly collateralized under the Public Deposit Protection Act. These bank deposits include a certificate of deposit totaling \$100,000, and a savings account held in lieu of retainage in the amount of \$14,624, which are not exposed to custodial credit risk.

Investments – Citywide Pool (excludes Fiduciary Funds)

As of December 31, 2007, the city had the following investments and maturities:

Investment Type	Fair Value (000's)
Local Government	
Investment Pools	\$ 35,367
U.S. Treasuries	27,674
U.S. Instrumentalities	<u>124,557</u>
Total	\$ <u>187,598</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Citywide Pool (excludes Fiduciary Funds) (Continued)

Credit Risk – investments. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Title 2, Chapter 10 of the Boulder Revised Code (1981) limits the city's investment activity to specific types of investments as disclosed in Note A6. Rating requirements for Federal Instrumentality securities are not addressed within the code but it does limit investments in commercial paper to issues with a credit rating of at least A-1 by Standard and Poor's or P-1 by Moody's. Credit rating requirements for eligible banker's acceptances are not addressed. Local government investment pools and money market mutual funds must have a rating at the time of purchase of at least AAAm by Standard and Poor's or Aaa by Moody's. Corporate bonds must have a credit rating of at least AA by Standard & Poors or Aa2 by Moody's. As of December 31, 2007, the city held investments with the following credit ratings:

Issuer	Fair Value (000's)	Ratings	
		Standard & Poors	Moody's
FNMA	15,002	AAA	Aaa
FHLB	69,954	AAA	Aaa
FHLMC	29,039	AAA	Aaa
FFCB	10,562	AAA	Aaa
Local Government Investment Pools			
Colotrust	6,149	AAA	Aaa
Csafe	29,218	AAA	Aaa

Interest Rate Risk – investments. For investments, this is the risk that changes in interest rates will adversely affect fair market values. In accordance with Title 2, Chapter 10 of the Boulder Revised Code (1981) the weighted average maturity of the city's portfolio shall at no time exceed five years. As of December 31, 2007, the weighted average maturity of the city's pooled investment portfolio was .80 of one year as detailed below:

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Citywide Pool (excludes Fiduciary Funds) (Continued)

Investment Type	Fair Value (000's)	Weighted Average Maturity (years)
U.S. Treasuries	\$ 27,674	1.32
FFCB	10,562	1.29
FNMA	15,002	.56
FHLMC	29,039	.65
FHLB	69,954	1.05
Local Government Investment Pools	<u>35,367</u>	<u>.09</u>
Total Fair Value	\$ <u>187,598</u>	
Portfolio weighted average maturity		<u>.80</u>

Custodial Credit Risk – investments. This is the risk that, in the event of the counterparty's failure, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Boulder Revised Code, the city utilizes a third-party safekeeping arrangement with JP Morgan Chase, N.A. to minimize custodial credit risk.

On December 31, 2007, the city invested in Colorado Government Liquid Asset Trust Plus (Colotrust Plus) and the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds. The pools are regulated by the Colorado Securities Commissioner. These pools operate similar to a money market fund and each share is equal in value to \$1.00. Investments of the pools consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Citywide Pool (excludes Fiduciary Funds) (Continued)

Concentration of Credit Risk – investments. Concentration of credit risk is the risk of loss attributed to the concentration of the city's investment in a single issuer. The Boulder Revised Code does not specifically address concentration of credit risk. Five percent or more of the city's investments were held by the following issuers as of December 31, 2007:

Issuer	Fair Market Value (in 000's)	Percentage of Total Portfolio
Federal Farm Credit Bureau	\$ 10,562	6%
Federal National Mortgage Association	15,002	8%
Federal Home Loan Bank	69,954	37%
Federal Home Loan Mortgage Corporation	29,039	15%
CSAFE	29,218	16%

Investments – Fiduciary Funds

As of December 31, 2007, the Police and Fire Pension Funds had the following investments:

Investment Type	Fair Value (in 000's)	Maturities in Years				
		<1	1-2	3-5	5-10	>10
Local Government						
Investment Pools	\$ 74	\$ 74	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	223	22	36	-	165	-
U.S. Instrumentalities and Agencies	<u>1,685</u>	<u>187</u>	<u>45</u>	<u>744</u>	<u>475</u>	<u>234</u>
Subtotal	1,982	\$ 283	\$ 81	\$ 744	\$ 640	\$ 234
Money Market Funds	202					
Mutual Funds – Equities	15,229					
Real Estate Investment Trust	783					
Equities	6,186					
Other	<u>1,200</u>					
Total	\$ 25,582					

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds (Continued)

Credit Risk – Pension Investments. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The “Old Hire” Police Pension Fund investment policy revised on September 12, 2005 and adopted on August 14, 2006 has specific guidelines regarding purchases in the equities portfolio. For the fixed income portfolio, it requires that at least 90% of the securities must have a rating of no less than “BBB” by Moody’s, Standard and Poors or Fitch and no more than 30% of the portfolio’s market value shall be rated less than “A”, unless the manager has specific written authorization. The “Old Hire” Fire Pension Fund investment policy was revised on March 30, 2007, and formally adopted on May 31, 2007. This newly adopted policy has specific guidelines regarding purchases in the equities portfolio. The “Old Hire” Fire Pension Fund investment policy does not include a fixed income portfolio, nor does the policy address ratings requirements for a fixed income portfolio.

At December 31, 2007 the pension plans held investments with credit ratings as follows:

Issuer	Fair Value (000’s)	Ratings	
		Standard & Poors	Moody’s
Local Government			
Investment Pools	\$ 74	AAA	Aaa
U.S. Instrumentalities	1,451	AAA	Aaa
U.S. Agencies (GNMA)	234	not rated	not rated
Money Market Funds	202	not rated	not rated

Concentration of Credit Risk – Pension Investments. Concentration of credit risk is the risk of loss attributed to the concentration of the city’s investment in a single issuer. The “Old Hire” Police Pension Fund investment policy states that the portfolio shall have between 15 – 85 percent in equities. The policy also states that equity holdings in any one company should not exceed more than 10% of the market value of the Fund’s assets and that not more than 25% should be invested in any one industry. Fixed Income portfolio securities, other than U.S. Government or agency securities, cannot exceed 10% by any one issuer. At December 31, 2007, no single issuer held more than 5% of either pension fund’s portfolio.

The “Old Hire” Fire Pension Plan has specified a risk tolerance not to exceed a 9 percent loss in any one year. To maintain a 90 percent confidence level that this performance level is met, the board selected the following asset classes and allocations for each class:

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds (Continued)

<u>Asset Allocation</u>	<u>Lower Limit</u>	<u>Strategic Allocation</u>	<u>Upper Limit</u>
Domestic Large Cap	21%	24%	27%
Domestic Mid Cap	5%	8%	11%
Domestic Small Cap	5%	8%	11%
International Equity	14%	17%	20%
Domestic Fixed Income	25%	28%	31%
Global Fixed Income	2%	5%	8%
Commodity Futures	2%	5%	8%
Bank Loans	2%	5%	8%

At December 31, 2007 the asset class allocations were within the maximum limits.

Custodial Credit Risk – Pension Investments. This is the risk that, in the event of a counterparty's failure, the city will not be able to recover the value of its investments. The "Old Hire" Police Pension Fund investment policy states that a custodian bank will maintain possession of securities owned by the Fund. All of the pension securities, with the exception of the Principal RESA account, are held by the Fund's third party custodian Charles Schwab Institutional in the pension's name. The Fire Pension Fund has no policy addressing custodial credit risk.

Interest Rate Risk –Pension Investments. This is the risk that changes in interest rates will adversely affect the portfolio's fair market value. The "Old Hire" Police Pension Fund investment policy specifies a targeted rate of return of 5.00% over the Consumer Price Index. For 2007, the actual return of the "Old Hire" Police pension portfolio was 11.36% while the targeted rate of return was 7.54%. The Fire Pension Fund investment policy specifies a targeted rate of return of 7.50% and the fund's actual return was 10.65%. See the above pension investment maturity schedule for additional information on fixed income security maturities.

NOTE F - PROPERTY TAXES RECEIVABLE

Property taxes for the city are levied by the City Council and certified to Boulder County for collection by December 15 of each year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE F - PROPERTY TAXES RECEIVABLE (CONTINUED)

Property taxes levied in 2007 for collection in 2008 of \$18,362,190 in the General Fund, \$1,947,488 in the Special Revenue Funds, \$1,542,094 in the Capital Projects Funds and \$1,578,297 in the Enterprise Funds, are included in receivables and deferred revenue at December 31, 2007. These taxes are classified as deferred revenues since they are not normally available to the city until mid-2008 and are budgeted for in 2008.

NOTE G – NOTES RECEIVABLE

The December 31, 2007 balance in “notes receivable” include several long term notes receivable of various natures. The following summarizes the types of notes receivable and the amounts due within one year (amounts in 000’s):

<u>Type of note receivable</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Current</u>	<u>Non- Current</u>	<u>Current</u>	<u>Non- Current</u>
Land Sale to Boulder County	\$ -	\$ -	\$ 104	\$ 1,040
HHS Construction Loan	-	1,185	-	-
Special assessments	-	-	71	-
	<u>\$ -</u>	<u>\$ 1,185</u>	<u>\$ 175</u>	<u>\$ 1,040</u>

NOTE H – OTHER RECEIVABLES

The December 31, 2007, balance in “other receivables” contains the following detail (amounts in 000’s):

<u>Type of receivable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 3,774	\$ 280	\$ 4,054
Charges for services	-	1,786	1,786
Accrued interest	783	683	1,466
Intergovernmental	4,811	41	4,852
Other	<u>151</u>	<u>-</u>	<u>151</u>
	<u>\$ 9,519</u>	<u>\$ 2,790</u>	<u>\$ 12,309</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE I - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows (amounts in 000's):

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 202,427	\$ 21,048	\$ (87)	\$ 223,388
Construction in progress	<u>10,412</u>	<u>12,927</u>	<u>(2,130)</u>	<u>21,209</u>
Total capital assets, not being depreciated		<u>212,839</u>	<u>33,975</u>	<u>(2,217)</u>
<u>244,597</u>				
Capital assets being depreciated:				
Buildings	75,703	506	-	76,209
Improvements other than buildings	38,356	1,155	-	39,511
Infrastructure	343,505	1,747	-	345,252
Machinery and equipment	<u>33,811</u>	<u>3,367</u>	<u>(799)</u>	<u>36,379</u>
Total capital assets, being depreciated	<u>491,375</u>	<u>6,775</u>	<u>(799)</u>	<u>497,351</u>
Less accumulated depreciation for:				
Buildings	30,076	3,308	-	33,384
Improvements other than buildings	12,160	1,687	-	13,847
Infrastructure	233,946	12,331	-	246,277
Machinery and equipment	<u>18,960</u>	<u>3,091</u>	<u>(683)</u>	<u>21,368</u>
Total accumulated depreciation	<u>295,142</u>	<u>20,417</u>	<u>(683)</u>	<u>314,876</u>
Total capital assets, being depreciated, net	<u>196,233</u>	<u>(13,642)</u>	<u>(116)</u>	<u>182,475</u>
Governmental Activities capital assets, net	\$ <u>409,072</u>	\$ <u>20,333</u>	\$ <u>(2,333)</u>	\$ <u>427,072</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE I - CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 79,929	\$ -	\$ (1,243)	\$ 78,686
Construction in progress	<u>24,315</u>	<u>25,436</u>	<u>(2,543)</u>	<u>47,208</u>
Total capital assets, not being depreciated	<u>104,244</u>	<u>25,436</u>	<u>(3,786)</u>	<u>125,894</u>
Capital assets being depreciated:				
Buildings	47,737	25	-	47,762
Improvements other than buildings	5,732	62	-	5,794
Utility plant in service and undergrounds	349,709	8,332	-	358,041
Machinery and equipment	<u>7,008</u>	<u>3,301</u>	<u>(270)</u>	<u>10,039</u>
Total capital assets, being depreciated	<u>410,186</u>	<u>11,720</u>	<u>(270)</u>	<u>421,636</u>
Less accumulated depreciation for:				
Buildings	12,215	1,353	-	13,568
Improvements other than buildings	1,583	265	-	1,848
Utility plant in service and undergrounds	113,469	6,445	-	119,914
Machinery and equipment	<u>4,393</u>	<u>552</u>	<u>(245)</u>	<u>4,700</u>
Total accumulated depreciation	<u>131,660</u>	<u>8,615</u>	<u>(245)</u>	<u>140,030</u>
Total capital assets, being depreciated, net	<u>278,526</u>	<u>3,105</u>	<u>(25)</u>	<u>281,606</u>
Business-type Activities capital assets, net	\$ <u>382,770</u>	\$ <u>28,541</u>	\$ <u>(3,811)</u>	\$ <u>407,500</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE I - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the city as follows (amounts in 000's):

Governmental Activities:	
General Government	\$ 13
Administrative Services	804
Public Safety	50
Public Works	18,055
Planning & Development Services	4
Culture and Recreation	1,249
Open Space and Mountain Parks	177
Housing & Human Services	<u>65</u>
Total depreciation expense –	
Governmental Activities	\$ <u>20,417</u>
Business-type Activities:	
Water Utility	\$ 4,616
Wastewater Utility	1,536
Stormwater and Flood Management	937
Parking facilities and services	1,383
Property and facility acquisition	<u>143</u>
Total depreciation expense –	
Business-type Activities	\$ <u>8,615</u>

The Facility Renovation and Replacement Internal Service Fund collects replacement charges from participating city departments for the future renovation and replacement of facilities. Policy requires that assets for which this fund collects replacement charges be recorded in the fund. Facilities for which replacement charges were collected by, but the asset not purchased in the Facility Renovation and Replacement Fund must be contributed to this fund. In 2007, \$499,309 of this type of asset was contributed from governmental funds to the Facility Renovation and Replacement Fund.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE J - RISK MANAGEMENT

Property and Casualty Insurance - The city has structured its property and casualty insurance as a Protected Self Insurance Plan since April 15, 1986. The Plan included an Annual Aggregate and Specific Stop Loss coverage through April 15, 1990. Under the current structure, the city pays the first \$100,000 of each loss on property claims with an annual aggregate of \$200,000. Except for those which are Flood or Earthquake which have a \$200,000 deductible and Utility Facilities which have a \$500,000 deductible. The city pays \$250,000 each claim on third party liability claims; and \$10,000 each loss on crime. According to Colorado State law, the city has the protection of governmental immunity above \$150,000 per person, \$600,000 per occurrence. Excess insurance coverage over this maximum had been purchased through a private insurance carrier including increasing the annual aggregate to \$4,000,000. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. The deductible on each claim for third party liability claims was increased in 2004 from \$150,000 to \$250,000.

The City Council has established a reserve policy for the Property and Casualty Fund with a goal of funding the actuarially calculated liability at the end of the prior year at the 50% certainty level plus \$537,500 for current and future year's claims. As of December 31, 2007, the reserve exceeded this goal by \$2,323,000.

In 1997, an Internal Service Fund was established to account for the Property and Casualty funds. Claims paid during the year and estimated to be paid at year-end are charged to this fund. The estimated year end claims payable is based on the results of an actuarial study.

Changes in the estimated claims payable for all funds during the years ended December 31, 2006 and 2007, were as follows (amounts in 000's):

	<u>2006</u>	<u>2007</u>
Estimated claims payable January 1	\$ 911	\$ 942
Current year claims and changes in estimates	652	6
Claim payments	(621)	(100)
Estimated claims payable December 31	<u>\$ 942</u>	<u>\$ 848</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE J - RISK MANAGEMENT (CONTINUED)

Workers' Compensation Insurance - Through December 31, 1992, the city purchased Workers' Compensation insurance through the Colorado Compensation Insurance Authority. The city received authorization to become self-insured effective January 1, 1993. In 1993, an Internal Service Fund was established to account for these insurance activities. The city hired a third-party administrator to handle claims and estimate reserves. Under the current structure, the city pays the first \$350,000 of each workers compensation claim. The estimated reserves at December 31, 2007, have been established through the completion of an actuarial study and recorded as a liability in the Workers' Compensation Insurance Fund. Benefits are mandated by State Statute. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. The deductible on each claim was increased in 2006 from \$300,000 to \$350,000.

The City Council has established a reserve goal for the Workers' Compensation Insurance Fund to fully fund case loss reserves at the 50% confidence level and rate stabilization reserves at the industry standard reserve/retention of 8 to 1. At December 31, 2007, the reserve did not meet this goal by \$1,182,000.

Changes in the estimated claims payable for all funds during the years ended December 31, 2006 and 2007, were as follows (amounts in 000's):

	<u>2006</u>	<u>2007</u>
Estimated claims payable January 1	\$ 1,256	\$ 1,318
Current year claims and changes in estimates	770	408
Claim payments	<u>(708)</u>	<u>(607)</u>
Estimated claims payable December 31	\$ <u>1,318</u>	\$ <u>1,119</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE K – ACCRUED LIABILITIES

The December 31, 2007, balance in “accrued liabilities” contains the following detail (amounts in 000’s):

<u>Type of accrued liability</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accrued salaries, wages and amounts withheld from employees	\$ 3,619	\$ 523	\$ 4,142
Accrued interest	1,026	1,028	2,054
Accrued claims liability	1,967	-	1,967
Accrued liability – landfill cleanup	-	2,531	2,531
	<u>\$ 6,612</u>	<u>\$ 4,082</u>	<u>\$ 10,694</u>

NOTE L - PROPERTY TAX OVERCOLLECTION LIABILITY

The 2006 mill levy for the city of Boulder for taxes collected in 2007, resulted in an excess of the Amendment One allowable property tax revenues by \$77,284. The 2007 mill levy for taxes collected in 2008 was voluntarily reduced to compensate for this overcollection.

The balance of these overcollections are recorded as an “other liability” in the following funds:

<u>Fund</u>	<u>Net Overcollection</u>
General Fund	61,781
Library Fund	2,072
CHAP Fund	7,015
Permanent Parks and Recreation Fund	6,416

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE M - ACCRUED LIABILITY - LANDFILL CLEANUP

Until the late 1980s the city operated the Marshall Landfill. Around the time of the landfill's closure, the city was threatened by a lawsuit by the Department of Justice (DOJ) and the U.S. Environmental Protection Agency (EPA) concerning the cleanup of Marshall Landfill, which is a designated Superfund site. The city was designated a potentially responsible party (PRP) pursuant to the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986. The city and certain other PRPs negotiated a proposed consent decree with the DOJ and the EPA, and on May 17, 1988, City Council approved that decree.

The EPA, city and other PRPs subsequently signed the consent decree, which required the settling parties to implement remedial measures at Marshall Landfill for the purpose of cleaning up contaminated groundwater. This included the construction, operation and maintenance of a treatment facility and monitoring system.

The total cost of the cleanup was estimated to be approximately \$5.0 million for capital construction and \$.8 million for engineering costs. Under the PRP agreement, which set forth the cost sharing arrangements for the cleanup, the city's share was estimated at 30% or approximately \$1,740,000. This amount, plus \$210,000 for project management, contingency, legal and miscellaneous costs, was recorded in the Wastewater Utility Fund. Bonds were issued in 1992, and the proceeds restricted, to pay these costs.

This judgment payable was satisfied in 1993 and an additional estimated liability equal to the net present value of average annual expenses of \$250,000, or \$2,926,595, was recorded for the city's estimated share of operating the treatment facility over the subsequent twenty years. The reasonableness of the average annual expense level is reviewed annually by city engineers and is based on typical operation, maintenance, analytical, and engineering costs of the Marshall Landfill site with adjustments made for inflation and equipment replacement.

The EPA and the Colorado Department of Public Health and Environment (CDPHE) approved a shutdown plan for the Marshall Landfill on November 30, 2004. The shutdown involves mothballing the current treatment facility for three years while the groundwater quality is monitored. The treatment facility must be maintained for the three year period in a manner that allows start up if deemed necessary.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE M - ACCRUED LIABILITY - LANDFILL CLEANUP (CONTINUED)

If, at the end of three years, no concentrations of contaminants above the shutdown standards occur in the wells and surface water sites that are approved as points of compliance, the treatment plant can be removed. After the treatment facility is demolished, an approved long-term monitoring plan will be implemented. The demolition plan will require continued monitoring for the foreseeable future, but at a reduced frequency than currently is in effect. In addition to long-term water sampling and analysis at the points of compliance, the landfill cover or cap will have to be maintained indefinitely.

The 2005 Marshall Landfill budget of \$240,000 was sufficient for all 2005 shutdown, mothballing, sampling and analysis, cap maintenance, and abandonment/encasement of obsolete monitoring wells. Annual costs during the last two years (2006-2007) of the three year shutdown period should not exceed \$150,000.

If, at the end of the three-year shutdown period, EPA and CDPHE agree to demolition of the facility and long-term monitoring, the annual costs should be less than \$100,000. However, the actual annual costs will not be determined until EPA and CDPHE approve the plan. The final shutdown and demolition plan will not be submitted to EPA and CDPHE until 2008.

Funds to pay off the bonds and the accrued liability will be collected through user rate charges. The December 31, 2007, balance in the "accrued landfill cleanup liability" is \$2,530,980.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE N - DEFERRED CREDIT - FUTURE WATER RIGHTS

Under a water allotment contract with the Municipal Subdistrict, Northern Colorado Water Conservancy District (Subdistrict), the city has available 37/480 of the water units available through the Windy Gap Project (a water diversion project on the Colorado River). In 1991, the city sold 43 of its original 80 units to the city of Broomfield for a total of \$23,724,500. Under the sales agreement, the city received its final annual payment in 1993. The Raw Water Master Plan recommended that Windy Gap supplies be sold due to the high incremental cost of maintaining this portion of the raw water supply. When voting to approve the sales agreement, the City Council also moved that the proceeds be used for the acquisition of replacement water supplies capable of meeting multiple objectives including diversification of municipal water supply sources, drought protection and maintaining instream flows.

Bonds issued by the Subdistrict in connection with construction of the project totaled \$119,280,000 after refunding in 1993. The bonds are not liabilities of the city since the city has an option annually to elect to either pay its share of the debt service and operating costs of the Subdistrict or to request the Subdistrict levy taxes directly through the County Assessor against property owners within the boundaries of the city to pay such costs and expenses. Under its contract, the city will never have ownership of the project, including the water rights.

The city's commitment to pay the annual costs and expenses associated with the acquisition and maintenance of its future water rights continues to be for the original 80 units as follows: 2008-\$1,653,779, 2009-\$1,652,567, 2010-\$1,652,531, 2011-\$1,652,539, 2012-\$1,653,910, and 2013 through 2017-\$8,360,172.

A "deferred credit" with an original amount of \$10,504,192 at 7% interest was recorded in 1992 in the Water Utility Fund to cover the principal portion of the debt service costs for the 43 units sold to the city of Broomfield. The December 31, 2007, deferred credit balance was \$5,635,312.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT

Changes in Long-Term Debt

The following balances and changes in long-term debt are for the year ended December 31, 2007 (amounts in 000's):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 75,082	\$ 12,345	\$ (19,672)	\$ 67,755	\$ 7,705
Revenue bonds	<u>9,855</u>	<u>-</u>	<u>(1,045)</u>	<u>8,810</u>	<u>1,090</u>
Total bonds payable	84,937	12,345	(20,717)	76,565	8,795
Loans payable	1,920	-	(384)	1,536	1,536
Compensated absences	9,545	968	(691)	9,822	854
Retiree health care benefit	-	257	-	257	-
Rebatable arbitrage payable	<u>42</u>	<u>104</u>	<u>-</u>	<u>146</u>	<u>-</u>
Governmental activity long-term debt	<u>\$ 96,444</u>	<u>\$ 13,674</u>	<u>\$ (21,792)</u>	<u>\$ 88,326</u>	<u>\$ 11,185</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 23,143	\$ -	\$ (2,712)	\$ 20,431	\$ 1,165
Revenue bonds	<u>111,120</u>	<u>25,938</u>	<u>(35,266)</u>	<u>101,792</u>	<u>6,455</u>
Total bonds payable	134,263	25,938	(37,978)	122,223	7,620
Certificates of participation	3,055	-	(450)	2,605	475
Lease purchase revenue notes	19,787	-	(2,918)	16,869	2,559
Compensated absences	1,442	186	(125)	1,503	127
Retiree health care benefit	-	37	-	37	-
Rebatable arbitrage payable	<u>-</u>	<u>43</u>	<u>-</u>	<u>43</u>	<u>-</u>
Business-type activities long-term debt	<u>\$ 158,547</u>	<u>\$ 26,204</u>	<u>\$ (41,471)</u>	<u>\$ 143,280</u>	<u>\$ 10,781</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

The city issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the city. In addition, many of the general obligation bonds of the city have a pledge of specific revenues. See Note X for pledged revenue information.

2007 Bond Refundings

On June 26, 2007, the city issued \$12,345,000 of Open Space Acquisition Refunding Bonds Series 2007 to refund a portion, or \$11,560,000, of the Open Space Acquisition Bonds Series 2000. As of December 31, 2007, \$3,210,000 of the Series 2000 bonds remain on the city's balance sheet. The Series 2007 bonds were purchased by D.A. Davidson & Co. with an average interest rate of 3.84 percent to replace a portion of the refunded bonds with rates ranging from 5.10 to 5.50 percent. The net proceeds of \$12,310,753 (after paying \$105,024 in underwriting and other closing costs) were used to purchase State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 2000 Series bonds. As a result, \$11,560,000 of the 2000 Series bonds are considered to be defeased and the liability for those bonds has been removed from the books.

This advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$750,754. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2018 using the straight line method. The city completed the advance refunding to reduce its total debt service payments over the next 11 years by \$676,699 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$592,198.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

General obligation bonds outstanding at December 31, 2007, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Governmental activities	4.00 – 5.50%	\$ 22,115	\$ 28,650
Governmental activities – refunding	4.00 – 5.375	46,110	76,905
Business-type activities	3.00 – 5.00	<u>20,310</u>	<u>26,000</u>
		<u>\$ 88,535</u>	<u>\$ 131,555</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$ 7,705	\$ 3,108	\$ 1,165	\$ 851	\$ 12,829
2009	7,965	2,745	1,215	794	12,719
2010	8,320	2,377	1,265	736	12,698
2011	7,615	1,990	1,320	687	11,612
2012	6,880	1,637	1,380	634	10,531
2013-2017	24,215	3,944	7,925	2,239	38,323
2018-2022	5,525	306	5,120	723	11,674
2023	-	-	920	39	959
Total liability	68,225	16,107	20,310	6,703	111,345
Plus bond premium	410	-	121	-	531
Less refunding bond charges	<u>(880)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(880)</u>
Net liability	<u>\$ 67,755</u>	<u>\$ 16,107</u>	<u>\$ 20,431</u>	<u>\$ 6,703</u>	<u>\$ 110,996</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

Revenue Bonds

The city also issues bonds where the city pledges income derived from the acquired or constructed assets to pay debt service. See Note X for pledged revenue information. In addition, revenue bonds have been issued to refund other revenue bonds.

2007 Bond Refundings

On July 10, 2007, the city issued \$25,935,000 in Water and Sewer Revenue Bonds with an average interest rate of 4.0032 percent to refund \$11,790,000 of outstanding 1999 Series Water and Sewer Revenue Bonds and \$17,265,000 of outstanding 2000 Series Water and Sewer Revenue Bonds. The 1999 Series had an average interest rate of 4.5954 percent and the 2000 Series had an average interest rate of 5.4244 percent. Proceeds of \$30,124,046 (\$10,408,579 for the 1999 series and \$15,341,694 for the 2000 series, \$399,583 from the 1999 debt service fund, \$1,228,010 from the 1999 reserve fund, \$772,917 from the 2000 debt service fund and \$1,973,263 from the 2000 reserve fund) were used to purchase non-callable direct obligations of the United States. The purchase of these obligations occurred after payment of \$113,121 in underwriter fees and payment of \$57,858 of a bond surety. As a result, the 1999 Series and 2000 Series bonds are considered to be defeased and the liability for those bonds has been removed from the books. All 1999 Series Water and Sewer Revenue Bonds remaining at December 31, 2007 will be called on December 1, 2009. All 2000 Series Water and Sewer Revenue Bonds remaining at December 31, 2007, will be called on December 10, 2010.

These advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,189,799. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2019, using the straight line method. The city completed the advance refunding to reduce its total debt service payments over the next 13 years by \$2,907,420 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,191,773.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Revenue bonds outstanding at December 31, 2007, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Governmental activities – refunding	5.00 – 5.25%	\$ 8,810	\$ 15,835
Business-type activities	3.50 – 5.00	64,650	74,075
Business-type activities – refunding	3.00 – 5.10	<u>37,420</u>	<u>44,625</u>
		<u>\$ 110,880</u>	<u>\$ 134,535</u>

Annual debt service requirements to maturity for revenue bonds are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$ 1,090	\$ 450	\$ 6,455	\$ 4,390	\$ 12,385
2009	1,140	395	6,700	4,140	12,375
2010	1,195	338	7,260	3,885	12,678
2011	1,250	275	6,165	3,593	11,283
2012	1,310	213	6,420	3,348	11,291
2013-2017	2,825	220	34,515	12,582	50,142
2018-2022	-	-	25,215	5,248	30,463
2023-2027	-	-	<u>9,340</u>	<u>899</u>	<u>10,239</u>
Total liability	8,810	1,891	102,070	38,085	150,856
Plus bond premium	-	-	1,026	-	1,026
Less refunding bond charges	-	-	<u>(1,304)</u>	-	<u>(1,304)</u>
Total liability	<u>\$ 8,810</u>	<u>\$ 1,891</u>	<u>\$ 101,792</u>	<u>\$ 38,085</u>	<u>\$ 150,578</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

Certificates of Participation

The Boulder Municipal Property Authority (BMPA) has issued certificates of participation where BMPA pledges income, received from the city of Boulder and derived from base rentals of recreational property, to pay debt service. These certificates of participation are a debt of BMPA, not of the city of Boulder, but are included as a blended component unit of the city (Note A1).

Certificates of participation outstanding at December 31, 2007, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Business-type activities	4.70 – 5.00%	\$ <u>2,605</u>	\$ <u>5,750</u>

Annual debt service requirements to maturity for certificates of participation are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	
2008	\$ 475	\$ 127	\$ 602
2009	495	105	600
2010	515	81	596
2011	545	56	601
2012	<u>575</u>	<u>29</u>	<u>604</u>
Total liability	\$ <u>2,605</u>	\$ <u>398</u>	\$ <u>3,003</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

Lease Purchase Revenue Notes

The Boulder Municipal Property Authority (BMPA) has issued notes where BMPA pledges income, received from the city of Boulder and derived from base rentals of open space and parks property, to pay debt service. These notes are a debt of BMPA, not of the city of Boulder, but are included as a blended component unit of the city (Note A1). Lease purchase revenue notes outstanding at December 31, 2007, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Business-type activities	4.75 – 12.315%	\$ <u>16,869</u>	\$ <u>28,273</u>

Annual debt service requirements to maturity for lease purchase revenue notes are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	
2008	\$ 2,559	\$ 937	\$ 3,496
2009	2,030	786	2,816
2010	2,147	669	2,816
2011	3,999	554	4,553
2012	1,351	322	1,673
2013-2017	4,593	640	5,233
2018-2020	<u>190</u>	<u>19</u>	<u>209</u>
Total liability	\$ <u>16,869</u>	\$ <u>3,927</u>	\$ <u>20,796</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

Loans Payable

Fannie Mae Revolving Credit Facility Agreement – In 2003, the city and Fannie Mae signed a revolving credit facility agreement whereby the city can borrow up to \$3,000,000 to secure and promote the health, safety and general welfare of the city's inhabitants by assisting in the provision of adequate and affordable housing. Expenditures, in the form of loans to eligible projects, will be recorded in the Affordable Housing Fund. These loans will be paid back to the city through owner equity, sale of land and/or future Housing Program Funds.

Payment terms require a minimum principal payment of 20% of the outstanding balance to be paid on each July 1, commencing July 1, 2004, at an interest rate obtained by adding 1.75% to the ninety-day LIBOR, adjusted quarterly. Fannie Mae's collateral requirement of 25% of the established line of credit, or \$750,000, has been satisfied by a letter of credit with JP Morgan Chase. The credit facility has a maximum term of five years. Each year, the city may evaluate its participation in this program and continuation of the loan is subject to annual appropriation.

As of December 31, 2007, \$1,536,000 was outstanding and is reflected within these financial statements as a governmental activities liability.

Compensated Absences

The city has accrued, as a liability to current employees, the following amounts of accumulated unused vacation and sick pay, appreciation bonus and compensation time at December 31, 2007 (amounts in 000's):

	Governmental <u>Activities</u>	Business- type <u>Activities</u>
Accrued vacation	\$ 5,460	\$ 697
Accrued sick pay	1,834	297
Accrued appreciation bonus	2,358	509
Accrued compensation time	<u>170</u>	<u>-</u>
	\$ <u>9,822</u>	\$ <u>1,503</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

Compensated Absences (Continued)

The liability attributable to the governmental funds is recorded as a governmental activities noncurrent liability. It is estimated that \$854,274 of governmental activities and \$127,861 of business-type activities liabilities will be paid in 2008. Governmental liabilities relating to General, Library, Recreation Activity, Community Development and HOME Fund employees are liquidated out of the Compensated Absences Internal Service Fund. Liabilities relating to employees of all other governmental funds are liquidated out of the associated fund.

Rebatable Arbitrage

Kutak Rock Arbitrage Consulting LLC made calculations for the city to determine if any of the bond issues dated since January 1, 1986, had a liability for rebatable arbitrage at December 31, 2007. These calculations were made taking into consideration the Investment Instructions, the No Arbitrage Certificate and the relevant portions of the Trust Indenture for each of the bond issues. As of December 31, 2007, a liability of \$146,033 was recognized in the Statement of Net Assets as a noncurrent liability for governmental activities. In the Proprietary Funds Statement of Net Assets, a liability of \$42,495 was recognized as a noncurrent liability.

Refunded Bonds

The city has, at various times in prior years, entered into advance refunding transactions whereby a portion of the proceeds of the refunding bonds were placed in irrevocable escrow accounts and invested in direct, non-callable governmental obligations that, together with the interest earned thereon, will provide amounts sufficient for future payment of all interest and principal on the old bonds.

At December 31, 2007, the total of all refunded bonds that are outstanding is \$38,605,000. Although the city is not legally released from the refunded bonds, such debt is considered to be, in substance, defeased debt. Accordingly, the escrow account's assets and the liability for the defeased debt are not included in the city's financial statements.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE O - LONG-TERM DEBT (CONTINUED)

Lease of Criminal Justice Center

During prior years, the city used \$1,035,000 of Revenue Sharing Funds towards the cost of construction of the Criminal Justice Center built by Boulder County. The city negotiated an agreement with Boulder County on July 17, 1975, whereby the city leased, for an initial period of 30 (thirty) years, a 20,000 square foot portion of the Center at no additional cost to the city.

This lease was replaced on January 1, 1990, with an agreement whereby the County purchased 15,000 square feet of the city's leasehold interest in the Center and whereby the city, for a one time payment of \$139,538, will lease an additional 2,000 square feet from the County for a period ending at the same time as the original thirty year lease.

On March 30, 2005, the city exercised the option to renew its leasehold interest at the Criminal Justice Center for an additional 30 years.

Lease of Public Library Space at the Meadows on the Parkway

The city entered into a lease dated as of September 21, 1988, with Foothills Associates, Inc. for 7,812 square feet to house the Meadows branch of the Boulder Public Library at the Meadows on the Parkway shopping center. This lease has a term of 20 (twenty) years commencing on July 11, 1989. Should Safeway or a comparable anchor tenant at the shopping center remain as a tenant after twenty years from the commencement date, the city has the option to extend the lease upon the same conditions for an additional period of time equal to the total period of time that Safeway or the comparable anchor tenant is a tenant at the shopping center. The city pays no rent to Foothills Associates, Inc. but does pay its pro rata share of various common expenses as set forth in the lease agreement.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE P - INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS

Generally accepted accounting principles require disclosure of certain information concerning individual funds.

Due to/from other funds

The composition of interfund receivable and payable balances as of December 31, 2007, is as follows (amounts in 000's):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Climate Action Plan Tax	\$ 25
	CDBG	3
	HOME	1
Boulder Municipal Property Authority	General	11
	Lottery	1
	Affordable Housing	3
	Open Space and Mountain Parks	463
	Transportation	3
Fleet	Downtown Commercial District	<u>450</u>
		<u>\$ 960</u>

One of the most significant interfund receivable/payable balances are amounts owed to the Boulder Municipal Property Authority for base rentals equal to accrued interest on debt at December 31, 2007. All balances will be repaid within one year.

The other significant interfund receivable/payable balance is the amount owed to the Fleet Fund by the Downtown Commercial District for assistance in the implementation of new parking technology in 2007. This balance was repaid in January of 2008.

Advances to/from other funds

The \$357,970 owed the General Fund by the Downtown Commercial District is a loan to be used to cover a portion of the capital cost of a new parking facility. It was initiated in 2003 and will be repaid with five equal annual payments beginning in 2009.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE P - INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS

Advances to/from other funds (Continued)

The \$226,000 owed the Fleet Fund by the General Fund is for assistance in the implementation of new parking technology in 2007. This advance will be repaid in forty equal quarterly payments including 5% interest beginning in 2008.

Interfund transactions

There are various types of interfund transactions which occur between funds. The following information describes the city's material 2007 transfers (amounts in 000's).

Cost Allocation Transfer – All funds made quarterly payments to the General Fund for indirect expenses, primarily administrative, such as human resources, finance and information technologies totaling:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount Transferred</u>
General	Major governmental funds:	
	Open Space and Mountain Parks	\$ 743
	Transportation	1,020
	Nonmajor governmental funds	1,375
	Enterprise funds:	
	Water Utility	1,105
	Wastewater Utility	757
	Stormwater and Flood Management	182
	Downtown Commercial District	124
	University Hill Commercial District	31
	Internal service funds	<u>508</u>
		<u>\$ 5,845</u>

Library Revenue Transfer – The General Fund made quarterly payments totaling \$5,605 to the Library Fund to subsidize library operations.

Parking Meter Revenue Transfer – The General Fund made monthly payments to the Downtown Commerical District and University Hill Commercial District totaling \$1,443 and \$164, respectively, for meter revenues collected in the General Fund.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE P - INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS
(CONTINUED)

Interfund transactions (Continued)

Parks & Recreation Revenue Fund Transfer – The General Fund made quarterly payments totaling \$1,664 to the Recreation Activity Fund to subsidize recreation activities.

Planning & Development Services Fund Transfer – The following funds made quarterly payments to cover the applicable share of development activities performed on each fund's behalf by the Planning & Development Services Fund. The General Fund share also includes a subsidy for general governance activities performed by the Planning & Development Services Fund. The total of the transfers is as follows:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount Transferred</u>
Planning & Development Services	Major governmental funds:	
	General	\$ 2,076
	Transportation	185
	Enterprise funds:	
	Water Utility	173
	Wastewater Utility	173
	Stormwater and Flood Management	<u>104</u>
		<u>\$ 2,711</u>

Mountain Parks Transfer – The General Fund made quarterly payments totaling \$1,012 to the Open Space and Mountain Parks Fund to subsidize Mountain Parks operations.

Excess Sales Tax Transfer – The .15 Cent Sales Tax Debt Service Fund made a \$614 annual payment of sales tax in excess of debt service to the General Fund in accordance with the bond sale ordinance.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE Q – RELATED PARTY TRANSACTIONS

Boulder Housing Partners is a separate related organization as explained in Note A1. During 2007, Boulder Housing Partners received grant funding of \$830,163. These grants were awarded to Boulder Housing Partners in a competitive application process. In addition to the grant funding above, Boulder Housing Partners received other operating assistance and support in 2007 totaling \$140,070.

During 2007, the city also provided Boulder Housing Partners with payroll processing services at no charge. Boulder Housing Partners reimbursed the city for the full cost of the payroll, including payroll taxes and benefits. There was no receivable from Boulder Housing Partners at December 31, 2007.

Downtown Boulder Business Improvement District (DBBID) is a separate related organization as explained in Note A1. During 2007, the city contracted with DBBID for Pearl Street Mall maintenance services in the amount of \$91,494.

NOTE R – RESERVED AND DESIGNATED FUND BALANCES

At December 31, 2007, governmental fund balances were *reserved for special purposes* as follows (amounts in 000's):

<u>Fund</u>	<u>Gifts and Memorials</u>	<u>Contraband Forfeitures</u>	<u>Total</u>
Major governmental funds:			
General	\$ 181	\$ 1,562	\$ 1,743
Open Space & Mountain Parks	<u>3</u>	<u>-</u>	<u>3</u>
Total major funds	<u>184</u>	<u>1,562</u>	<u>1,746</u>
Other governmental funds:			
Special revenue funds:			
Planning & Development Services	12	-	12
.25 Cent Sales Tax	217	-	217
Recreation Activity	48	-	48
Gifts and Contributions	<u>409</u>	<u>-</u>	<u>409</u>
Total other governmental funds	<u>686</u>	<u>-</u>	<u>686</u>
Total reserved fund balance	\$ <u>870</u>	\$ <u>1,562</u>	\$ <u>2,432</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE R – RESERVED AND DESIGNATED FUND BALANCES (CONTINUED)

At December 31, 2007, governmental fund balances were *designated for special purposes* as follows (amounts in 000's):

<u>Fund</u>	<u>Education Excise Tax</u>	<u>Under- grounding Cost Share</u>	<u>Economic Vitality</u>	<u>Urban Redevel- opment</u>	<u>Renew- able Energy</u>	<u>Cyber Cafe</u>	<u>Library Renova- tion</u>	<u>Rebata- ble Arbitrage</u>	<u>Total</u>
Major governmental funds:									
General	\$ 4,316	\$ -	\$ 701	\$ 125	\$ 76	\$ 236	\$ 412	\$ -	\$ 5,866
Special revenue funds:									
Open Space & Mountain Parks	-	-	-	-	-	-	-	146	146
Transportation	-	135	-	-	-	-	-	-	135
Total major funds	<u>4,316</u>	<u>135</u>	<u>701</u>	<u>125</u>	<u>76</u>	<u>236</u>	<u>412</u>	<u>146</u>	<u>6,147</u>
Other governmental funds:									
Special revenue funds:									
Transportation Development	-	113	-	-	-	-	-	-	113
Total designated fund balance	\$ <u>4,316</u>	\$ <u>248</u>	\$ <u>701</u>	\$ <u>125</u>	\$ <u>76</u>	\$ <u>236</u>	\$ <u>412</u>	\$ <u>146</u>	\$ <u>6,260</u>

At December 31, 2007, additional *special purposes* governmental fund balances were designated for compensated absences (amounts in 000's):

<u>Fund</u>	<u>Total</u>
Major governmental funds:	
Open Space & Mountain Parks	\$ 535
Transportation	134
Total major funds	<u>669</u>
Other governmental funds:	
Special revenue funds:	
Planning & Development Services	305
Affordable Housing fund	16
CHAP	23
.15 Cent Sales Tax	40
.25 Cent Sales Tax	172
Capital project funds:	
Permanent Parks and Recreation	52
Total other governmental funds	<u>608</u>
Total designated fund balance	\$ <u>1,277</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE S - RESTRICTED NET ASSETS

At December 31, 2007, net assets of \$123,604 and \$4,404, respectively, were restricted in the Downtown Commercial District and University Hill Commercial District for Amendment One emergency reserves.

Net assets in the CHAP, .15 Cent Sales Tax, .25 Cent Sales Tax, Climate Action Plan Tax, Open Space and Mountain Parks, and Transportation Special Revenue Funds, are restricted for special purposes by citizen vote. Net assets in the Library Special Revenue Fund are restricted for special purposes by city charter.

Net assets in the Airport Special Revenue Fund are restricted for capital projects by Federal grant requirements. Net assets are restricted for capital projects in the Capital Development, Transportation Development, and Transit Pass General Improvement District Special Revenue Funds by citizen vote. Net assets in the Fire Training Center and Parks Acquisition Bond Capital Project Funds are restricted for capital projects by citizen vote. Net assets are restricted for capital projects in the Lottery Special Revenue Fund by State requirement and in the Permanent Parks and Recreation Capital Project Fund by city charter.

In addition, certain net assets in the General Fund and several non-major Special Revenue Funds are restricted for special purposes. Total net assets in these funds, restricted by enabling legislation at December 31, 2007, were \$56,786,000.

NOTE T - COMMITMENTS AND CONTINGENCIES

1. Litigation

A number of claims against the city are pending for injuries received, tax and assessment appeals, water applications and rights, and other miscellaneous cases. In the opinion of management and legal counsel, the final settlement of these matters will not have a material adverse effect on the financial statements of the city.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE T - COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Construction Commitments

At December 31, 2007, the city has planned for the acquisition and construction of various major capital projects and facilities in various funds as shown below (amounts in 000's). Funding of the future expenditures is to be financed from existing restricted assets and future operating revenues. The "committed" column represents the balance of construction contracts and the city's anticipated future construction contracts.

<u>Fund</u>	<u>Estimated Cost</u>	<u>Expended to December 31, 2007 (Construction in progress)</u>	<u>Committed</u>
General	\$ 245	\$ 161	\$ 84
Capital Development	1,637	23	1,614
Lottery	1,017	148	869
.25 Sales Tax	4,211	2,083	2,128
Library	46	46	-
Recreation Activity	2,260	2,260	-
Open Space Fund	2,235	104	2,131
Airport	968	-	968
Transportation	27,784	13,543	14,241
Transportation Development	7,989	1,158	6,831
Permanent Parks and Recreation	4,628	860	3,768
Fire Training Center Construction	397	-	397
Total Governmental Funds	<u>\$ 53,417</u>	<u>\$ 20,386</u>	<u>\$ 33,031</u>
Water Utility	\$ 9,786	\$ 1,616	\$ 8,170
Wastewater Utility	54,539	45,020	9,519
Stormwater and Flood Management	6,970	441	6,529
Downtown Commercial District	348	131	217
Total Enterprise Funds	<u>\$ 71,643</u>	<u>\$ 47,208</u>	<u>\$ 24,435</u>
Fleet	\$ 405	\$ -	\$ 405
Computer Replacement	110	-	110
Equipment Replacement	293	-	293
Facility Renovation and Replacement	1,615	823	792
Total Internal Service Funds	<u>\$ 2,423</u>	<u>\$ 823</u>	<u>\$ 1,600</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE T - COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. Boulder Shelter for the Homeless

The city entered into an agreement in 2002 with the Boulder Shelter for the Homeless, Inc. (Shelter) whereby the city has agreed to provide funding to the Shelter for the construction of a new building. Funding consists of \$645,000 (plus interest) payable upon presentation of payment requests, and \$1,260,000 to be paid in ten annual installments. As of December 31, 2007, the city has paid \$1,327,662 to the Shelter under this agreement.

4. Single Audit

The city follows the single audit concept under the provisions of the Single Audit Act of 1984, as amended in 1999. A single audit appendix is a part of the comprehensive annual financial report. Under the single audit concept, one audit is performed which satisfies the requirements of all Federal agencies. The city has received State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. The city's management believes disallowances, if any, will be immaterial.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS

The city's employees are covered under four separate retirement plans. Regular contributions (does not include disciplinary pay contributions) to the various plans, shown both in dollars and percent of covered payroll, are as follows (amounts in 000's):

Number of active full-time employees	Plan	Employee contributions		City contributions	
		Dollars	Percentage	Dollars	Percentage
1,324	PERA	\$ 4,439	8.000 %	\$ 6,146	11.000 %
4	Old Hire Police	7	2.000	7	2.000
4	Old Hire Fire	25	7.833	25	7.833
159	Police and Fire Money Purchase – Police employees	662	6.200	1,479	13.800
96	Police and Fire Money Purchase – Fire employees – International Association of Firefighters	532	8.000	731	11.000
7	ICMA 401(a)	69	8.000	89	10.200
4	ICMA 457	<u>2</u>	8.000	<u>2</u>	10.000
	Totals	\$ <u>5,736</u>		\$ <u>8,479</u>	

Covered employees should refer to pension plan documents and legislation for detail plan descriptions and benefits.

1. Public Employees Retirement Association (PERA)

The city of Boulder contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members and their beneficiaries. All employees, except firefighters, police officers and certain management employees that work directly for the City Manager are member of the LGDTF. Those employees excepted from PERA are covered by other plans described in this Note and Note V. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

1. Public Employees Retirement Association (PERA) (Continued)

Funding Policy - Plan members and the city of Boulder are required to contribute at a rate set by statute. The contribution requirements of plan members and the city of Boulder are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the city of Boulder is 11.00% of covered salary. The city's contribution rate was 11.00%, 10.50%, and 10.00%, for 2007, 2006, and 2005, respectively. A portion of the city of Boulder's contribution (1.02% of covered salary since December 31, 2004) is allocated for the Health Care Trust Fund (See "Postemployment Healthcare Benefits" below). From January 1, 2001 to June 1, 2004, the PERA Board of Trustees authorized employers to match their employees' voluntary defined contributions to eligible tax-deferred plans from the city contribution. The maximum amount of the match was 2% of PERA-includable salary. The city of Boulder's contributions to MDTF for the years ending December 31, 2007, 2006, and 2004 were \$6,146,000, \$5,824,000, and \$5,335,000, respectively, equal to their required contributions for each year.

PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado, 80203-2309 or by calling PERA at (303) 832-9550 or 1-800-759-PERA(7372).

2. "Old Hire" Police Defined Benefit Plan

Full-time police officers hired prior to April 8, 1978, are members of the city of Boulder "Old Hire" Police Defined Benefit Plan (Plan), a single employer defined benefit pension plan and an Internal Revenue Service Code Section 401(a) plan. The city established this Plan by the adoption of a Trust Agreement on November 3, 1987, by the City Council by Ordinance 5086. This agreement was effective retroactive to January 1, 1987, and superseded and replaced the retirement benefits that had previously been provided under Colorado Revised Statutes, Title 31, Article 30.5 as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981. The provisions of this Plan apply solely to employees whose employment with the employer terminates on or after January 1, 1987.

The Plan is a joint-contributory retirement plan operating on an actuarial reserve basis. Contributions represent 2.0% and 2.0% of covered payroll, from the city and employees, respectively. In addition, the city contributes \$474,696 to meet the actuarially calculated contribution requirement.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

Benefits - For members retiring or terminating after January 1, 1996, the retirement pension is equal to 2.56% of final salary times full years of participation up to 25 years, plus .5% of final salary for each full year of participation service over 25 years up to 27 years, providing a maximum pension of 65%. The Plan permits early retirement after 10 years of credited service with reduced benefits. Members may elect to receive their pension benefits in the form of joint, survivor annuities, or a lump sum payment calculated on the basis of the UP-1984 Mortality table. This election can be made prior to retirement in order to provide a pension payable to the surviving spouse or beneficiary if the member dies after reaching normal retirement age and before retirement. On termination, members may receive a refund of their contributions without interest. This refund of contributions paid waives future rights to any benefits.

Member and employer contributions are recognized as additions/revenues in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are presented at fair value. Administrative expenditures are recorded when incurred and are financed by the General Fund.

Deferred Retirement Option Plan (DROP) program – During 1999, a DROP provision, retroactive to January 1, 1998, was added to the Plan. This enables an active member, who is eligible to retire, to elect to have their employee contributions, annual pension benefits and interest thereon, directed to a separate account for up to 5 years prior to retirement. The city share of pension contributions is excluded from the employee's DROP account but continues to be allocated to the Plan. The annual pension benefit is initially calculated as of the date of the election of the DROP. The pension benefit in subsequent years will include any benefit increases granted by the Board to retirees and widows. Upon retirement, the member begins to receive pension payments in the form of an annuity and the cumulative assets in the DROP account are paid to him in a lump sum. As of December 31, 2007, two employees had elected the DROP. For Note U purposes (unless otherwise stated), these employees are shown as active members and included in covered payroll.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

Death and Disability Benefits - If an active member dies or becomes disabled while employed, the member's spouse and dependent children will receive survivor benefits or the member will receive benefits under the State Fire and Police Pension Association (FPPA). These benefits are described below under Fire and Police Pension Association.

For an employee who retires or terminates on or after January 1, 1987, the surviving spouse is eligible for a benefit of the greater of (a) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member's death; (b) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member's termination (c) one-half of the pension the member was receiving at death; or (d) the minimum benefit set by the Board which is currently \$500. Dependent children of the employee are eligible for \$30 per month, if there is a surviving spouse. If there is no benefit due to a surviving spouse, the dependent children are eligible for an annuity divided over the number of dependent children. Effective January 1, 2007, beneficiaries of an employee who retired prior to January 1, 1987, are eligible for a benefit of the greater of (a) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member's death or retirement or (b) the minimum benefit set by the Board which is currently \$500. A disability retiree who retired prior to January 1, 1987, is eligible for a minimum benefit of \$850. The beneficiary of a disability retiree who retired prior to January 1, 1987, is eligible for a death benefit equal to 1/3 of a 1st grade firefighter salary at the time of the spouse's death. Employees who terminated prior to January 1, 1987, are covered by the retirement benefits provided under Colorado Revised Statutes, Title 31, Article 30, Parts 3 and 4, and as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981.

Benefits in excess of the State statutes have been granted and fully funded as follows:

- The first increased all widows and retirees to a minimum 1976 salary level.
- The second escalated all widows and retirees by 6% as of January 1, 1978.
- The third granted an increase based on years of service and changes in the CPI since 1978 and was effective January 1, 1988.
- The fourth was a 5% benefit increase granted retroactive to January 1, 1990.
- The fifth was granted to current retirees effective January 1, 1991, and was based on the following schedule: 5% if retired in the 1980's; 6% if retired in the 1970's and 7% if retired prior to January 1, 1970.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

- The sixth of 3% was granted to current retirees effective January 1, 1993.
- The seventh was a 4.25% cost of living increase in 1996, retroactive to January 1, 1994, for retired and deferred vested member and beneficiaries as of January 1, 1994. The minimum biweekly pension for beneficiaries was increased, as of January 1, 1994, to \$244.
- The eighth granted an ad-hoc (one-time) 2% cost of living for retired and deferred vested members and beneficiaries as of January 1, 1996.
- An increase of 3% to retired and deferred vested members and beneficiaries was granted as of January 1, 1997. An additional increase of 3% was approved for January 1, 1998, effective only if an actuarial study indicated that such increases could be provided on an actuarially sound basis without necessitating any increase in current city or plan participant contribution rates.
- An annual increase of 3% to retired and deferred vested members and beneficiaries was approved as of January 1, 1999 and as of January 1, 2000. The increase of up to 3% can be granted by the Old Hire Police Pension Fund Board only after an actuarial study indicates that such increase could be provided on an actuarially sound basis without necessitating any increase in current city or plan participant contribution rates.
- Effective January 1, 2007, the following benefit changes were made: (1) an increase in the minimum widow benefit for beneficiaries of retirees who retired prior to January 1, 1987 to the greater of \$500 or 1/3 of a 1st grade firefighter salary at the time of the spouse's death; (2) an increase in disability retiree benefits to the greater of \$850 or their current benefit increased by 3% and death benefits for spouses of these disability retirees are increased to 1/3 of a 1st grade firefighter salary at the time of the spouse's death; (3) an increase benefits to all other current retirees, beneficiaries and deferred beneficiaries by 3% as of January 1, 2007; and (4) an increase in benefits to all current retirees, beneficiaries and deferred beneficiaries by 3% as of January 1, 2008. An special actuarial study was performed to determine the cost of these benefit changes, and an additional \$104,000 was budgeted by the city beginning in 2007 to fully fund them.

When any member dies, regardless of whether active, retired or terminated, the surviving spouse or the estate of the deceased member shall received a death benefit of \$100.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

Actuarial Present Value of Accumulated Plan Benefits - Accumulated Plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service members have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated members or their beneficiaries, (b) beneficiaries of members who have died, and (c) present members or their beneficiaries. Benefits under the Plan are based on members' compensation. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

An actuarial study was prepared at January 1, 2006. It is the "Old Hire" Police Defined Benefit Plan Board of Trustees' policy to have an actuarial study prepared every two years or whenever a benefit change is being considered.

The covered employees included in the January 1, 2006, study were:

Actives	2
Retired	28
Beneficiaries	11
Terminated vested	8
Disabled	<u>6</u>
Total	<u>55</u>

The significant actuarial assumptions used in the valuation as of January 1, 2006, included the following:

- Actuarial cost method – entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age.
- Actuarial Value of Assets – determined by calculating an expected value equal to the prior year's market value of assets, plus cash flows of contributions and benefit payments for the year and assuming a 7.50% interest return. The difference between this expected value and the actuarial market value is recognized over 3 years. The resulting value is limited to between 80% and 120% of the market value of assets.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

- Annual Required Contribution – Calculated using a closed, level dollar amortization of unfunded actuarial liability over the remaining amortization period which is 20 years.
- Investment Earnings – 7.5% compounded annually, net of expenses
- Expenses – None assumed
- Cost of Living Adjustments – None assumed
- Retirement – Participants are assumed to retire upon age 50 with 20 years of service, or upon attainment of 25 years of service if earlier.
- Retiree Mortality – 1994 Group Annuity Mortality Tables for males and females are used.
- Minimum Death Benefit – A minimum death benefit of \$280 per pay period is used.
- 1st Class Firefighter Salary – The highest negotiation 1st Class Firefighter Salary is used to calculate death benefits. For 2008, this is projected to be \$2,487 per pay period.
- Marriage Rates – 90% active participants are assumed to be married. Male spouses are assumed to be three years older than their female spouses. Actual marital status is used for retirees.
- Form of Payment – All active participants are assumed to elect the normal form of payment.

During 1981, the Colorado State Legislature enacted Senate Bill 515, which established minimum funding rates in an effort to eliminate unfunded liabilities in police and fire pension plans in Colorado.

Historical Trend Information - During 1981, the Colorado State Legislature enacted Senate Bill 515, which established minimum funding rates in an effort to eliminate unfunded liabilities in police and fire pension plans in Colorado. The current contribution level of 4.0% plus \$363,000 contributed from the city exceeds the actuarially calculated contribution level of \$302,812 per year required to amortize the unfunded liability (which was \$3,318,537 at January 1, 2006) over 20 years from January 1, 2006. In addition, the city contributed \$104,000 which was the actuarially calculated cost of the increased benefits granted January 1, 2007. Six-year trend information may be found in the Required Supplementary Information immediately following these notes to the financial statements.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

The city's annual pension costs and net pension obligation for the "Old Hire" Police Defined Benefit Plan for the current year is as follows (amounts in 000's):

Annual required contributions (ARC)	\$ 303
Interest on net pension obligation (NPO)	(14)
Adjustment to ARC	<u>17</u>
Annual Pension Cost	306
City contributions	(474)
Increase (Decrease) in NPO	(168)
Net Pension Obligation (Prepaid)	
Beginning of Year	(187)
Net Pension Obligation (Prepaid)	
End of Year	\$ <u>(355)</u>

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	City Contributions	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
2007	306	474	155%	(355)
2006	303	370	122%	(187)
2005	363	370	102%	(122)

The city contributed \$104,000 in 2007 which was the actuarially calculated cost of the increased benefits granted January 1, 2007.

The "Old Hire" Police Defined Benefit Plan financial statements as of December 31, 2007, are included in the city of Boulder Comprehensive Annual Financial Report under the heading of Fiduciary Fund Types; no separate financial statements are issued.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

Plan net assets as of December 31, 2007, are as follows (amounts in 000's):

Assets:	
Investments	\$13,746
Total assets	13,746
Liabilities:	
Accounts and accrued liabilities:	
Vouchers and accounts payable	-
Accrued pensions payable	56
Total liabilities	96
Net assets held in trust for pension benefits	\$ 13,690

The changes in plan net assets for December 31, 2007, were as follows (amounts in 000's):

Additions:	
Pension contributions:	
City of Boulder	\$ 474
Employees	6
Total contributions	480
Investment earnings	1,420
Less investment expense	(31)
Net investment income	1,389
Total additions	1,869
Deductions:	
Benefits	1,249
Administrative	7
Total deductions	1,256
Net increase (decrease)	613
Net assets held in trust for pension benefits:	
Beginning of year	13,077
End of year	\$ 13,690

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan

The city's full-time firefighters hired prior to April 8, 1978, are members of the city of Boulder "Old Hire" Fire Pension Benefit Plan (Plan), a single employer defined benefit pension plan and a qualified plan with the IRS. The retirement benefits are provided under Colorado Revised Statutes, Title 31, Article 30, Part 4 and as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981.

The Plan is a joint-contributory retirement plan operating on an actuarial reserve basis. Contribution rates during 2007 were 2.451% and 7.833% of covered payroll for the city and employees, respectively. In addition, the city contributes \$313,944 to fund benefit increases in excess of State statute. City contributions must be at least equal to employee contributions.

Member and employer contributions are recognized as additions/revenues in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are presented at fair value. Administrative expenditures are recorded when incurred and are financed by the General Fund.

Benefits - Members aged 50 with 20 years of credited service are entitled to annual pension benefits equivalent to 50% of monthly compensation at the date of retirement. The Plan provides for an additional retirement benefit of two percent per year for each additional year of service after 20 years of service, credited after September 1, 1987, and attainment of age 50, up to a maximum of 10 percent prior to January 1, 2000. Beginning January 1, 2000, and on each successive January 1, all actives, who are eligible for normal retirement (age 50 and 20 years of service) are to receive a 3% increase of final salary, up to a maximum of 65% of final salary. On termination, members may receive a refund of their contributions without interest. This refund of contributions paid waives future rights to any benefits.

The city has funded benefits in excess of the State statutes five times. The first increased all widows and retirees to a minimum 1976 salary level. The second escalated all widows and retirees by 6% as of January 1, 1978. The third granted an increase based on years of service and changes in the CPI since 1978 and was effective January 1, 1988. In addition, a 5% increase to current retirees was granted effective January 1, 1990. Effective January 1, 2001, a 3% increase was granted to current retirees.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

Since 1999, the city of Boulder budget has included \$92,000 for benefits granted by the City Council during the 1999 budget process. The 1999 benefit increase allocated the \$92,000 across retirees and widows as follows: (1) widows were brought up to a minimum of \$264 per payperiod and (2) retirees were granted the lesser of a 40% increase or a maximum benefit of \$19,080 per year. Retirees with a benefit in excess of \$19,080 received no increase in 1999. During the Plan changes approved in 2000, a provision was added that authorized the Plan to absorb this cost in the future if/when an actuarial study indicates that sufficient "reserves" are available in the Plan to pay five years of 3% COLA's to retirees and widows. The city contributions were increased to \$133,792 in 2006 to fully fund the Plan per the January 1, 2006 actuarial study.

During 2000, the actives voted and the City Council and the Fire and Police Pension Association (FPPA) approved the following Plan changes. A 3% annual cost of living increase was granted to retirees and widows effective January 1, 2000. In addition, a provision was added that granted authorization to the Board of Trustees to grant annual cost of living increases to retirees and widows, effective January 1, 2001 and each successive January 1. These increases are to be 0%, 1%, 2%, or 3%, as determined by the actuarial study.

Any pension benefit increase shall not negatively impact the actuarial soundness of the fund. An additional change was that benefit payments to beneficiaries continue if the widow of a deceased member remarries. A 3% annual cost of living increase was granted to retirees and widows effective January 1, 2001.

Effective January 1, 2007, the following benefit changes were made: (1) an increase in the minimum current and future widow benefit for beneficiaries of retirees who retired prior to January 1, 1990 to \$500; (2) an increase in the normal or disability retiree benefits for retirees who retired prior to January 1, 2000, to the greater of \$850 or their current benefit increased by 3%; (3) an increase in benefits to all other current retirees, beneficiaries and deferred beneficiaries by 3% as of January 1, 2007; and (4) an increase benefits to all current retirees, beneficiaries and deferred beneficiaries by 3% as of January 1, 2008. An special actuarial study was performed to determine the cost of these benefit changes, and an additional \$170,000 was budgeted beginning in 2007 to fully fund them.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

During 2000, the option of a lump sum distribution in lieu of on-going benefits was added to the Plan. And a "90-day window" for retirees to have an opportunity to select a lump-sum in lieu of on-going benefits was authorized.

Deferred Retirement Option Plan (DROP) program – During 2000, a DROP provision was added to the Plan. This enables an active member, who is eligible to retire, to elect to have their employee contributions, annual pension benefits and interest thereon, directed to a separate account for up to 5 years prior to retirement. The city share of pension contributions is excluded from the employee's DROP account but continues to be allocated to the Plan. The annual pension benefit is initially calculated as of the date of the election of the DROP.

The pension benefit in subsequent years will include any benefit increases granted by the Board to retirees and widows. Upon retirement, the member begins to receive pension payments in the form of an annuity and the cumulative assets in the DROP account are paid to him in a lump sum. As of December 31, 2007, one member has elected the DROP option. For Note U purposes (unless otherwise stated), these employees are shown as active members and included in covered payroll.

Death and Disability Benefits - If an active member dies or becomes disabled while employed, the member's spouse and dependent children will receive survivor benefits or the member will receive benefits under the State Fire and Police Pension Association (FPPA). See description under Fire and Police Pension Association below.

Effective January 1, 2007, the widow of a retiree who retired prior to January 1, 1990, is eligible for a benefit of the lesser of (a) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member's death or (b) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the employee's termination or (c) the Board established minimum widow benefit which is currently \$500. Benefits for normal or disability retirees who retired prior to January 1, 2000, are eligible for a minimum benefit of \$850. Dependent children of the employee are eligible for \$30 per month, if there is no surviving spouse.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

The benefits of active employees as of January 1, 1990, include a widow's benefit equal to 100% of the active employees retirement benefit. This benefit change was approved during 1990 and is fully funded by employee contributions.

When any member dies, regardless of whether active, retired or terminated, the surviving spouse or the estate of the deceased member shall receive a death benefit of \$100.

Actuarial Present Value of Accumulated Plan Benefits - Accumulated Plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service members have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated members or their beneficiaries, (b) beneficiaries of members who have died, and (c) present members or their beneficiaries. Benefits under the Plan are based on members' compensation. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

An actuarial study was prepared at January 1, 2006. It is the Fire Pension Board policy to have an actuarial study prepared every two years or whenever a benefit change is being considered. The covered employees included in the January 1, 2006, study by category were:

Actives	3
Retired (including DROP plan members)	31
Beneficiaries	11
Terminated vested	7
Disabled	<u>4</u>
Total	<u>56</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

The significant actuarial assumptions used in the valuation as of January 1, 2006 included the following:

- Actuarial cost method – entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age.
- Actuarial Value of Assets – Market value
- Annual Required Contribution – Calculated using a closed, level dollar amortization of unfunded actuarial liability over the remaining amortization period which is 20 years.
- Investment Earnings – 7.5% compounded annually, net of expenses
- Expenses – None assumed
- Cost of Living Adjustments – None assumed
- Retirement – Participants are assumed to retire upon age 50 with 20 years of service.
- Retiree Mortality – 1994 Group Annuity Mortality Tables for males and females are used. For disabled retirees, 1983 Railroad Retirement Board Disabled Mortality tables are used.
- Minimum Death Benefit – A minimum death benefit of \$280 per pay period is used.
- 1st Class Firefighter Salary – The highest negotiation 1st Class Firefighter Salary is used to calculate death benefits. For 2008, this is projected to be \$2,487 per pay period.
- Marriage Rates – 90% active participants are assumed to be married. Male spouses are assumed to be three years older than their female spouses. Actual marital status is used for retirees.

Historical Trend Information - During 1981, the Colorado State Legislature enacted Senate Bill 515, which established minimum funding rates in an effort to eliminate unfunded liabilities in police and fire pension plans in Colorado. The current contribution level of 10.284% plus \$133,792 contributed from the city exceeds the actuarially calculated contribution level of \$133,792 required to amortize the unfunded liability (which was \$1,466,239 at January 1, 2006) over 20 years from January 1, 2006. In addition, the city contributed \$170,000 which was the actuarially calculated cost of the increased benefits granted January 1, 2007. Six-year trend information may be found in the Required Supplementary Information immediately following these notes to the financial statements.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

The city's annual pension costs and net pension obligation for the "Old Hire" Fire Defined Benefit Plan for the current year is as follows (amounts in 000's):

Annual required contributions (ARC)	\$ 133
Interest on net pension obligation (NPO)	(43)
Adjustment to ARC	<u>54</u>
Annual Pension Cost	144
City contributions	<u>(314)</u>
Increase (Decrease) in NPO	(170)
Net Pension Obligation (Prepaid)	
Beginning of Year	<u>(592)</u>
Net Pension Obligation (Prepaid)	
End of Year	\$ <u>(762)</u>

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	City Contributions	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
2007	144	314	218%	(762)
2006	134	141	105%	(592)
2005	110	118	118%	(594)

In 2007, the city contributed \$170,000 which was the actuarially calculated cost of the increased benefits granted January 1, 2007

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

The "Old Hire" Fire Defined Benefit Plan financial statements as of December 31, 2007, are included in the city of Boulder Comprehensive Annual Financial Report under the heading of Fiduciary Fund Types; no separate financial statements are issued.

Plan net assets as of December 31, 2007, are as follows (amounts in 000's):

Assets:	
Investments	\$ <u>11,862</u>
Total assets	<u>11,862</u>
Liabilities:	
Accounts and accrued liabilities:	
Accrued pensions payable	<u>47</u>
Total liabilities	<u>47</u>
Net assets held in trust for pension benefits	\$ <u>11,815</u>

The changes in plan net assets for December 31, 2007, were as follows (amounts in 000's):

Additions:	
Pension contributions:	
City of Boulder	\$ 314
Employees	<u>25</u>
Total contributions	<u>339</u>
Investment earnings	1,170
Less investment expense	<u>(31)</u>
Net investment income	<u>1,139</u>
Total additions	<u>1,478</u>
Deductions:	
Benefits	1,082
Administrative	<u>4</u>
Total deductions	<u>1,086</u>
Net increase (decrease)	392
Net assets held in trust for pension benefits:	
Beginning of year	<u>11,423</u>
End of year	\$ <u>11,815</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

4. Police and Fire Money Purchase Pension Plan

The city's full-time police officers and firefighters hired on or after April 8, 1978, are covered by the Police and Fire Money Purchase Plan (Plan), an Internal Revenue Code Section 401(a) plan. This Plan is a single employer defined contribution plan that was established by the City Council effective January 1, 1983. The Plan is administered by a Board of Trustees comprised of two elected Boulder Police department employees, two elected Boulder Fire Department employees and one appointed member who is not an employee of either the Police or Fire Departments and has business and/or investment experience within the community. The contribution levels are established at the time of labor negotiations and are detailed in the bargaining unit agreements for information only.

The Boulder Police Benevolent Association negotiated an economic agreement with the city which is in effect through December 31, 2007. The city's contribution requirement for the year ended December 31, 2007, was 13.8% of covered payroll. The employee contributions were 6.2% of covered payroll.

The International Association of Firefighters, Local 900, negotiated an economic agreement with the city, which is in effect through December 31, 2008. The city's contribution requirement for the year ended December 31, 2007, was 11% of covered payroll. The employee contributions were 8% of covered payroll.

City contributions and interest forfeited by employees who leave employment before five years of service are first used for administrative charges and second to reduce the city's current period contribution requirement. All participants may make additional contributions of up to 25% of their salary or \$30,000, whichever is less.

Benefits - An employee is eligible to receive benefits upon death, disability or normal retirement. Benefits are paid out of the employee's individual account. This account is made up of: 100% of the employee's contributions; 100% of the employer contributions; if the employee terminates because of death, disability or normal retirement, or a lesser percent based on the vesting schedule in the plan document, if the employee terminates for another reason; and the interest earnings either positive or negative, over the term of the employee's employment with the city. Benefits are distributed at the discretion of the administration committee either in a lump sum or over the employee's life expectancy or ten years, whichever is less.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

4. Police and Fire Money Purchase Pension Plan (Continued)

Death and Disability Benefits - If an active member dies or becomes disabled while employed, the member's spouse and dependent children will receive survivor benefits or the member will receive benefits under the State Fire and Police Pension Association (FPPA). See description under Fire and Police Pension Association below.

The Police and Fire Money Purchase Plan issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to City of Boulder Fire and Police Money Purchase Plan, 1805 33rd St., Boulder, Colorado, 80301.

5. Fire and Police Pension Association (FPPA)

All full-time police officers and firefighters are covered by the Fire and Police Pension Association (FPPA), a multiple-employer cost-sharing plan for preretirement death and disability. To date contributions to the plan have been determined and budgeted by the State legislature. State law provided that these contributions would continue in diminishing amounts until 1994. The State requires employees hired on or after January 1, 1997, to contribute 2.6% of salary. The city pays the 2.6% for all affected police officers. The city pays 1.25% for the affected firefighters. In 2007, 2006, and 2005, the city paid \$176,000, \$158,000, and \$139,000, respectively, equal to their required contributions for each year.

Actuarial Present Value of Accumulated Plan Benefits – The unfunded actuarial accrued surplus of the FPPA Statewide Death and Disability Fund at January 1, 2007, (latest information available), determined through an actuarial valuation performed as of that date was \$15.8 million. The asset smoothing method was used in the calculation. FPPA does not make separate measurements of assets and pension obligations for individual employers.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained online at www.fppaco.org or by writing to Fire and Police Pension Association of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721 or by calling FPPA at (303) 770-3772 or 1-800-332-3772.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE V - DEFERRED COMPENSATION PLANS

The Colorado Revised Statutes allow any city to exempt the City Manager and key management staff who report directly to the City Manager or the City Council from membership in the Public Employees Retirement Association, provided each such person has executed a trust agreement and deferred compensation employment agreement with the International City Management Association Retirement Corporation (ICMA-RC), an Internal Revenue Code Section 401(a) plan. The assets of these two plans are held in a trust account and therefore are not reflected on the city of Boulder financial statements.

In addition to ICMA-RC, City Council authorized the establishment of a deferred compensation program for city employees. T. Rowe Price, through a bid process, was selected as administrator of the program. Deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The assets of this plan are held in a trust account and therefore are not reflected on the city of Boulder financial statements.

In the opinion of the city's legal counsel, the city has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE W – OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB) THAN PENSIONS

Public Employees Retirement Association (PERA) Health Care Trust Fund

Plan Description – The city of Boulder contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the MDTF. That report may be obtained online at www.copera.org or by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado, 80203-2309 or by calling PERA at (303) 832-9550 or 1-800-759-PERA(7372).

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE W – OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB) THAN PENSIONS
(CONTINUED)

Public Employees Retirement Association (PERA) Health Care Trust Fund (Continued)

Funding Policy – For 2007, the city of Boulder is required to contribute at a rate of 1.02%, of covered salary for all PERA members as set by statute. The contribution rate was 1.02%, 1.02% and 1.69% for the years 2007, 2006, and 2005, respectively. No member contributions are required. The contribution requirements for the city of Boulder are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the Health Care Trust Fund is established under Title 24, Article 51, Section 208 of the CRS, as amended.

The city of Boulder's contributions to HCTF for the years ending December 31, 2007, 2006, and 2005 were \$570,000, \$566,000, and \$544,000, respectively, equal to their required contributions for each year.

City of Boulder Retiree Health Care Benefit Plan

Plan Description – The city of Boulder administers a single-employer defined benefit healthcare plan ("the Retiree Health Care Benefit Plan"). The city provides health care insurance coverage to current and future retirees of the city who retire with a PERA or city provided pension and have 12 years of service with the city. Employees who terminate or retire prior to meeting the eligibility requirements for retiree healthcare benefits are not eligible to participate in the program. The Retiree Health Care Benefit Plan is not covered within a trust fund and does not issue a publicly available financial report.

Funding Policy – The Retiree Health Care Benefit Plan is funded on a pay – as – you – go basis with Retirees paying 100% of the blended health insurance premium for the retiree and dependents. Benefit provisions are established by city management. The benefit provided by the Retiree Health Care Benefit Plan is made up entirely of the implicit rate subsidy which results from both the retirees and the active employees paying the same insurance premiums.

Annual OPEB Cost and net OPEB Obligation – The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table show the components of the city's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the city's net OPEB obligation:

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE W – OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB) THAN PENSIONS
(CONTINUED)

City of Boulder Retiree Health Care Benefit Plan (Continued)

Annual required contribution (ARC)	\$ 575,146
Interest on prior year net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	575,146
Contributions made	<u>281,518</u>
Increase in net OPEB obligation	293,628
Net OPEB obligation – beginning of year	-
Net OPEB obligation – end of year	<u>\$ 293,628</u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2005	n/a	n/a	n/a
2006	n/a	n/a	n/a
2007	\$ 575,146	48.9%	\$ 293,628

Funded Status and Funding Progress – As of January 1, 2007, the most recent actuarial evaluation date, the actuarial accrued liability for benefits was \$7,294,969, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$74,595,860, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE W – OTHER POST EMPLOYMENT BENEFIT PLANS (OPEB) THAN PENSIONS
(CONTINUED)

City of Boulder Retiree Health Care Benefit Plan (Continued)

Actuarial Methods and Assumptions – 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 plan members to 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.

In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is based on the employer's own investments at the valuation date, and an annual healthcare cost trend rate beginning in 2008 of 9.5%, reduced by decrements to an ultimate rate of 5 percent after 10 years. For 2007, a healthcare cost trend rate of 7.78% was used based on actual health insurance premium increases effective January 1, 2007. The unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of projected payroll on an open basis. For this purpose, the assumed salary growth rate is 3.3%. The rate of inflation is assumed to be the same as the salary growth rate. The remaining amortization period at December 31, 2007 was 29 years.

NOTE X – PLEDGED REVENUES

Water and Sewer Revenues Pledged

The city has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$96,840,000 in outstanding water and sewer system revenue bonds. Proceeds from the bonds provided financing for the construction of capital assets or refunded other revenue bonds issued for that purpose. The bonds are payable solely from water and sewer customer net revenues and are payable through 2025. Annual principal and interest payments on the bonds are expected to require less than 59 percent of net revenues (as defined by the bond ordinances). The total principal and interest remaining to be paid on the bonds at December 31, 2007 is \$133,468,331. Principal and interest paid for the current year and total customer net revenues were \$8,172,551 and \$20,876,000, respectively.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE X – PLEDGED REVENUES (CONTINUED)

Stormwater and Flood Management Revenues Pledged

The city has pledged future stormwater and flood management fund revenues, net of specified operating expenses, to repay \$5,230,000 in outstanding stormwater and flood management revenue bonds. Proceeds from the bonds provided financing for the construction of capital assets or refunded other revenue bonds issued for that purpose. The bonds are payable solely from stormwater and flood management fund revenues and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 44 percent of net revenues (as defined by the bond ordinances). The total principal and interest remaining to be paid on the bonds at December 31, 2007 is \$6,687,987. Principal and interest paid for the current year and total customer net revenues were \$808,387 and \$2,568,000, respectively.

Open Space Sales Tax Revenues Pledged

The city has pledged future sales and use tax revenues generated by the .77% sales and use tax levies of the Open Space Fund to repay \$55,205,000 in outstanding open space bonds. Proceeds from the bonds provided financing for the acquisition of open space land or refunded other bonds issued for that purpose. The \$55,205,000 in bonds are payable from the Open Space Fund sales tax revenues and \$46,395,000 million of those bonds are also backed with a pledge of the full faith and credit of the city. These bonds mature through 2018, the year the .33% sales tax levy included in the total .77% sales tax levy expires. Annual principal and interest payments on the bonds are expected to require less than 38 percent of pledged sales tax revenues. The total principal and interest remaining to be paid on the bonds at December 31, 2007 is \$68,659,403. Principal and interest paid for the current year and total pledged sales tax revenues were \$8,375,642 and \$21,757,790, respectively.

.25 Cent Parks Acquisition and Recreation Sales Tax Revenues Pledged

The city has pledged future sales and use tax revenues of the .25 Cent Sales Tax Fund to repay \$15,375,000 in outstanding bonds. Proceeds from the bonds provided financing to refund the Parks Acquisition Bonds, Series 1996 used to acquire and develop park lands. The bonds are payable from the sales tax revenues of the .25 Cent Sales Tax Fund and are also backed with a pledge of the full faith and credit of the city. These bonds mature through 2015, the year the .25% sales tax levy expires. Annual principal and interest payments on the bonds are expected to require less than 40 percent of pledged sales tax revenues. The total principal and interest remaining to be paid on the bonds at December 31, 2007 is \$19,189,136. Principal and interest paid for the current year and total pledged sales tax revenues were \$2,428,952 and \$6,181,190, respectively.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE X – PLEDGED REVENUES (CONTINUED)

15 Cent Parks Acquisition and Recreation Sales Tax Revenues Pledged

The city has pledged future sales and use tax revenues of the .15 Cent Sales Tax Debt Service Fund to repay \$2,480,000 in outstanding bonds. Proceeds from the bonds provided financing to refund the City of Boulder, Colorado, Parks, Recreation and Municipal Capital Improvement Bonds, Series 1993. The bonds are payable from the sales tax revenues of the .15 Cent Sales Tax Debt Service Fund and are also backed with a pledge of the full faith and credit of the city. These bonds mature through 2012, the year the .15% sales tax levy expires. Annual principal and interest payments on the bonds are expected to require less than 38 percent of pledged sales tax revenues. The total principal and interest remaining to be paid on the bonds at December 31, 2007 is \$2,796,070. Principal and interest paid for the current year and total pledged sales tax revenues were \$564,370 and \$1,483,485, respectively.

38 Cent General Fund Sales Tax Revenues Pledged

The city has pledged future sales and use tax revenues generated by the .38% sales tax levy, a portion of the total General Fund sales tax levy of 1.53%, to repay \$3,975,000 in outstanding bonds. Proceeds from the bonds provided financing to refund the City of Boulder, Colorado, Library Capital Improvement and Refunding Bonds, Series 1992. The bonds are payable from the sales tax revenues generated by the .38% sales tax and are also backed with a pledge of the full faith and credit of the city. These bonds mature through 2011, the year the .38% sales tax levy expires. Annual principal and interest payments on the bonds are expected to require less than 12 percent of pledged sales tax revenues. The total principal and interest remaining to be paid on the bonds at December 31, 2007 is \$4,388,720. Principal and interest paid for the current year and total pledged sales tax revenues were \$1,139,680 and \$9,499,583, respectively.

Downtown Commercial District Revenues Pledged

The city has pledged a portion of future sales tax revenues to repay \$11,030,000 in outstanding bonds issued by the City of Boulder Central Area General Improvement District (CAGID), now known as the Downtown Commercial District, to finance an underground parking garage located at 9th Street and Canyon Blvd (TIF bonds). These TIF bonds are payable from the Parking Garage Net Revenues, incremental property tax revenues of the tax increment area and incremental sales and accommodations tax revenues.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007

NOTE X – PLEDGED REVENUES (CONTINUED)

Downtown Commercial District Revenues Pledged (Continued)

In addition, the city has pledged future net revenue derived by CAGID from the operation of its properties to repay \$9,280,000 in other general obligation bonds outstanding. These bonds are payable from the net operating revenues generated by operations of the District's parking structures.

Both the TIF bonds and the other general obligation bonds are backed with a pledge of the full faith and credit of the city. These bonds mature through 2023. Annual principal and interest payments on the outstanding bonds are expected to require less than 39 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds at December 31, 2007 is \$27,013,476. Principal and interest paid for the current year and total pledged revenues were \$3,673,410 and \$5,254,745, respectively.

Boulder Municipal Property Authority Revenues Pledged

The Boulder Municipal Property Authority (BMPA) pledged as security for certificates of participation and lease purchase notes (debt) the base rental revenues received from the city's various funds and operations. As of December 31, 2007, BMPA currently has \$19,474,328 in outstanding debt used primarily to provide funding for acquisition of land for Parks and Open Space purposes. The city appropriates each year, from various revenue sources, base rental expenses in amounts sufficient to cover the principal and interest requirements on BMPA's debt. In accordance with state statutes, the appropriation by the city is subject to annual renewal at discretion of the City Council. BMPA has pledged, as the sole security for the bonds, the annual base rental revenues received from the city. Total principal and interest remaining on the debt is \$23,799,371 with annual requirements ranging from \$4,057,849 in 2008 to \$69,366 in 2020. The base rental revenues received each year equal the debt service requirements on BMPA's debt, averaging \$4,742,939 over the last seven years. For the current year, principal and interest incurred by BMPA and the total base rental revenues pledged were \$4,540,376 and \$4,540,376, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Police Pension Fund

(Amounts in 000's)

<u>Fiscal</u> <u>Year (1)</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>Entry Age</u> <u>(b)</u>	<u>Total</u> <u>Unfunded</u> <u>(Overfunded)</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((b-a)/c)</u>
2002	1/1/2002	\$ 11,910	\$ 17,974	\$ 6,064	66.3	\$ 806	752.4 %
2003	1/1/2002	12,744	17,974	5,230	70.9	452	1,157.1
2004	1/1/2004	13,502	16,411	2,909	82.3	164	1,773.8
2005	1/1/2004	12,504	16,411	3,907	76.2	168	2,325.6
2006	1/1/2006	13,077	15,890	2,813	82.3	172	1,635.5
2007	1/1/2006	13,690	15,890	2,200	86.2	181	1,215.5

- (1) The Board of Trustees' policy is to have actuarial studies performed biannually. Prior to 2002, the Aggregate Actuarial Cost Method was used. Beginning January 1, 2002, the Entry Age Actuarial method is being used.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Fire Pension Fund

(Amounts in 000's)

Fiscal Year (2)	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Total Unfunded (Overfunded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2002	1/1/2002	\$ 10,361	\$ 12,562	\$ 2,201	82.5	\$ 615	357.9 %
2003	1/1/2002	11,777	12,562	785	93.8	358	219.3
2004	1/1/2004	11,311	13,027	1,716	86.8	380	451.6
2005	1/1/2004	11,038	13,027	1,989	84.7	262	759.2
2006	1/1/2006	11,423	12,504	1,081	91.4	231	468.0
2007	1/1/2006	11,815	12,504	689	94.5	151	456.3

- (1) The Board of Trustees' policy is to have actuarial studies performed biannually. Prior to 2002, the Aggregate Actuarial Cost Method was used. Beginning January 1, 2002, the Entry Age Actuarial method is being used.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Employer Contributions -
Police and Fire Pension Funds

(Amounts in 000's)

Fiscal year	Police Pension Fund (Note 1)			Fire Pension Fund (Note 2)		
	Annual Required Contributions	Actual City Contributions	Percentage Contributed	Annual Required Contributions	Actual City Contributions	Percentage Contributed
2002	\$ 147	\$ 172	117%	\$ 37	\$ 107	289%
2003	147	165	112%	37	108	292%
2004	363	371	102%	110	125	114%
2005	363	370	102%	110	118	107%
2006	303	370	122%	134	141	105%
2007	303	474	156%	133	314	236%

Note 1: Benefits were increased as of January 1, 2007. A special actuarial study was performed to determine the cost of these benefit changes, and an additional \$104,000 was budgeted beginning in 2007 to fully fund them.

Note 2: Benefits were increased as of January 1, 2007. A special actuarial study was performed to determine the cost of these benefit changes, and an additional \$306,000 was budgeted beginning in 2007 to fully fund them.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Boulder Retiree Health Care Benefit Plan

(Amounts in 000's)

<u>Fiscal Year (1)</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Entry Age (b)</u>	<u>Total Unfunded (Overfunded) Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2005	NA	NA	NA	NA	NA	NA	NA
2006	NA	NA	NA	NA	NA	NA	NA
2007	1/1/2007	\$ -	\$ 7,295	\$ 7,295	-	\$ 74,960	9.7

- (1) The City implement GASB 45 beginning in fiscal year ending December 31, 2007. Actuarial information is not available for prior periods. Actuarial studies will be performed biannually.

(This page intentionally left blank.)

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than pension trusts, proprietary fund operations and revenues received for major capital projects) that are legally restricted for specified purposes. The City of Boulder has the following nonmajor special revenue funds:

Capital Development Fund - to account for development excise tax proceeds to be utilized for the acquisition, construction and improvement of facilities necessary to maintain the current level of public amenities such as police, fire, library, human services, municipal offices, streets, and parks and recreation.

Lottery Fund - to account for State Conservation Trust Fund proceeds to be utilized for the refurbishment, capital improvement and debt service on park acquisitions.

Planning & Development Services Fund – to account for revenues and expenditures related to development and building services functions.

Affordable Housing Fund - to account for cash in lieu financial contributions from developers and General Fund contributions used to construct, purchase and maintain permanently affordable housing units in Boulder.

Community Housing Assistance Program (CHAP) Fund - to account for property tax, a housing excise tax and fees to be used to increase the supply of affordable housing in Boulder.

.15 Cent Sales Tax Fund - to account for earmarked sales tax authorized by the voters in 1992 for parks and recreation and general municipal purposes.

.25 Cent Sales Tax Fund - to account for earmarked sales tax authorized by the voters in 1995 for parks and recreation operating and capital needs.

Library Fund - to account for the operations of the City-owned library and branches. Financing is provided by general property taxes and General Fund contributions.

Recreation Activity Fund – to account for revenues and expenditures related to the provision of recreation, reservoir and golf course services/programs.

Climate Action Plan Tax Fund – to account for revenues and expenditures related to programs implemented to increase energy efficiency, increase renewable energy use, reduce emissions from motor vehicles and take other steps toward the goal of meeting the Kyoto Protocol.

Airport Fund - to account for the operations of the City-owned municipal airport. Financing is provided by grants, rents and leases.

Transportation Development Fund - to account for development excise taxes to be utilized for the construction of transportation capital improvements related to new development and growth.

Transit Pass General Improvement District – to account for earmarked property tax authorized by the voters in 2000 to fund bus transit passes for participating neighborhoods.

(This page intentionally left blank.)

NONMAJOR SPECIAL REVENUE FUNDS,
(CONTINUED)

Gifts and Contributions Fund - to account for funds received from the Boulder Library Foundation for programs benefiting the City-owned library.

Community Development Fund - to account for funds granted by the Community Development Block Grant program administered by the Department of Housing and Urban Development.

HOME Fund - to account for funds granted by the HOME program administered by the Department of Housing and Urban Development.

NONMAJOR DEBT SERVICE FUNDS

The Debt Service Funds are established to accumulate moneys for payment of general long-term debt principal and interest. The City of Boulder has the following nonmajor debt service funds:

General Obligation Debt Service Fund - Financing is provided by investments accumulated for the retirement of specific notes payable that were retired in 1999. Earnings on those investments continue to fund paying agent and other debt administration fees.

.15 Cent Sales Tax Debt Service Fund - Financing is provided by earmarked sales tax.

NONMAJOR CAPITAL PROJECT FUNDS

The Capital Project Funds are established to account for financial resources to be utilized for acquisition, construction and improvement of capital assets (other than those financed by Proprietary Funds). The City of Boulder has the following nonmajor capital project funds:

1996 Parks Acquisition Bond Fund - to account for 1996 bond proceeds to be utilized for the acquisition of park properties and the construction of parks and recreation facilities.

Permanent Parks and Recreation Fund - to account for the construction of improvements to the City park systems and the maintenance thereof. Financing is provided by general property taxes, development excise taxes and park fees.

Fire Training Center Construction Fund - to account for the construction of a new fire training facility financed by a .15 cent sales tax approved by the voters in 2006 and funding provided by Boulder County.

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2007

(Amounts in 000's)

<u>Assets</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ 660	\$ 5	\$ 353	\$ 1,018
Investments	23,557	163	12,804	36,524
Receivables:				
General property taxes	1,947	-	1,542	3,489
Sales and use taxes	995	173	431	1,599
Accounts	94	-	1	95
Notes	1,185	-	-	1,185
Accrued interest	184	1	99	284
Intergovernmental	2,416	-	-	2,416
Other	78	-	-	78
	<u>6,899</u>	<u>174</u>	<u>2,073</u>	<u>9,146</u>
Inventory of materials and supplies	52	-	-	52
Restricted assets:				
Investments for special purposes	686	-	-	686
Investments for capital projects	-	-	90	90
Investments for debt service	-	47	-	47
Total restricted assets	<u>686</u>	<u>47</u>	<u>90</u>	<u>823</u>
Total assets	<u>\$ 31,854</u>	<u>\$ 389</u>	<u>\$ 15,320</u>	<u>\$ 47,563</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ 1,400	\$ -	\$ 102	\$ 1,502
Contracts and retainage payable	442	-	-	442
Accrued salaries, wages and amounts withheld from employees	764	-	14	778
Accrued interest	36	8	-	44
Due to other funds	33	-	-	33
Other liabilities	51	-	6	57
Deferred revenue:				
General property taxes	1,947	-	1,542	3,489
Other	102	-	-	102
Total liabilities	<u>4,775</u>	<u>8</u>	<u>1,664</u>	<u>6,447</u>
Fund equity:				
Fund balances:				
Reserved for:				
Encumbrances	4,288	-	401	4,689
Special purposes	686	-	-	686
Capital projects	-	-	91	91
Debt service	-	47	-	47
Notes receivable	1,185	-	-	1,185
Inventories	52	-	-	52
Unreserved:				
Designated:				
Special purposes	669	-	52	721
Undesignated	20,199	334	13,112	33,645
Total fund equity	<u>27,079</u>	<u>381</u>	<u>13,656</u>	<u>41,116</u>
Total liabilities and fund equity	<u>\$ 31,854</u>	<u>\$ 389</u>	<u>\$ 15,320</u>	<u>\$ 47,563</u>

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended December 31, 2007

(Amounts in 000's)

	Special Revenue	Debt Service	Capital Project	Total
Revenues:				
Taxes:				
Sales and use taxes	\$ 8,406	\$ 1,483	\$ 3,709	\$ 13,598
General property taxes	1,855	-	1,469	3,324
Other taxes	1,537	-	308	1,845
Charges for services	9,546	-	-	9,546
Sale of goods and capital assets	403	-	-	403
License, permits and fines	5,232	-	-	5,232
Intergovernmental	6,539	-	4,131	10,670
Leases, rents and royalties	1,446	-	6	1,452
Interest and investment earnings	1,520	42	449	2,011
Other	603	-	2	605
Total revenues	<u>37,087</u>	<u>1,525</u>	<u>10,074</u>	<u>48,686</u>
Expenditures:				
Current:				
General Government	1,091	-	-	1,091
Administrative Services	-	16	-	16
Public Works	6,801	-	-	6,801
Planning & Development Services	6,769	-	-	6,769
Culture and Recreation	19,904	-	-	19,904
Open Space and Mountain Parks	127	-	-	127
Housing and Human Services	5,077	-	-	5,077
Capital outlay	-	-	1,254	1,254
Debt service payments:				
Principal	1,934	445	-	2,379
Interest	1,007	117	-	1,124
Base rentals to Boulder Municipal Property Authority Debt Service Fund	525	-	-	525
Total expenditures	<u>43,235</u>	<u>578</u>	<u>1,254</u>	<u>45,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,148)</u>	<u>947</u>	<u>8,820</u>	<u>3,619</u>
Other financing sources (uses):				
Transfers in	11,486	-	-	11,486
Transfers out	<u>(1,802)</u>	<u>(916)</u>	<u>(53)</u>	<u>(2,771)</u>
Total other financing sources (uses)	<u>9,684</u>	<u>(916)</u>	<u>(53)</u>	<u>8,715</u>
Net change in fund balances	3,536	31	8,767	12,334
Fund balances, beginning of year	<u>23,543</u>	<u>350</u>	<u>4,889</u>	<u>28,782</u>
Fund balances, end of year	<u>\$ 27,079</u>	<u>\$ 381</u>	<u>\$ 13,656</u>	<u>\$ 41,116</u>

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2007

(Amounts in 000's)

<u>Assets</u>	Capital Development Fund	Lottery Fund	Planning & Development Services Fund	Affordable Housing Fund	CHAP Fund
Equity in pooled cash and cash equivalents	\$ 103	\$ 43	\$ 165	\$ 46	\$ 45
Investments	3,745	1,553	5,967	1,678	1,614
Receivables:					
General property taxes	-	-	-	-	1,370
Sales and use taxes	-	-	-	-	-
Accounts	-	-	21	11	-
Notes	-	-	-	9	1,176
Accrued interest	29	12	45	13	12
Intergovernmental	-	-	-	-	-
Other	18	-	-	-	13
	<u>47</u>	<u>12</u>	<u>66</u>	<u>33</u>	<u>2,571</u>
Inventory of materials and supplies	-	-	-	-	-
Restricted assets - investments for special purposes	-	-	12	-	-
	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>3,895</u>	\$ <u>1,608</u>	\$ <u>6,210</u>	\$ <u>1,757</u>	\$ <u>4,230</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts and accrued liabilities:					
Vouchers and accounts payable	\$ -	\$ 55	\$ 45	\$ 71	\$ 163
Contracts and retainage payable	-	36	-	-	-
Accrued salaries, wages and amounts withheld from employees	-	2	225	12	9
Accrued interest	-	-	-	-	-
Due to other funds	-	1	-	3	-
Other liabilities	-	-	26	-	7
Deferred revenue:					
General property taxes	-	-	-	-	1,370
Other	-	-	-	-	-
Total liabilities	<u>-</u>	<u>94</u>	<u>296</u>	<u>86</u>	<u>1,549</u>
Fund equity:					
Fund balances:					
Reserved for:					
Encumbrances	-	32	651	-	-
Special purposes	-	-	12	-	-
Notes receivable	-	-	-	9	1,176
Inventories	-	-	-	-	-
Unreserved:					
Designated:					
Special purposes	-	-	305	16	23
Undesignated	3,895	1,482	4,946	1,646	1,482
Total fund equity	<u>3,895</u>	<u>1,514</u>	<u>5,914</u>	<u>1,671</u>	<u>2,681</u>
Total liabilities and fund equity	\$ <u>3,895</u>	\$ <u>1,608</u>	\$ <u>6,210</u>	\$ <u>1,757</u>	\$ <u>4,230</u>

CITY OF BOULDER, COLORADO

Combining Balance Sheet,
continuedNonmajor Special Revenue Funds

December 31, 2007

(Amounts in 000's)

<u>Assets</u>	<u>.15 Cent Sales Tax Fund</u>	<u>.25 Cent Sales Tax Fund</u>	<u>Library Fund</u>	<u>Recreation Activity Fund</u>	<u>Climate Action Plan Tax Fund</u>
Equity in pooled cash and cash equivalents	\$ 53	\$ 86	\$ 16	\$ 47	\$ -
Investments	1,911	3,132	508	1,407	-
Receivables:					
General property taxes	-	-	570	-	-
Sales and use taxes	276	719	-	-	-
Accounts	1	1	-	13	1
Notes	-	-	-	-	-
Accrued interest	14	26	4	11	-
Intergovernmental	-	6	-	-	101
Other	-	-	-	-	-
	<u>291</u>	<u>752</u>	<u>574</u>	<u>24</u>	<u>102</u>
Inventory of materials and supplies	-	-	-	52	-
Restricted assets - investments for special purposes	-	217	-	48	-
Total assets	\$ <u>2,255</u>	\$ <u>4,187</u>	\$ <u>1,098</u>	\$ <u>1,578</u>	\$ <u>102</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts and accrued liabilities:					
Vouchers and accounts payable	\$ 43	\$ 163	\$ 60	\$ 186	\$ 56
Contracts and retainage payable	-	11	-	-	-
Accrued salaries, wages and amounts withheld from employees	26	48	190	227	10
Accrued interest	-	36	-	-	-
Due to other funds	-	-	-	-	25
Other liabilities	-	-	2	16	-
Deferred revenue:					
General property taxes	-	-	570	-	-
Other	-	37	-	22	-
Total liabilities	<u>69</u>	<u>295</u>	<u>822</u>	<u>451</u>	<u>91</u>
Fund equity:					
Fund balances:					
Reserved for:					
Encumbrances	-	451	132	23	37
Special purposes	-	217	-	48	-
Notes receivable	-	-	-	-	-
Inventories	-	-	-	52	-
Unreserved:					
Designated:					
Special purposes	40	172	-	-	-
Undesignated	2,146	3,052	144	1,004	(26)
Total fund equity	<u>2,186</u>	<u>3,892</u>	<u>276</u>	<u>1,127</u>	<u>11</u>
Total liabilities and fund equity	\$ <u>2,255</u>	\$ <u>4,187</u>	\$ <u>1,098</u>	\$ <u>1,578</u>	\$ <u>102</u>

<u>Airport Fund</u>	<u>Trans- portation Development Fund</u>	<u>Transit Pass General Improvement District</u>	<u>Gifts and Contributions Fund</u>	<u>Community Development Fund</u>	<u>HOME Fund</u>	<u>Total</u>
\$ 15	\$ 41	\$ -	\$ -	\$ -	\$ -	\$ 660
560	1,481	1	-	-	-	23,557
-	-	7	-	-	-	1,947
-	-	-	-	-	-	995
10	36	-	-	-	-	94
-	-	-	-	-	-	1,185
4	11	-	3	-	-	184
374	1,875	-	-	55	5	2,416
-	47	-	-	-	-	78
<u>388</u>	<u>1,969</u>	<u>7</u>	<u>3</u>	<u>55</u>	<u>5</u>	<u>6,899</u>
-	-	-	-	-	-	52
-	-	-	409	-	-	686
<u>\$ 963</u>	<u>\$ 3,491</u>	<u>\$ 8</u>	<u>\$ 412</u>	<u>\$ 55</u>	<u>\$ 5</u>	<u>\$ 31,854</u>
\$ 361	\$ 148	\$ -	\$ 3	\$ 46	\$ -	\$ 1,400
31	364	-	-	-	-	442
4	1	-	-	6	4	764
-	-	-	-	-	-	36
-	-	-	-	3	1	33
-	-	-	-	-	-	51
-	-	7	-	-	-	1,947
43	-	-	-	-	-	102
<u>439</u>	<u>513</u>	<u>7</u>	<u>3</u>	<u>55</u>	<u>5</u>	<u>4,775</u>
1,031	1,931	-	-	-	-	4,288
-	-	-	409	-	-	686
-	-	-	-	-	-	1,185
-	-	-	-	-	-	52
-	113	-	-	-	-	669
(507)	934	1	-	-	-	20,199
<u>524</u>	<u>2,978</u>	<u>1</u>	<u>409</u>	<u>-</u>	<u>-</u>	<u>27,079</u>
<u>\$ 963</u>	<u>\$ 3,491</u>	<u>\$ 8</u>	<u>\$ 412</u>	<u>\$ 55</u>	<u>\$ 5</u>	<u>\$ 31,854</u>

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year ended December 31, 2007

(Amounts in 000's)

	Capital Development <u>Fund</u>	Lottery <u>Fund</u>	Planning & Development Services <u>Fund</u>	Affordable Housing <u>Fund</u>	CHAP <u>Fund</u>
Revenues:					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
General property taxes	-	-	-	-	1,304
Other taxes	265	-	-	-	149
Charges for services	-	-	1,659	938	-
Sale of goods and capital assets	-	-	5	-	-
Licenses, permits and fines	-	-	5,140	-	-
Intergovernmental	-	990	-	-	-
Leases, rents and royalties	-	-	-	156	1
Interest and investment earnings	210	89	308	91	140
Other	-	-	2	71	-
Total revenues	<u>475</u>	<u>1,079</u>	<u>7,114</u>	<u>1,256</u>	<u>1,594</u>
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public Works	12	-	-	-	-
Planning & Development Services	-	-	6,769	-	-
Culture and Recreation	-	573	-	-	-
Open Space and Mountain Parks	-	127	-	-	-
Housing and Human Services	-	-	-	899	778
Debt service payments:					
Principal	-	-	-	384	-
Interest	-	-	-	132	-
Base rentals to Boulder Municipal Property Authority Debt Service Fund	-	296	-	229	-
Total expenditures	<u>12</u>	<u>996</u>	<u>6,769</u>	<u>1,644</u>	<u>778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>463</u>	<u>83</u>	<u>345</u>	<u>(388)</u>	<u>816</u>
Other financing sources (uses):					
Transfers in	-	-	2,736	398	-
Transfers out	(31)	-	(1,058)	(10)	(22)
Total other financing sources (uses)	<u>(31)</u>	<u>-</u>	<u>1,678</u>	<u>388</u>	<u>(22)</u>
Net change in fund balances	432	83	2,023	-	794
Fund balances, beginning of year	<u>3,463</u>	<u>1,431</u>	<u>3,891</u>	<u>1,671</u>	<u>1,887</u>
Fund balances, end of year	\$ <u>3,895</u>	\$ <u>1,514</u>	\$ <u>5,914</u>	\$ <u>1,671</u>	\$ <u>2,681</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances,
continued

Nonmajor Special Revenue Funds

Year ended December 31, 2007

(Amounts in 000's)

	<u>.15 Cent Sales Tax Fund</u>	<u>.25 Cent Sales Tax Fund</u>	<u>Library Fund</u>	<u>Recreation Activity Fund</u>	<u>Climate Action Plan Tax Fund</u>
Revenues:					
Taxes:					
Sales and use taxes	\$ 2,225	\$ 6,181	\$ -	\$ -	\$ -
General property taxes	-	-	544	-	-
Other taxes	-	-	-	-	595
Charges for services	-	-	138	6,811	-
Sale of goods and capital assets	2	-	-	272	8
Licenses, permits and fines	-	3	-	89	-
Intergovernmental	-	45	-	-	-
Leases, rents and royalties	-	6	13	929	-
Interest and investment earnings	96	232	38	75	1
Other	3	29	38	190	25
Total revenues	<u>2,326</u>	<u>6,496</u>	<u>771</u>	<u>8,366</u>	<u>629</u>
Expenditures:					
Current:					
General Government	313	-	-	-	778
Public Works	-	419	-	-	-
Planning & Development Services	-	-	-	-	-
Culture and Recreation	420	2,708	6,416	9,681	-
Open Space and Mountain Parks	-	-	-	-	-
Housing and Human Services	1,726	-	-	-	-
Debt service payments:					
Principal	-	1,550	-	-	-
Interest	-	875	-	-	-
Base rentals to Boulder Municipal Property Authority Debt Service Fund	-	-	-	-	-
Total expenditures	<u>2,459</u>	<u>5,552</u>	<u>6,416</u>	<u>9,681</u>	<u>778</u>
Excess (deficiency) of revenues over expenditures	<u>(133)</u>	<u>944</u>	<u>(5,645)</u>	<u>(1,315)</u>	<u>(149)</u>
Other financing sources (uses):					
Transfers in	413	-	5,626	2,150	160
Transfers out	(78)	(449)	-	(62)	-
Total other financing sources (uses)	<u>335</u>	<u>(449)</u>	<u>5,626</u>	<u>2,088</u>	<u>160</u>
Net change in fund balances	202	495	(19)	773	11
Fund balances, beginning of year	1,984	3,397	295	354	-
Fund balances, end of year	\$ <u>2,186</u>	\$ <u>3,892</u>	\$ <u>276</u>	\$ <u>1,127</u>	\$ <u>11</u>

<u>Airport Fund</u>	<u>Trans- portation Development Fund</u>	<u>Transit Pass General Improvement District</u>	<u>Gifts and Contributions Fund</u>	<u>Community Development Fund</u>	<u>HOME Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,406
-	-	7	-	-	-	1,855
-	528	-	-	-	-	1,537
-	-	-	-	-	-	9,546
116	-	-	-	-	-	403
-	-	-	-	-	-	5,232
437	3,380	-	-	948	739	6,539
341	-	-	-	-	-	1,446
33	184	-	23	-	-	1,520
-	123	-	114	8	-	603
<u>927</u>	<u>4,215</u>	<u>7</u>	<u>137</u>	<u>956</u>	<u>739</u>	<u>37,087</u>
-	-	-	-	-	-	1,091
977	5,383	10	-	-	-	6,801
-	-	-	-	-	-	6,769
-	-	-	106	-	-	19,904
-	-	-	-	-	-	127
-	-	-	-	938	736	5,077
-	-	-	-	-	-	1,934
-	-	-	-	-	-	1,007
-	-	-	-	-	-	525
<u>977</u>	<u>5,383</u>	<u>10</u>	<u>106</u>	<u>938</u>	<u>736</u>	<u>43,235</u>
<u>(50)</u>	<u>(1,168)</u>	<u>(3)</u>	<u>31</u>	<u>18</u>	<u>3</u>	<u>(6,148)</u>
-	-	3	-	-	-	11,486
<u>(59)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(3)</u>	<u>(1,802)</u>
<u>(59)</u>	<u>(12)</u>	<u>3</u>	<u>-</u>	<u>(18)</u>	<u>(3)</u>	<u>9,684</u>
<u>(109)</u>	<u>(1,180)</u>	<u>-</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>3,536</u>
<u>633</u>	<u>4,158</u>	<u>1</u>	<u>378</u>	<u>-</u>	<u>-</u>	<u>23,543</u>
\$ <u>524</u>	\$ <u>2,978</u>	\$ <u>1</u>	\$ <u>409</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>27,079</u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Capital Development Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Other taxes	\$ 434	\$ 434	\$ 265	\$ (169)
Interest and investment earnings	77	77	175	98
Total revenues	<u>511</u>	<u>511</u>	<u>440</u>	<u>(71)</u>
Expenditures:				
Current:				
Public Works	<u>80</u>	<u>1,627</u>	<u>12</u>	<u>1,615</u>
Excess (deficiency) of revenues				
over (under) expenditures	431	(1,116)	428	1,544
Other financing uses -				
transfers out	<u>(31)</u>	<u>(31)</u>	<u>(31)</u>	<u>-</u>
Net change in fund balance	\$ <u>400</u>	\$ <u>(1,147)</u>	397	\$ <u>1,544</u>
Fund balance, beginning of year, basis of budgeting			<u>3,473</u>	
Fund balance, end of year, basis of budgeting			3,870	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>25</u>	
Fund balance, end of year, GAAP basis			\$ <u>3,895</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Lottery Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 904	\$ 904	\$ 990	\$ 86
Interest and investment earnings	61	61	74	13
Total revenues	<u>965</u>	<u>965</u>	<u>1,064</u>	<u>99</u>
Expenditures:				
Current:				
Culture and Recreation	796	1,101	582	519
Open Space and Mountain Parks	-	493	149	344
Debt service payments:				
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	304	304	304	-
Total expenditures	<u>1,100</u>	<u>1,898</u>	<u>1,035</u>	<u>863</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(135)</u>	\$ <u>(933)</u>	29	\$ <u>962</u>
Encumbrances, end of year			32	
Fund balance, beginning of year, basis of budgeting			<u>1,446</u>	
Fund balance, end of year, basis of budgeting			<u>1,507</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			10	
Accrued salaries, wages and amounts withheld from employees			(2)	
Change in accrued interest payable			<u>(1)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,514</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Planning & Development Services Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 1,394	\$ 1,394	\$ 1,659	\$ 265
Sale of goods and capital assets	8	8	5	(3)
Licenses, permits and fines	3,712	3,712	5,140	1,428
Intergovernmental	-	65	-	(65)
Interest and investment earnings	86	86	254	168
Other	-	-	2	2
Total revenues	<u>5,200</u>	<u>5,265</u>	<u>7,060</u>	<u>1,795</u>
Expenditures:				
Current:				
Planning & Development Services	<u>6,849</u>	<u>7,601</u>	<u>7,392</u>	<u>209</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,649)</u>	<u>(2,336)</u>	<u>(332)</u>	<u>2,004</u>
Other financing sources (uses):				
Transfers in	2,737	2,737	2,736	(1)
Transfers out	<u>(1,038)</u>	<u>(1,058)</u>	<u>(1,058)</u>	-
Total other financing sources (uses)	<u>1,699</u>	<u>1,679</u>	<u>1,678</u>	<u>(1)</u>
Net change in fund balance	<u>\$ 50</u>	<u>\$ (657)</u>	1,346	<u>\$ 2,003</u>
Encumbrances, end of year			651	
Fund balance, beginning of year, basis of budgeting			<u>4,088</u>	
Fund balance, end of year, basis of budgeting			6,085	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			41	
Accrued salaries, wages and amounts withheld from employees			<u>(212)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 5,914</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Affordable Housing Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 1,564	\$ 1,564	\$ 938	\$ (626)
Leases, rents and royalties	156	156	156	-
Interest and investment earnings	35	35	75	40
Other	-	-	71	71
Total revenues	<u>1,755</u>	<u>1,755</u>	<u>1,240</u>	<u>(515)</u>
Expenditures:				
Current:				
Housing and Human Services	1,972	3,066	902	2,164
Debt service payments:				
Principal	384	384	384	-
Interest	132	132	132	-
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	229	229	229	-
Total expenditures	<u>2,717</u>	<u>3,811</u>	<u>1,647</u>	<u>2,164</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(962)</u>	<u>(2,056)</u>	<u>(407)</u>	<u>1,649</u>
Other financing sources (uses):				
Transfers in	398	398	398	-
Transfers out	(10)	(10)	(10)	-
Total other financing sources (uses)	<u>388</u>	<u>388</u>	<u>388</u>	<u>-</u>
Net change in fund balance	\$ <u>(574)</u>	\$ <u>(1,668)</u>	(19)	\$ <u>1,649</u>
Fund balance, beginning of year, basis of budgeting			1,681	
Fund balance, end of year, basis of budgeting			<u>1,662</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			12	
Notes Receivable			9	
Accrued salaries, wages and amounts withheld from employees			<u>(12)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,671</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)CHAP Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
General property taxes	\$ 1,311	\$ 1,311	\$ 1,304	\$ (7)
Other taxes	350	350	149	(201)
Leases, rents and royalties	-	-	1	1
Interest and investment earnings	35	35	124	89
Total revenues	<u>1,696</u>	<u>1,696</u>	<u>1,578</u>	<u>(118)</u>
Expenditures:				
Current:				
Housing and Human Services	<u>1,689</u>	<u>3,552</u>	<u>1,954</u>	<u>1,598</u>
Excess (deficiency) of revenues				
over (under) expenditures	7	(1,856)	(376)	1,480
Other financing uses -				
transfers out	<u>(22)</u>	<u>(22)</u>	<u>(22)</u>	<u>-</u>
Net change in fund balance	\$ <u>(15)</u>	\$ <u>(1,878)</u>	(398)	\$ <u>1,480</u>
Fund balance, beginning of year, basis of budgeting			<u>1,900</u>	
Fund balance, end of year, basis of budgeting			<u>1,502</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			12	
Notes Receivable			1,176	
Accrued salaries, wages and amounts				
withheld from employees			<u>(9)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,681</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis).15 Cent Sales Tax Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 2,295	\$ 2,295	\$ 2,225	\$ (70)
Sale of goods and capital assets	-	-	2	2
Interest and investment earnings	-	79	77	(2)
Other	-	2	3	1
Total revenues	<u>2,295</u>	<u>2,376</u>	<u>2,307</u>	<u>(69)</u>
Expenditures:				
Current:				
General Government	287	452	313	139
Culture and Recreation	525	649	420	229
Housing and Human Services	<u>1,721</u>	<u>1,783</u>	<u>1,720</u>	<u>63</u>
Total expenditures	<u>2,533</u>	<u>2,884</u>	<u>2,453</u>	<u>431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(238)</u>	<u>(508)</u>	<u>(146)</u>	<u>362</u>
Other financing sources (uses):				
Transfers in	-	443	413	(30)
Transfers out	<u>(38)</u>	<u>(116)</u>	<u>(78)</u>	<u>38</u>
Total other financing sources (uses)	<u>(38)</u>	<u>327</u>	<u>335</u>	<u>8</u>
Net change in fund balance	\$ <u>(276)</u>	\$ <u>(181)</u>	189	\$ <u>370</u>
Fund balance, beginning of year, basis of budgeting			<u>2,010</u>	
Fund balance, end of year, basis of budgeting			2,199	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			13	
Accrued salaries, wages and amounts withheld from employees			<u>(26)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,186</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis).25 Cent Sales Tax Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 5,977	\$ 5,976	\$ 6,181	\$ 205
Licenses, permits and fines	-	-	3	3
Intergovernmental	80	199	45	(154)
Leases, rents and royalties	-	-	6	6
Interest and investment earnings	140	140	201	61
Other	12	38	29	(9)
Total revenues	<u>6,209</u>	<u>6,353</u>	<u>6,465</u>	<u>112</u>
Expenditures:				
Current:				
Public Works	429	429	429	-
Culture and Recreation	3,136	5,350	3,140	2,210
Debt service payments:				
Principal	1,550	1,550	1,550	-
Interest	879	879	879	-
Total expenditures	<u>5,994</u>	<u>8,208</u>	<u>5,998</u>	<u>2,210</u>
Excess (deficiency) of revenues over (under) expenditures	215	(1,855)	467	2,322
Other financing uses - transfers out	<u>(449)</u>	<u>(449)</u>	<u>(449)</u>	<u>-</u>
Net change in fund balance	\$ <u>(234)</u>	\$ <u>(2,304)</u>	18	\$ <u>2,322</u>
Encumbrances, end of year			451	
Fund balance, beginning of year, basis of budgeting			<u>3,442</u>	
Fund balance, end of year, basis of budgeting			3,911	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			25	
Change in accrued interest payable			4	
Accrued salaries, wages and amounts withheld from employees			<u>(48)</u>	
Fund balance, end of year, GAAP basis			\$ <u>3,892</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Library Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
General property taxes	\$ 545	\$ 545	\$ 544	\$ (1)
Charges for services	99	115	138	23
Leases, rents and royalties	5	5	13	8
Interest and investment earnings	11	11	33	22
Other	24	45	38	(7)
Total revenues	<u>684</u>	<u>721</u>	<u>766</u>	<u>45</u>
Expenditures:				
Current:				
Culture and Recreation	<u>6,289</u>	<u>6,533</u>	<u>6,524</u>	<u>9</u>
Excess (deficiency) of revenues				
over (under) expenditures	(5,605)	(5,812)	(5,758)	54
Other financing sources -				
transfers in	<u>5,605</u>	<u>5,626</u>	<u>5,626</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(186)</u>	(132)	\$ <u>54</u>
Encumbrances, end of year			132	
Fund balance, beginning of year, basis of budgeting			<u>451</u>	
Fund balance, end of year, basis of budgeting			451	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			4	
Accrued salaries, wages and amounts				
withheld from employees			<u>(179)</u>	
Fund balance, end of year, GAAP basis			\$ <u>276</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Recreation Activity Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 6,949	\$ 6,949	\$ 6,811	\$ (138)
Sale of goods and capital assets	145	145	272	127
Licenses, permits and fines	-	-	89	89
Leases, rents and royalties	505	505	929	424
Interest and investment earnings	-	64	63	(1)
Other	64	217	190	(27)
Total revenues	<u>7,663</u>	<u>7,880</u>	<u>8,354</u>	<u>474</u>
Expenditures:				
Current:				
Culture and Recreation	<u>9,533</u>	<u>9,758</u>	<u>9,651</u>	<u>107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,870)</u>	<u>(1,878)</u>	<u>(1,297)</u>	<u>581</u>
Other financing sources (uses):				
Transfers in	2,057	2,150	2,150	-
Transfers out	-	(64)	(62)	2
Total other financing sources (uses)	<u>2,057</u>	<u>2,086</u>	<u>2,088</u>	<u>2</u>
Net change in fund balance	\$ <u>187</u>	\$ <u>208</u>	791	\$ <u>583</u>
Fund balance, beginning of year, basis of budgeting			<u>516</u>	
Fund balance, end of year, basis of budgeting			1,330	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			10	
Accrued salaries, wages and amounts withheld from employees			<u>(213)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,127</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Climate Action Plan Tax Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Other taxes	\$ -	\$ 700	\$ 595	\$ (105)
Sale of goods and capital assets	-	-	8	8
Interest and investment earnings	-	-	1	1
Other	-	-	25	25
Total revenues	-	700	629	(71)
Expenditures:				
Current:				
General Government	-	860	804	56
Excess (deficiency) of revenues				
over (under) expenditures	-	(160)	(175)	(15)
Other financing sources -				
transfers in	-	160	160	-
Net change in fund balance	\$ -	\$ -	(15)	\$ (15)
Encumbrances, end of year			36	
Fund balance, beginning of year, basis of budgeting			-	
Fund balance, end of year, basis of budgeting			21	
Basis of budgeting to GAAP basis reconciliation:				
Accrued salaries, wages and amounts				
withheld from employees			(10)	
Fund balance, end of year, GAAP basis			\$ 11	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Airport Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 6	\$ 6	\$ -	\$ (6)
Sale of goods and capital assets	-	114	116	2
Intergovernmental	1,416	1,452	437	(1,015)
Leases, rents and royalties	344	344	341	(3)
Interest and investment earnings	27	27	27	-
Total revenues	<u>1,793</u>	<u>1,943</u>	<u>921</u>	<u>(1,022)</u>
Expenditures:				
Current:				
Public Works	<u>1,798</u>	<u>2,081</u>	<u>2,007</u>	<u>74</u>
Excess (deficiency) of revenues over (under) expenditures	(5)	(138)	(1,086)	(948)
Other financing uses - transfers out	<u>(59)</u>	<u>(59)</u>	<u>(59)</u>	<u>-</u>
Net change in fund balance	\$ <u>(64)</u>	\$ <u>(197)</u>	(1,145)	\$ <u>(948)</u>
Encumbrances, end of year			1,031	
Fund balance, beginning of year, basis of budgeting			<u>638</u>	
Fund balance, end of year, basis of budgeting			524	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			4	
Accrued salaries, wages and amounts withheld from employees			<u>(4)</u>	
Fund balance, end of year, GAAP basis			\$ <u>524</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Transportation Development Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Other taxes	\$ 600	\$ 600	\$ 528	\$ (72)
Intergovernmental	3,078	7,712	3,380	(4,332)
Interest and investment earnings	140	140	162	22
Other	100	100	123	23
Total revenues	<u>3,918</u>	<u>8,552</u>	<u>4,193</u>	<u>(4,359)</u>
Expenditures:				
Current:				
Public Works	<u>4,231</u>	<u>12,397</u>	<u>7,318</u>	<u>5,079</u>
Excess (deficiency) of revenues				
over (under) expenditures	(313)	(3,845)	(3,125)	720
Other financing uses -				
transfers out	<u>(12)</u>	<u>(12)</u>	<u>(12)</u>	<u>-</u>
Net change in fund balance	\$ <u>(325)</u>	\$ <u>(3,857)</u>	(3,137)	\$ <u>720</u>
Encumbrances, end of year			1,931	
Fund balance, beginning of year, basis of budgeting			<u>4,174</u>	
Fund balance, end of year, basis of budgeting			2,968	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			11	
Accrued salaries, wages and amounts				
withheld from employees			<u>(1)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,978</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Transit Pass General Improvement District

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
General property taxes	\$ 7	\$ 7	\$ 7	\$ -
Expenditures:				
Current:				
Public Works	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Excess (deficiency) of revenues				
over (under) expenditures	(3)	(3)	(3)	-
Other financing sources -				
transfers in	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance, beginning of year, basis of budgeting			<u>1</u>	
Fund balance, end of year, basis of budgeting			<u>1</u>	
Basis of budgeting to GAAP basis reconciliation			<u>-</u>	
Fund balance, end of year, GAAP basis			\$ <u>1</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Community Development Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 914	\$ 2,179	\$ 946	\$ (1,233)
Other	-	26	8	(18)
Total revenues	<u>914</u>	<u>2,205</u>	<u>954</u>	<u>(1,251)</u>
Expenditures:				
Current:				
Housing and Human Services	<u>897</u>	<u>2,187</u>	<u>936</u>	<u>1,251</u>
Excess (deficiency) of revenues				
over (under) expenditures	17	18	18	-
Other financing uses -				
transfers out	<u>(18)</u>	<u>(18)</u>	<u>(18)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(1)</u></u>	\$ <u><u>-</u></u>	-	\$ <u><u>-</u></u>
Fund balance, beginning of year, basis of budgeting			-	
Fund balance, end of year, basis of budgeting			-	
Basis of budgeting to GAAP basis reconciliation			-	
Fund balance, end of year, GAAP basis			\$ <u><u>-</u></u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)HOME Fund

Year ended December 31, 2007

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental	\$ 1,500	\$ 2,148	\$ 738	\$ (1,410)
Expenditures:				
Current:				
Housing and Human Services	<u>1,497</u>	<u>2,145</u>	<u>735</u>	<u>1,410</u>
Excess (deficiency) of revenues				
over (under) expenditures	3	3	3	-
Other financing uses -				
transfers out	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance, beginning of year, basis of budgeting			-	
Fund balance, end of year, basis of budgeting			-	
Basis of budgeting to GAAP basis reconciliation			-	
Fund balance, end of year, GAAP basis			\$ <u>-</u>	

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Debt Service Funds

December 31, 2007

(Amounts in 000's)

<u>Assets</u>	<u>General Obligation Debt Service Fund</u>	<u>.15 Cent Sales Tax Debt Service Fund</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ 2	\$ 3	\$ 5
Investments	42	121	163
Receivables:			
Sales and use taxes	-	173	173
Accrued interest	-	1	1
	<u>-</u>	<u>174</u>	<u>174</u>
Restricted assets - investments for debt service	<u>-</u>	<u>47</u>	<u>47</u>
Total assets	\$ <u>44</u>	\$ <u>345</u>	\$ <u>389</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts and accrued liabilities - accrued interest	\$ -	\$ 8	\$ 8
Fund equity:			
Fund balances:			
Reserved:			
Debt service	-	47	47
Unreserved:			
Undesignated	44	290	334
Total fund equity	<u>44</u>	<u>337</u>	<u>381</u>
Total liabilities and fund equity	\$ <u>44</u>	\$ <u>345</u>	\$ <u>389</u>

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

Year ended December 31, 2007

(Amounts in 000's)

	General Obligation Debt Service <u>Fund</u>	.15 Cent Sales Tax Debt Service <u>Fund</u>	<u>Total</u>
Revenues:			
Sales and use taxes	\$ -	\$ 1,483	\$ 1,483
Interest and investment earnings	3	39	42
Total revenues	<u>3</u>	<u>1,522</u>	<u>1,525</u>
Expenditures:			
Current:			
Administrative Services	16	-	16
Debt service payments:			
Principal	-	445	445
Interest	-	117	117
Total expenditures	<u>16</u>	<u>562</u>	<u>578</u>
Excess (deficiency) of revenues over (under) expenditures	(13)	960	947
Other financing uses - transfers out	<u>-</u>	<u>(916)</u>	<u>(916)</u>
Net change in fund balances	(13)	44	31
Fund balances, beginning of year	<u>57</u>	<u>293</u>	<u>350</u>
Fund balances, end of year	<u>\$ 44</u>	<u>\$ 337</u>	<u>\$ 381</u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)General Obligation Debt Service Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Interest and investment earnings	\$ -	\$ -	\$ 2	\$ 2
Expenditures:				
Current:				
Administrative Services	<u>25</u>	<u>25</u>	<u>16</u>	<u>9</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(25)</u>	\$ <u>(25)</u>	(14)	\$ <u>11</u>
Fund balance, beginning of year, basis of budgeting			<u>57</u>	
Fund balance, end of year, basis of budgeting			43	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>1</u>	
Fund balance, end of year, GAAP basis			\$ <u>44</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis).15 Cent Sales Tax Debt Service Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 1,446	\$ 1,753	\$ 1,483	\$ (270)
Interest and investment earnings	-	28	37	9
Total revenues	<u>1,446</u>	<u>1,781</u>	<u>1,520</u>	<u>(261)</u>
Expenditures:				
Debt service payments:				
Principal	445	445	445	-
Interest	<u>119</u>	<u>119</u>	<u>119</u>	-
Total expenditures	<u>564</u>	<u>564</u>	<u>564</u>	-
Excess (deficiency) of revenues over (under) expenditures	882	1,217	956	(261)
Other financing uses - transfers out	<u>(606)</u>	<u>(941)</u>	<u>(916)</u>	<u>25</u>
Net change in fund balance	\$ <u>276</u>	\$ <u>276</u>	40	\$ <u>(236)</u>
Fund balance, beginning of year, basis of budgeting			<u>304</u>	
Fund balance, end of year, basis of budgeting			344	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			1	
Accrued interest payable			<u>(8)</u>	
Fund balance, end of year, GAAP basis			\$ <u>337</u>	

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Capital Project Funds

December 31, 2007

(Amounts in 000's)

<u>Assets</u>	1996 Parks Acquisition <u>Bond Fund</u>	Permanent Parks and Recreation <u>Fund</u>	Fire Training Center Construction <u>Fund</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ -	\$ 157	\$ 196	\$ 353
Investments	-	5,704	7,100	12,804
Receivables:				
General property taxes	-	1,542	-	1,542
Sales and use taxes	-	-	431	431
Accounts	-	1	-	1
Accrued interest	<u>1</u>	<u>44</u>	<u>54</u>	<u>99</u>
	1	1,587	485	2,073
Restricted assets:				
Investments for capital projects	<u>90</u>	<u>-</u>	<u>-</u>	<u>90</u>
Total assets	\$ <u>91</u>	\$ <u>7,448</u>	\$ <u>7,781</u>	\$ <u>15,320</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ -	\$ 43	\$ 59	\$ 102
Accrued salaries, wages and amounts withheld from employees	-	14	-	14
Other liabilities	-	6	-	6
Deferred revenue - general property taxes	<u>-</u>	<u>1,542</u>	<u>-</u>	<u>1,542</u>
Total liabilities	<u>-</u>	<u>1,605</u>	<u>59</u>	<u>1,664</u>
Fund equity:				
Fund balances:				
Reserved for:				
Encumbrances	-	4	397	401
Capital projects	91	-	-	91
Unreserved:				
Designated - Special purposes	-	52	-	52
Undesignated	<u>-</u>	<u>5,787</u>	<u>7,325</u>	<u>13,112</u>
Total fund equity	<u>91</u>	<u>5,843</u>	<u>7,722</u>	<u>13,656</u>
Total liabilities and fund equity	\$ <u>91</u>	\$ <u>7,448</u>	\$ <u>7,781</u>	\$ <u>15,320</u>

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Project Funds

Year ended December 31, 2007

(Amounts in 000's)

	1996 Parks Acquisition <u>Bond Fund</u>	Permanent Parks and Recreation <u>Fund</u>	Fire Training Center Construction <u>Fund</u>	<u>Total</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ 3,709	\$ 3,709
General property taxes	-	1,469	-	1,469
Other taxes	-	308	-	308
Intergovernmental	-	-	4,131	4,131
Leases, rents and royalties	-	6	-	6
Interest and investment earnings	7	320	122	449
Other	-	2	-	2
Total revenues	<u>7</u>	<u>2,105</u>	<u>7,962</u>	<u>10,074</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>1,014</u>	<u>240</u>	<u>1,254</u>
Excess (deficiency) of revenues over (under) expenditures	7	1,091	7,722	8,820
Other financing uses - transfers out	<u>-</u>	<u>(53)</u>	<u>-</u>	<u>(53)</u>
Net change in fund balances	7	1,038	7,722	8,767
Fund balances, beginning of year	<u>84</u>	<u>4,805</u>	<u>-</u>	<u>4,889</u>
Fund balances, end of year	\$ <u><u>91</u></u>	\$ <u><u>5,843</u></u>	\$ <u><u>7,722</u></u>	\$ <u><u>13,656</u></u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)1996 Parks Acquisition Bond Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Interest and investment earnings	\$ -	\$ -	\$ 6	\$ 6
Expenditures:				
Capital outlay	-	7	-	7
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (7)	6	\$ 13
Fund balance, beginning of year, basis of budgeting			124	
Fund balance, end of year, basis of budgeting			130	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			1	
Change in accrued interest payable			(40)	
Fund balance, end of year, GAAP basis			\$ 91	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Permanent Parks and Recreation Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
General property taxes	\$ 1,460	\$ 1,460	\$ 1,469	\$ 9
Other taxes	300	300	308	8
Leases, rents and royalties	-	2	6	4
Interest and investment earnings	206	206	268	62
Other	14	14	2	(12)
Total revenues	<u>1,980</u>	<u>1,982</u>	<u>2,053</u>	<u>71</u>
Expenditures:				
Capital outlay	<u>1,994</u>	<u>5,574</u>	<u>1,010</u>	<u>4,564</u>
Excess (deficiency) of revenues over (under) expenditures	(14)	(3,592)	1,043	4,635
Other financing uses - transfers out	<u>(53)</u>	<u>(53)</u>	<u>(53)</u>	<u>-</u>
Net change in fund balance	\$ <u>(67)</u>	\$ <u>(3,645)</u>	990	\$ <u>4,635</u>
Encumbrances, end of year			4	
Fund balance, beginning of year, basis of budgeting			<u>4,825</u>	
Fund balance, end of year, basis of budgeting			5,819	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			38	
Accrued salaries, wages and amounts withheld from employees			<u>(14)</u>	
Fund balance, end of year, GAAP basis			\$ <u>5,843</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)

Fire Training Center Construction Fund

Year ended December 31, 2007

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ -	\$ 3,600	\$ 3,709	\$ 109
Intergovernmental	-	4,190	4,131	(59)
Interest and investment earnings	-	-	74	74
Total revenues	-	7,790	7,914	124
Expenditures:				
Capital outlay	-	7,790	637	7,153
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 7,277	\$ 7,277
Encumbrances, end of year			397	
Fund balance, beginning of year, basis of budgeting			-	
Fund balance, end of year, basis of budgeting			7,674	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			48	
Fund balance, end of year, GAAP basis			\$ 7,722	

INTERNAL SERVICE FUNDS

The Internal Service Funds are established to finance and account for services and/or commodities required by other funds. The City of Boulder has the following Internal Service Funds:

Telecommunications Fund - to account for the costs of operating, acquiring and maintaining telecommunications equipment used by all City departments.

Property and Casualty Insurance Fund - to account for property and casualty insurance expenditures and reserves funded through cost allocation to all City departments.

Workers Compensation Insurance Fund - to account for and facilitate the monitoring of the City's self-insured workers compensation plan.

Compensated Absences Fund - to account for payments of compensated absences to employees of the General and Library Funds. Funding is received primarily from the General Fund.

Fleet Fund - to account for the costs of operating, acquiring and maintaining automotive equipment used by other City departments. Such costs are billed to the other departments.

Computer Replacement Fund - to account for the costs of acquiring and maintaining computer equipment used by other City departments. Such costs are billed to the other departments.

Equipment Replacement Fund - to account for the costs of acquiring equipment used by other City departments. Such costs are billed to the other departments.

Facility Renovation and Replacement Fund - to account for the costs of maintaining, renovating and replacing facilities within the City. Such costs are billed to the other departments.

CITY OF BOULDER, COLORADO

Combining Statement of Net Assets

Internal Service Funds

December 31, 2007

(Amounts in 000's)

	Telecom- munications <u>Fund</u>	Property and Casualty Insurance <u>Fund</u>	Workers Compensation Insurance <u>Fund</u>	Compensated Absences <u>Fund</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 51	\$ 118	\$ 105	\$ 68
Investments	1,852	4,269	3,800	2,479
Receivables, net:				
Accounts	4	-	-	-
Accrued interest	14	33	29	19
Intergovernmental	-	-	-	-
	<u>18</u>	<u>33</u>	<u>29</u>	<u>19</u>
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Other assets - prepaid expenses	-	210	-	-
Total current assets	<u>1,921</u>	<u>4,630</u>	<u>3,934</u>	<u>2,566</u>
Noncurrent assets:				
Restricted assets:				
Investments for capital projects	-	-	-	-
Total restricted assets	-	-	-	-
Advances to other funds, less current	-	-	-	-
Capital assets:				
Land and easements	-	-	-	-
Buildings	208	-	-	-
Improvements other than buildings	-	-	-	-
Vehicles	-	-	-	-
Machinery and equipment	1,635	-	-	-
	<u>1,843</u>	-	-	-
Less accumulated depreciation	(799)	-	-	-
	<u>1,044</u>	-	-	-
Construction in progress	-	-	-	-
Total capital assets, net of accumulated depreciation	<u>1,044</u>	-	-	-
Total noncurrent assets	<u>1,044</u>	-	-	-
Total assets	<u>2,965</u>	<u>4,630</u>	<u>3,934</u>	<u>2,566</u>
Liabilities:				
Current liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	73	8	87	-
Contracts and retainage payable	-	-	-	-
Accrued salaries, wages and amounts withheld from employees	-	3	9	54
Accrued claims liability	-	848	1,119	-
Total current liabilities	<u>73</u>	<u>859</u>	<u>1,215</u>	<u>54</u>
Non-current liabilities:				
Compensated absences payable	-	-	-	-
Retiree health care benefit	-	-	-	-
Total non-current liabilities	-	-	-	-
Total liabilities	<u>73</u>	<u>859</u>	<u>1,215</u>	<u>54</u>
Net assets:				
Invested in capital assets, net of related debt	1,044	-	-	-
Unrestricted	<u>1,848</u>	<u>3,771</u>	<u>2,719</u>	<u>2,512</u>
Total net assets	<u>\$ 2,892</u>	<u>\$ 3,771</u>	<u>\$ 2,719</u>	<u>\$ 2,512</u>

<u>Fleet Fund</u>	<u>Computer Replacement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Facility Renovation and Replacement Fund</u>	<u>Total</u>
\$ 161	\$ 106	\$ 106	\$ 95	\$ 810
5,832	3,836	3,821	3,437	29,326
-	-	-	1	5
45	29	29	26	224
24	-	-	-	24
69	29	29	27	253
450	-	-	-	450
19	-	-	-	19
-	-	-	-	210
6,531	3,971	3,956	3,559	31,068
-	-	14	-	14
-	-	14	-	14
207	-	-	-	207
-	-	-	102	102
2,382	-	-	63,306	65,896
1,437	-	-	6,864	8,301
23,421	-	-	-	23,421
72	4,720	2,907	7	9,341
27,312	4,720	2,907	70,279	107,061
(14,847)	(3,771)	(1,367)	(29,481)	(50,265)
12,465	949	1,540	40,798	56,796
-	-	-	823	823
12,465	949	1,540	41,621	57,619
12,672	949	1,554	41,621	57,840
19,203	4,920	5,510	45,180	88,908
107	101	43	44	463
-	-	55	-	55
43	-	1	3	113
-	-	-	-	1,967
150	101	99	47	2,598
177	-	-	-	177
3	-	-	-	3
180	-	-	-	180
330	101	99	47	2,778
12,465	949	1,540	41,621	57,619
6,408	3,870	3,871	3,512	28,511
\$ 18,873	\$ 4,819	\$ 5,411	\$ 45,133	\$ 86,130

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenses and Changes in Net Assets

Internal Service Funds

Year ended December 31, 2007

(Amounts in 000's)

	Telecom- munications <u>Fund</u>	Property and Casualty Insurance <u>Fund</u>	Workers Compensation Insurance <u>Fund</u>	Compensated Absences <u>Fund</u>
Operating revenues:				
Charges for services	\$ <u>684</u>	\$ <u>1,767</u>	\$ <u>1,426</u>	\$ <u>311</u>
Operating expenses:				
Personnel	-	70	176	546
Non-personnel	520	819	876	-
Depreciation	<u>166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>686</u>	<u>889</u>	<u>1,052</u>	<u>546</u>
Operating income (loss)	<u>(2)</u>	<u>878</u>	<u>374</u>	<u>(235)</u>
Nonoperating revenues (expenses):				
Interest and investment earnings	97	220	204	144
Leases, rents and royalties	-	-	-	-
Intergovernmental revenue	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Other (net)	<u>18</u>	<u>28</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>115</u>	<u>248</u>	<u>204</u>	<u>144</u>
Income (loss) before capital contributions and transfers	113	1,126	578	(91)
Capital contributions	-	-	-	-
Transfers out	<u>(10)</u>	<u>(65)</u>	<u>(111)</u>	<u>(12)</u>
Changes in net assets	103	1,061	467	(103)
Total net assets, beginning of year	<u>2,789</u>	<u>2,710</u>	<u>2,252</u>	<u>2,615</u>
Total net assets, end of year	\$ <u><u>2,892</u></u>	\$ <u><u>3,771</u></u>	\$ <u><u>2,719</u></u>	\$ <u><u>2,512</u></u>

<u>Fleet Fund</u>	<u>Computer Replacement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Facility Renovation and Replacement Fund</u>	<u>Total</u>
\$ <u>6,297</u>	\$ <u>1,613</u>	\$ <u>729</u>	\$ <u>1,661</u>	\$ <u>14,488</u>
1,043	-	19	43	1,897
1,994	1,429	317	348	6,303
1,938	313	291	3,264	5,972
<u>4,975</u>	<u>1,742</u>	<u>627</u>	<u>3,655</u>	<u>14,172</u>
<u>1,322</u>	<u>(129)</u>	<u>102</u>	<u>(1,994)</u>	<u>316</u>
317	209	214	147	1,552
-	-	-	7	7
26	-	-	-	26
213	1	(10)	1	205
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46</u>
<u>556</u>	<u>210</u>	<u>204</u>	<u>155</u>	<u>1,836</u>
1,878	81	306	(1,839)	2,152
-	-	6	499	505
<u>(524)</u>	<u>(15)</u>	<u>(81)</u>	<u>(69)</u>	<u>(887)</u>
1,354	66	231	(1,409)	1,770
<u>17,519</u>	<u>4,753</u>	<u>5,180</u>	<u>46,542</u>	<u>84,360</u>
\$ <u><u>18,873</u></u>	\$ <u><u>4,819</u></u>	\$ <u><u>5,411</u></u>	\$ <u><u>45,133</u></u>	\$ <u><u>86,130</u></u>

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows

Internal Service Funds

Year ended December 31, 2007

(Amount in 000's)

	Telecom- munications Fund	Property and Casualty Insurance Fund	Workers Compensation Insurance Fund	Compensated Absences Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 72	\$ -	\$ -	\$ -
Receipts from interfund services provided	661	1,767	1,428	311
Other receipts	13	-	-	-
Payments to suppliers	(482)	(906)	(1,077)	-
Payments to employees	-	(67)	(168)	(498)
Net cash provided (used) by operating activities	<u>264</u>	<u>794</u>	<u>183</u>	<u>(187)</u>
Cash flows from noncapital financing activities:				
Payments from (to) other funds				
on due from (due to) balances	-	-	-	-
Payments from (to) other funds on advances	-	-	-	-
Leases, rents and royalties	-	-	-	-
Intergovernmental revenue	-	-	-	-
Transfers out	(10)	(65)	(111)	(12)
Net cash provided (used) by noncapital financing activities	<u>(10)</u>	<u>(65)</u>	<u>(111)</u>	<u>(12)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(32)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from insurance claims	5	28	-	-
Net cash provided (used) for capital and related financing activities	<u>(27)</u>	<u>28</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investment securities	(3,918)	(9,030)	(8,036)	(5,242)
Proceeds from sale and maturities of investment securities	3,633	8,151	7,833	5,338
Interest on investments	78	174	166	120
Net cash provided (used) in investing activities	<u>(207)</u>	<u>(705)</u>	<u>(37)</u>	<u>216</u>
Net increase (decrease) in cash and cash equivalents	20	52	35	17
Equity in pooled cash and cash equivalents, January 1	<u>31</u>	<u>66</u>	<u>70</u>	<u>51</u>
Equity in pooled cash and cash equivalents, December 31	\$ <u>51</u>	\$ <u>118</u>	\$ <u>105</u>	\$ <u>68</u>
Reconciliation of cash and cash equivalents to balance sheet amounts:				
Equity in pooled cash and cash equivalents	\$ <u>51</u>	\$ <u>118</u>	\$ <u>105</u>	\$ <u>68</u>

<u>Fleet Fund</u>	<u>Computer Replacement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Facility Renovation and Replacement Fund</u>	<u>Total</u>
\$ 83	\$ 24	\$ -	\$ -	\$ 179
6,228	1,589	729	1,660	14,373
-	-	-	-	13
(1,971)	(1,358)	(305)	(351)	(6,450)
<u>(1,035)</u>	<u>-</u>	<u>(19)</u>	<u>(42)</u>	<u>(1,829)</u>
<u>3,305</u>	<u>255</u>	<u>405</u>	<u>1,267</u>	<u>6,286</u>
(450)	-	-	-	(450)
(226)	-	-	-	(226)
-	-	-	7	7
2	-	-	-	2
<u>(276)</u>	<u>(15)</u>	<u>(30)</u>	<u>(69)</u>	<u>(588)</u>
<u>(950)</u>	<u>(15)</u>	<u>(30)</u>	<u>(62)</u>	<u>(1,255)</u>
(2,288)	(358)	(652)	(396)	(3,726)
316	1	-	1	318
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>
<u>(1,972)</u>	<u>(357)</u>	<u>(652)</u>	<u>(395)</u>	<u>(3,375)</u>
(12,335)	(8,112)	(8,093)	(7,271)	(62,037)
11,753	8,088	8,221	6,396	59,413
<u>258</u>	<u>172</u>	<u>178</u>	<u>110</u>	<u>1,256</u>
<u>(324)</u>	<u>148</u>	<u>306</u>	<u>(765)</u>	<u>(1,368)</u>
59	31	29	45	288
<u>102</u>	<u>75</u>	<u>77</u>	<u>50</u>	<u>522</u>
\$ <u><u>161</u></u>	\$ <u><u>106</u></u>	\$ <u><u>106</u></u>	\$ <u><u>95</u></u>	\$ <u><u>810</u></u>
\$ <u><u>161</u></u>	\$ <u><u>106</u></u>	\$ <u><u>106</u></u>	\$ <u><u>95</u></u>	\$ <u><u>810</u></u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continuedInternal Service Funds

Year ended December 31, 2007

(Amount in 000's)

	Telecom- munications Fund	Property and Casualty Insurance Fund	Workers Compensation Insurance Fund	Compensated Absences Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (2)	\$ 878	\$ 374	\$ (235)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	166	-	-	-
Other nonoperating revenues (expenses)	13	-	-	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	49	-	2	-
Other assets - prepaid expenses	-	(1)	-	-
Increase (decrease) in liabilities:				
Vouchers and accounts payable	38	8	(2)	-
Accrued salaries, wages and amounts withheld from employees	-	3	8	48
Accrued insurance reimbursement	-	(94)	(199)	-
Revenue notes payable	-	-	-	-
Compensated absences	-	-	-	-
Retiree health care accrual	-	-	-	-
Total adjustments	266	(84)	(191)	48
Net cash provided (used) by operating activities	\$ 264	\$ 794	\$ 183	\$ (187)
Noncash investing, capital and financing activities:				
Assets acquired through:				
Capital contributions - from other funds	-	-	-	-
Assets transferred to Enterprise Funds	-	-	-	-
Increase (decrease) in fair value of investments	17	39	37	25
	\$ 17	\$ 39	\$ 37	\$ 25

<u>Fleet Fund</u>	<u>Computer Replacement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Facility Renovation and Replacement Fund</u>	<u>Total</u>
\$ <u>1,322</u>	\$ <u>(129)</u>	\$ <u>102</u>	\$ <u>(1,994)</u>	\$ <u>316</u>
1,938	313	291	3,264	5,972
-	-	-	-	13
14	-	-	(1)	64
-	-	-	-	(1)
23	71	12	(3)	147
(13)	-	-	1	47
-	-	-	-	(293)
-	-	-	-	-
18	-	-	-	18
3	-	-	-	3
<u>1,983</u>	<u>384</u>	<u>303</u>	<u>3,261</u>	<u>5,970</u>
\$ <u><u>3,305</u></u>	\$ <u><u>255</u></u>	\$ <u><u>405</u></u>	\$ <u><u>1,267</u></u>	\$ <u><u>6,286</u></u>
-	-	6	499	505
(248)	-	(51)	-	(299)
<u>55</u>	<u>38</u>	<u>38</u>	<u>31</u>	<u>280</u>
\$ <u><u>(193)</u></u>	\$ <u><u>38</u></u>	\$ <u><u>(7)</u></u>	\$ <u><u>530</u></u>	\$ <u><u>486</u></u>

(This page intentionally left blank.)

SUPPLEMENTARY SCHEDULE

Supplementary Schedule

Combined Schedule of Long-Term Debt Payable

December 31, 2007

(Amounts in 000's)

	<u>Interest rates</u>	<u>Dates</u>		<u>Authorized and issued</u>	<u>Outstanding</u>	<u>Current portion</u>
		<u>Issued</u>	<u>Maturity</u>			
Governmental Activities:						
Supported by sales tax revenues and other financing sources:						
General Obligation Bonds:						
Open Space Acquisition Refunding	4.35 - 4.55 %	8/11/98	8/15/10	\$ 10,185	\$ 3,055	\$ 980
Open Space Acquisition Refunding	3.50 - 5.00	7/06/99	8/15/13	17,485	9,050	1,305
Parks Acquisition Refunding	4.50-5.375	9/07/99	12/15/15	22,385	15,375	1,620
Open Space Acquisition	5.00 - 7.50	4/25/00	8/15/18	8,535	3,210	1,015
Open Space Acquisition	4.00 - 5.50	6/20/06	8/15/19	20,115	18,905	1,255
Premium on Refunding Bonds					324	
Open Space Acquisition	3.50 - 4.00	6/26/07	8/15/18	12,345	12,175	100
Premium on Refunding Bonds					68	
Refunding Bond Charges					(716)	
Parks, Recreation, Muni., Cap., Imp., Ref.	4.00 - 4.30	9/11/01	12/1/12	5,255	2,480	460
Premium on Refunding Bonds				-	9	-
Refunding Bond Charges				-	(63)	-
Library Capital Improvement Refunding	3.50 - 4.20	1/08/02	10/01/11	9,250	3,975	970
Premium on Refunding Bonds				-	9	-
Refunding Bond Charges				-	(101)	-
				<u>105,555</u>	<u>67,755</u>	<u>7,705</u>
Sales Tax Revenue Bonds:						
Open Space Acquisition Sales Tax Revenue Refunding Bonds	4.75 - 5.25	7/15/99	8/15/14	<u>15,835</u>	<u>8,810</u>	<u>1,090</u>
FNMA Revolving Credit Facility Agreement	variable			3,000	1,536	1,536
Compensated Absences				-	9,822	854
Retiree Health Care Benefit (OPEB)				-	257	-
Rebatable Arbitrage				-	146	-
Total Governmental Activities and total supported by sales tax revenues and other financing sources				<u>\$ 124,390</u>	<u>\$ 88,326</u>	<u>\$ 11,185</u>
Business-type Activities:						
Supported by utility revenues:						
Revenue Bonds:						
Water and Sewer	4.00 - 5.50	12/19/01	12/01/21	28,830	22,495	1,215
Water and Sewer Revenue Refunding Bonds	3.00 - 3.75	5/01/05	12/01/16	7,900	6,460	620
Refunding Bond Charges				-	(160)	-
Water and Sewer Revenue Refunding Bonds	4.00 - 4.125	7/10/07	12/01/19	25,935	24,960	2,260
Refunding Bond Charges					(1,144)	
Water and Sewer	3.50 - 5.00	11/15/05	12/01/25	45,245	42,155	1,665
Premium on Bonds				-	1,026	-
Water and Sewer Revenue Refunding Bonds	3.00 - 3.50	5/01/05	12/01/12	1,110	770	145
Storm Water & Flood Mgmt Rev. Rfdg.	3.65 - 5.10	6/09/98	12/01/18	<u>9,680</u>	<u>5,230</u>	<u>550</u>
				<u>118,700</u>	<u>101,792</u>	<u>6,455</u>
Compensated Absences				-	1,380	127
Retiree Health Care Benefit (OPEB)				-	31	-
Rebatable Arbitrage				-	43	-
Total supported by utility revenues				<u>118,700</u>	<u>103,246</u>	<u>6,582</u>

(continued)

CITY OF BOULDER, COLORADO

Supplementary ScheduleCombined Schedule of Long-Term Debt Payable,
(continued)

December 31, 2007

(Amounts in 000's)

	Interest rates	Dates Issued	Maturity	Authorized and issued	Outstanding	Current portion
Business-type Activities (Continued):						
Supported by parking revenues:						
General Obligation General Improvement District Bonds:						
Downtown Commercial District:						
Parking Facilities	2.50 - 4.20	6/17/03	8/15/23	12,500	11,030	520
Premium on Bonds					121	
Parking Facilities	4.00 - 5.00	6/23/98	6/15/18	13,500	9,280	645
				26,000	20,431	1,165
Compensated Absences				-	123	-
Retiree Health Care Benefit (OPEB)				-	6	-
Total supported by parking revenues				26,000	20,560	1,165
Supported by base rentals:						
Refunding Certificates of Participation Series :						
Boulder Municipal Property Authority:						
East Boulder Community Center	4.125 - 5.00	1/08/98	12/01/12	5,750	2,605	475
Lease Purchase Revenue Notes:						
Boulder Municipal Property Authority:						
Open space acquisition:						
Beech	3.875 - 12.315	3/03/88	3/02/08	1,250	171	171
K-Investments Note 1990C	7.00	4/10/90	4/10/10	574	142	44
Mardick Note 1991G	7.00	10/03/91	10/03/11	225	72	16
Stepanek Note 1995A	6.00	6/07/95	6/07/10	249	69	22
Joder Note 1996A	6.00	4/22/96	4/22/11	1,400	499	114
Lousberg Note 1996B	6.00	5/30/96	6/01/11	850	303	69
Henrikson Note 1997C	6.00	6/25/97	6/25/12	383	166	29
Foothills Note 1997G	7.00	7/16/97	7/16/17	1,095	726	53
Marshall Note 1997H-2	6.00	9/17/97	9/17/07	300	38	38
Degge Note 1998A	6.00	11/12/98	11/12/08	440	56	56
Van Vleet Note 1999B	6.00	3/5/99	3/5/14	2,500	1,437	171
Steele Note 2000A	6.00	2/01/00	2/08/08	300	46	46
Wright Note 2000B	6.00	2/18/00	2/18/10	450	163	51
Dexter Note 2000C	6.00	2/01/00	2/01/10	750	272	86
Johnson, Family Note 2001A-R1	6.00	1/10/01	1/10/11	245	116	26
Johnson, Wife Note 2001A-R2	6.00	1/10/01	1/10/11	300	141	32
Hester Note 2001B	6.00	6/01/01	6/01/11	580	273	62
Suits Note 2001C	6.00	10/31/01	10/31/11	1,675	1,675	-
Abbott Note 2001D	6.00	12/05/01	1/14/13	430	270	32
William & Assoc. Note 2001E-R1	6.00	11/21/01	11/21/11	230	230	-
Suits, Enterprises Note 2001E-R2	6.00	11/21/01	11/21/11	420	420	-
Edward H. Kolb Note 2002A-R1	6.00	8/15/02	8/15/12	242	138	25
John B. Kolb Note 2002A-R2	6.00	8/15/02	8/15/12	242	138	25
Frederick M. Kolb Note 2002A-R3	6.00	8/15/02	8/15/12	242	139	25
Helayne B. Jones Note 2003A	6.00	6/20/03	6/20/13	715	478	68
Dagle Note 2004A	4.75	12/1/2004	12/1/2014	770	575	71
Gisle Note 2005A	4.75	2/18/05	2/18/17	1,180	1,026	83
Hill Note 2005B	4.75	4/05/05	4/05/15	910	760	80
Luchetta Note 2005C	5.00	8/05/05	8/05/20	720	652	37
Boulder Valley Note 2006A	5.00	6/16/06	6/16/06	3,550	3,268	296
Eisenberg Note 2006B	5.00	6/07/06	6/07/16	1,206	1,110	101
				24,423	15,569	1,929
Parks Land acquisition:						
Degge Note 1998B	6.00	11/12/98	11/12/08	1,250	160	160
Boulder Transit Village acquisition:						
30th & Pearl, LLC Note 2004B	6.50	10/14/04	11/01/14	2,600	1,140	470
				28,273	16,869	2,559
Total supported by base rentals				34,023	19,474	3,034
Total Business-type Activities				\$ 178,723	\$ 143,280	\$ 10,781

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Statistical Section

Index

December 31, 2007

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
Net Assets by Component	215
Changes in Net Assets	216
Fund Balances - Governmental Funds	218
Changes in Fund Balances - Governmental Funds	220
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	
Taxable Sales by Market Sector	222
Direct and Overlapping Sales Tax Rates	224
Largest Sales Tax Remitters by Market Sector	227
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	
Ratios of Net Outstanding Debt by Type	228
Ratios of General Bonded Debt Outstanding	230
Direct and Overlapping Debt	231
Legal Debt Margin Information	232
Pledged Revenue Coverage	234
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Demographic and Economic Statistics	236
Principal Employers	237
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Full Time Equivalent City Employees by Functions/Programs	238
Operating Indicators by Function/Program	240
Capital Asset Statistics by Function/Program	242

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The City implemented GASB 34 in Fiscal Year 2002, however, Fiscal Year 2001 amounts were recalculated using GASB 34 to allow for comparison. Schedules presenting government-wide information include information beginning in that year.

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Statistical Data

Net Assets By Component

Last Seven Fiscal Years

(Accrual Basis of Accounting)

(Amounts in 000's)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Governmental activities:							
Invested in capital assets, net of related debt	\$ 141,073	\$ 167,654	\$ 187,518	\$ 200,574	\$ 329,926	\$ 343,319	\$ 350,644
Restricted	61,887	50,206	44,692	41,906	47,497	63,452	56,833
Unrestricted	28,068	30,829	31,408	34,929	39,282	20,955	45,771
Total governmental activities net assets	\$ 231,028	\$ 248,689	\$ 263,618	\$ 277,409	\$ 416,705	\$ 427,726	\$ 453,248
Business-type activities:							
Invested in capital assets, net of related debt	\$ 229,880	\$ 250,463	\$ 258,051	\$ 266,227	\$ 267,873	\$ 269,527	\$ 283,633
Restricted	92	97	103	208	213	220	228
Unrestricted	35,670	29,094	32,991	32,862	32,291	53,147	57,233
Total business-type activities net assets	\$ 265,642	\$ 279,654	\$ 291,145	\$ 299,297	\$ 300,377	\$ 322,894	\$ 341,094
Primary government:							
Invested in capital assets, net of related debt	\$ 370,953	\$ 418,117	\$ 445,569	\$ 466,801	\$ 597,799	\$ 612,846	\$ 634,277
Restricted	61,979	50,303	44,795	42,114	47,710	63,672	57,061
Unrestricted	63,738	59,923	64,399	67,791	71,573	74,102	103,004
Total primary government net assets	\$ 496,670	\$ 528,343	\$ 554,763	\$ 576,706	\$ 717,082	\$ 750,620	\$ 794,342

Note: The City implemented GASB Statement No. 34 in Fiscal Year 2002, however, Fiscal Year 2001 amounts were recalculated using GASB 34 to allow for comparison.

CITY OF BOULDER, COLORADO

Statistical Data

Changes In Net Assets

Last Seven Fiscal Years

(Accrual Basis of Accounting)

(Amounts in 000's)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Expenses:							
Governmental activities:							
General Government	\$ 7,705	\$ 10,271	\$ 8,073	\$ 7,803	\$ 7,632	\$ 8,429	\$ 9,846
Administrative Services	3,222	4,072	3,907	2,541	2,708	3,337	3,182
Public Safety	32,384	35,127	35,741	37,941	38,091	37,942	42,221
Public Works	22,658	18,720	19,073	19,156	28,773	32,657	36,030
Planning & Development Services	7,660	7,688	7,345	7,021	7,180	7,476	7,657
Culture and Recreation	21,625	22,231	25,113	24,170	24,357	25,901	26,573
Open Space and Mountain Parks	11,752	10,724	9,135	10,425	11,023	12,299	13,156
Housing and Human Services	12,351	10,344	10,452	10,926	11,692	14,720	10,420
Interest on long-term debt	5,126	4,732	4,666	4,496	4,016	4,137	3,872
Total governmental activities expenses	124,483	123,909	123,505	124,479	135,472	146,898	152,957
Business-type activities:							
Water utility	16,835	18,370	18,923	19,058	20,657	21,711	20,767
Wastewater utility	7,075	8,607	8,165	8,352	9,043	10,362	10,849
Stormwater and flood management	2,867	2,823	3,722	4,162	3,891	3,963	4,197
Parking facilities and services	4,571	4,224	4,212	4,478	5,223	5,374	5,549
Property and facility acquisition	1,884	1,852	1,701	1,559	1,460	1,411	1,316
Total business-type activities expenses	33,232	35,876	36,723	37,609	40,274	42,821	42,678
Total primary government expenses	157,715	159,785	160,228	162,088	175,746	189,719	195,635
Program revenue:							
Governmental activities:							
Charges for services:							
General Government	1,608	1,465	1,646	1,788	1,826	1,783	2,009
Administrative Services	258	393	188	281	116	98	112
Public Safety	476	678	742	1,043	1,075	990	1,426
Public works	749	950	904	835	928	719	890
Planning & Development Services	4,549	4,214	4,917	4,622	5,298	6,289	6,803
Culture and Recreation	6,329	6,232	7,173	7,090	7,341	8,057	8,589
Open Space and Mountain Parks	269	288	376	386	369	405	374
Housing and Human Services	741	532	730	1,642	1,529	1,527	1,328
Operating grants and contributions:	12,421	4,046	4,291	4,805	3,887	7,039	7,522
Capital grants and contributions	7,169	7,567	10,498	5,900	9,991	6,514	13,521
Total governmental activities program revenue	34,569	26,365	31,465	28,392	32,360	33,421	42,574
Business-type activities:							
Charges for services:							
Water utility	18,501	16,855	20,063	18,180	21,055	23,570	21,175
Wastewater utility	7,431	7,905	8,346	8,488	10,002	12,126	12,596
Stormwater and flood management	3,960	4,248	4,115	4,317	4,402	4,607	4,796
Parking facilities and services	2,777	2,876	2,953	3,193	3,607	3,808	4,231
Property and facility acquisition	4,890	5,063	4,527	4,647	5,090	4,444	4,540
Operating grants and contributions:	535	764	265	148	196	140	210
Capital grants and contributions:	7,028	8,555	4,478	6,091	6,738	6,618	4,812
Total business-type activities program revenues	45,122	46,266	44,747	45,064	51,090	55,313	52,360
Total primary government program revenues	79,691	72,631	76,212	73,456	83,450	88,734	94,934
Net (expense) revenue:							
Governmental activities	(89,914)	(97,544)	(92,040)	(96,087)	(103,112)	(113,477)	(110,383)
Business-type activities	11,890	10,390	8,024	7,455	10,816	12,492	9,682
Total primary government net expense	(78,024)	(87,154)	(84,016)	(88,632)	(92,296)	(100,985)	(100,701)

(continued)

Statistical Data

Changes In Net Assets (Continued)

Last Seven Fiscal Years

(Accrual Basis of Accounting)

(Amounts in 000's)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
General revenues and other changes in net assets:							
Governmental activities:							
Taxes:							
Sales and use taxes	\$ 72,374	\$ 71,624	\$ 67,891	\$ 71,688	\$ 76,624	\$ 80,057	\$ 88,403
Property taxes	16,467	17,528	18,432	19,275	19,391	19,854	20,475
Other taxes	13,430	12,652	13,229	13,799	15,686	14,053	14,791
Interest and investment earnings	7,416	3,641	1,685	1,348	2,315	4,869	6,594
Miscellaneous	5,403	5,077	6,230	4,312	5,125	5,002	6,752
Transfers	(654)	(213)	(498)	(544)	3,439	663	(1,110)
Special item	-	2,942	-	-	-	-	-
Total governmental activities	<u>114,436</u>	<u>113,251</u>	<u>106,969</u>	<u>109,878</u>	<u>122,580</u>	<u>124,498</u>	<u>135,905</u>
Business-type activities:							
Taxes:							
Sales and use tax increment	-	-	-	-	46	85	99
Property taxes	719	731	763	805	839	874	912
Property tax increment	-	-	-	-	44	500	563
Other taxes	68	68	58	68	433	664	766
Excess tax increment	-	-	-	-	-	(245)	(703)
Interest and investment earnings	4,637	2,536	1,262	1,167	1,585	5,215	5,796
Miscellaneous	(16)	74	886	(1,887)	(390)	(159)	(25)
Transfers	654	213	498	544	(3,439)	(663)	1,110
Extraordinary item	-	-	-	-	-	3,754	-
Total business-type activities	<u>6,062</u>	<u>3,622</u>	<u>3,467</u>	<u>697</u>	<u>(882)</u>	<u>10,025</u>	<u>8,518</u>
Total primary government	<u>120,498</u>	<u>116,873</u>	<u>110,436</u>	<u>110,575</u>	<u>121,698</u>	<u>134,523</u>	<u>144,423</u>
Changes in net assets:							
Governmental activities	24,522	15,707	14,929	13,791	19,468	11,021	25,522
Business-type activities	17,952	14,012	11,491	8,152	9,934	22,517	18,200
Total primary government	<u>\$ 42,474</u>	<u>\$ 29,719</u>	<u>\$ 26,420</u>	<u>\$ 21,943</u>	<u>\$ 29,402</u>	<u>\$ 33,538</u>	<u>\$ 43,722</u>

Note: The City implemented GASB Statement No. 34 in Fiscal Year 2002, however, Fiscal Year 2001 amounts were recalculated using GASB 34 to allow for comparison.

CITY OF BOULDER, COLORADO

Statistical Data

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Amounts in 000's)

	Fiscal Year			
	1998	1999	2000	2001
General Fund:				
Reserved	\$ 2,379	\$ 2,311	\$ 2,463	\$ 2,035
Unreserved	4,738	10,716	16,172	17,885
Total General Fund	<u>\$ 7,117</u>	<u>\$ 13,027</u>	<u>\$ 18,635</u>	<u>\$ 19,920</u>
All Other Governmental Funds:				
Reserved	\$ 32,982	\$ 19,382	\$ 28,666	\$ 16,310
Unreserved, reported in:				
Special revenue funds	33,285	38,413	49,942	49,892
Debt service funds	622	326	307	279
Capital projects funds	1,792	1,169	1,404	2,005
Total all other government funds	<u>\$ 68,681</u>	<u>\$ 59,290</u>	<u>\$ 80,319</u>	<u>\$ 68,486</u>

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 3,296	\$ 3,586	\$ 3,037	\$ 2,706	\$ 2,784	\$ 2,953
15,359	13,172	13,826	16,631	18,466	17,600
<u>\$ 18,655</u>	<u>\$ 16,758</u>	<u>\$ 16,863</u>	<u>\$ 19,337</u>	<u>\$ 21,250</u>	<u>\$ 20,553</u>
\$ 17,590	\$ 9,157	\$ 9,496	\$ 10,228	\$ 32,671	\$ 10,662
33,915	35,907	35,739	37,616	29,772	38,995
343	329	297	301	303	334
2,498	2,965	3,549	3,870	4,675	13,112
<u>\$ 54,346</u>	<u>\$ 48,358</u>	<u>\$ 49,081</u>	<u>\$ 52,015</u>	<u>\$ 67,421</u>	<u>\$ 63,103</u>

CITY OF BOULDER, COLORADO

Statistical Data

Changes In Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)
(Amounts in 000's)

	Fiscal Year			
	1998	1999	2000	2001
Revenues:				
Taxes:				
Sales and use taxes	\$ 63,171	\$ 73,592	\$ 69,429	\$ 72,374
General property taxes	14,487	15,857	15,244	16,467
Other taxes	12,612	13,965	13,875	13,430
Charges for services	7,924	7,842	7,372	8,390
Sale of goods and capital assets	724	1,229	453	1,235
License, permits and fines	6,019	7,081	7,276	7,149
Intergovernmental	15,773	16,594	16,562	18,339
Leases, rents and royalties	6,655	7,490	6,777	6,368
Interest and investment earnings	4,845	6,689	2,531	6,136
Other	889	1,821	2,180	2,639
Total revenues	<u>133,099</u>	<u>152,160</u>	<u>141,699</u>	<u>152,527</u>
Expenditures:				
General Government	7,015	9,113	7,854	8,868
Administrative Services	7,484	7,917	8,512	8,489
Public Safety	24,090	30,198	26,950	30,685
Public Works	22,862	24,150	23,466	27,482
Planning & Development Services	23,665	23,310	23,413	6,235
Culture and Recreation	10,401	17,934	19,635	23,385
Open Space and Mountain Parks	7,726	9,531	7,951	27,243
Housing and Human Services	2,290	1,971	1,882	11,381
Rebate of Charges for Services	-	(795)	-	-
Capital outlay	4,038	3,184	4,914	3,222
Debt service payments:				
Principal	7,418	7,963	6,206	7,861
Interest	7,320	6,442	5,827	7,267
Base rentals to Boulder Municipal Property Authority Debt Service Fund	5,570	6,092	5,657	4,899
Cost of issuance - refunding bonds	-	-	-	-
Total expenditures	<u>129,879</u>	<u>147,010</u>	<u>142,267</u>	<u>167,017</u>
Excess of revenues (under) expenditures	<u>3,220</u>	<u>5,150</u>	<u>(568)</u>	<u>(14,490)</u>
Other financing sources (uses):				
Long term bonds issued	15,930	20,095	55,810	5,276
Notes / loans payable issued	5,891	1,600	2,800	3,880
Capitalized lease inception revenue	-	-	-	-
Transfers in	9,733	9,925	10,207	18,837
Transfers from component unit	31	43	42	51
Transfers out	(9,687)	(10,176)	(10,085)	(18,912)
Assumption of advance from other funds	-	-	(113)	-
Payment to refunding bond escrow agent	(16,335)	-	(61,574)	(5,190)
Total other financing sources (uses)	<u>5,563</u>	<u>21,487</u>	<u>(2,913)</u>	<u>3,942</u>
Net changes in fund balance	<u>\$ 8,783</u>	<u>\$ 26,637</u>	<u>\$ (3,481)</u>	<u>\$ (10,548)</u>
Debt service as a percentage of noncapital expenditures	18.3%	16.6%	15.3%	15.2%

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 71,624	\$ 67,891	\$ 71,688	\$ 76,624	\$ 80,057	\$ 88,403
17,528	18,432	19,275	19,391	19,854	20,475
12,652	13,229	13,799	15,686	14,053	14,791
7,886	9,560	10,229	10,493	11,375	12,080
1,017	1,816	5,598	1,635	738	2,993
7,375	8,916	8,884	9,337	9,830	10,259
10,710	13,882	8,788	9,956	14,252	19,842
1,487	1,575	2,182	1,993	1,976	2,049
2,700	1,587	1,073	1,748	3,760	5,042
4,950	2,453	957	1,648	1,335	1,580
<u>137,929</u>	<u>139,341</u>	<u>142,473</u>	<u>148,511</u>	<u>157,230</u>	<u>177,514</u>
11,505	9,767	9,206	9,291	9,722	11,705
9,235	9,358	7,981	8,021	8,473	8,599
32,441	33,837	34,599	35,105	36,738	40,327
27,347	29,952	23,234	23,374	27,950	34,479
6,728	6,329	5,825	6,057	6,352	6,796
28,765	24,425	21,509	22,977	23,412	24,179
11,534	7,121	9,809	11,726	17,616	29,919
9,477	12,738	14,362	9,925	13,602	10,431
(810)	-	-	-	-	-
2,231	1,961	1,826	1,390	1,729	1,254
5,160	6,996	8,857	8,322	8,439	8,899
4,679	4,613	4,447	3,961	4,102	3,817
5,063	4,527	4,647	5,090	4,444	4,540
76	-	-	-	-	-
<u>153,431</u>	<u>151,624</u>	<u>146,302</u>	<u>145,239</u>	<u>162,579</u>	<u>184,945</u>
<u>(15,502)</u>	<u>(12,283)</u>	<u>(3,829)</u>	<u>3,272</u>	<u>(5,349)</u>	<u>(7,431)</u>
9,275	-	-	-	20,482	12,416
-	1,940	2,520	-	-	-
-	-	-	-	-	-
18,862	24,735	18,805	18,188	18,540	20,259
-	-	-	-	-	-
(16,662)	(22,277)	(16,668)	(16,052)	(16,354)	(17,948)
-	-	-	-	-	-
(9,194)	-	-	-	-	(12,311)
<u>2,281</u>	<u>4,398</u>	<u>4,657</u>	<u>2,136</u>	<u>22,668</u>	<u>2,416</u>
<u>\$ (13,221)</u>	<u>\$ (7,885)</u>	<u>\$ 828</u>	<u>\$ 5,408</u>	<u>\$ 17,319</u>	<u>\$ (5,015)</u>
11.5%	11.0%	13.2%	13.0%	11.9%	5.5%

CITY OF BOULDER, COLORADO

Statistical Data

Taxable Sales by Market Sector

Last Ten Fiscal Years

(Amounts in 000's)

Market Sector	1998**	1999**	2000	2001	2002
Food Stores	\$ 247,993	\$ 255,290	\$ 253,714	\$ 262,668	\$ 286,291
Eating Places	207,374	216,001	237,054	236,480	249,040
Apparel Stores	90,310	93,156	88,267	74,632	72,272
Home Furnishings	99,131	153,967	91,285	82,357	86,034
General Retail	436,902	471,583	499,756	438,619	418,072
Transportation/Utilities	163,288	174,312	192,710	201,209	182,449
Automotive Trade	146,790	155,960	175,328	175,261	184,510
Building Material-Retail	58,828	60,634	58,951	52,829	54,365
Construction Use Tax	73,472	71,128	98,571	87,505	127,219
Construction Sales Tax	9,895	13,242	10,551	9,569	9,406
Consumer Electronics	-	-	73,998	45,614	42,258
Computer Related Business Sector	-	-	159,616	206,557	156,316
All Other	403,778	472,820	325,893	351,210	334,898
Refunds	-	(8,370)	(8,270)	(4,450)	(6,075)
Total Sales and Use Tax	<u>\$ 1,937,761</u>	<u>\$ 2,129,723</u>	<u>\$ 2,257,424</u>	<u>\$ 2,220,060</u>	<u>\$ 2,197,055</u>
Direct city sales tax rate	3.26%	3.26%	3.26%	3.26%	3.26%
Food service sales tax	0.15%	0.15%	0.15%	0.15%	0.15%
Total direct city sales tax	<u>3.41%</u>	<u>3.41%</u>	<u>3.41%</u>	<u>3.41%</u>	<u>3.41%</u>

Source: Annual Sales and Use Tax Revenue Reports prepared by the City of Boulder Sales Tax Division.

Note: The City has an additional .15% sales tax on food service establishment collections. The food service sales tax is deposited into the General Fund and then the total is distributed to the Boulder Center for Conference Services and Cultural Affairs.

** Beginning in 2000, new categories for consumer electronics, computer related business sector and unclassified refunds were created and reported. These had been included in other categories for 1997, 1998 and 1999.

2003	2004	2005	2006	2007
\$ 266,587	\$ 298,690	\$ 295,719	\$ 305,797	\$ 315,876
231,091	254,215	264,788	281,966	306,927
60,280	65,694	69,535	71,349	79,051
77,585	79,635	81,784	80,872	85,709
388,291	415,652	429,372	453,235	508,536
179,423	192,758	203,096	211,510	208,719
166,499	170,452	164,197	161,209	173,982
50,528	55,579	58,356	87,678	91,274
92,890	89,565	132,227	133,395	136,291
9,086	8,335	8,126	8,602	11,751
37,928	41,570	49,663	54,812	69,954
117,945	139,012	162,849	145,538	153,321
325,301	292,985	330,152	354,847	344,405
(12,494)	(1,856)	(2,827)	(3,098)	(2,565)
<u>\$ 1,990,940</u>	<u>\$ 2,102,286</u>	<u>\$ 2,247,037</u>	<u>\$ 2,347,712</u>	<u>\$ 2,483,231</u>
3.41%	3.41%	3.41%	3.41%	3.56%
0.15%	0.15%	0.15%	0.15%	0.15%
<u>3.56%</u>	<u>3.56%</u>	<u>3.56%</u>	<u>3.56%</u>	<u>3.71%</u>

CITY OF BOULDER, COLORADO

Statistical Data

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

Tax Year Levied	City Direct Rates								
	General Fund	General Fund	General Fund	Public Safety	Open Space	Open Space	Open Space	Transportation	Parks & Rec
	Sales Tax	Sales Tax	Sales Tax	Sales Tax	Sales Tax	Sales Tax	Sales Tax	Sales Tax	& General Muni
	No Expiration	Expires 12/31/11	Expires 12/31/24	Expires 12/31/04	No Expiration	Expires 12/31/18	Expires 12/31/19	No Expiration	Expires 12/31/12
1998	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%	0.15%
1999	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%	0.15%
2000	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%	0.15%
2001	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%	0.15%
2002	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%	0.15%
2003	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%	0.15%
2004	1.00%	0.38%	0.15%	-	0.40%	0.33%	0.15%	0.60%	0.15%
2005	1.00%	0.38%	0.15%	-	0.40%	0.33%	0.15%	0.60%	0.15%
2006	1.00%	0.38%	0.15%	-	0.40%	0.33%	0.15%	0.60%	0.15%
2007	1.00%	0.38%	0.15%	-	0.40%	0.33%	0.15%	0.60%	0.15%

Source: City Sales Tax Division and the Colorado Department of Revenue

Notes: Food services establishments collections are deposited into the General Fund and a check written for the total to the Boulder Center for Conference Services and Cultural Affairs.

Overlapping rates are those of local, county, regional and state governments that apply to sales within the City.

				Overlapping Rates						
Parks Acquisition & Recreation Sales Tax Expires 12/31/15	Food Service Establishments Sales Tax No Expiration	Fire Training Center Sales Tax 2007 only	Total Direct	State of Colorado	Regional Transportation District	Cultural District	Ball Stadium District	Boulder County	Total Overlapping	Total Direct and Overlapping
0.25%	0.15%	-	3.41%	3.00%	0.60%	0.10%	0.10%	0.35%	4.15%	7.56%
0.25%	0.15%	-	3.41%	3.00%	0.60%	0.10%	0.10%	0.40%	4.20%	7.61%
0.25%	0.15%	-	3.41%	3.00%	0.60%	0.10%	0.10%	0.40%	4.20%	7.61%
0.25%	0.15%	-	3.41%	2.90%	0.60%	0.10%	0.10%	0.40%	4.10%	7.51%
0.25%	0.15%	-	3.41%	2.90%	0.60%	0.10%	0.10%	0.55%	4.25%	7.66%
0.25%	0.15%	-	3.41%	2.90%	0.60%	0.10%	0.10%	0.55%	4.25%	7.66%
0.25%	0.15%	-	3.56%	2.90%	0.60%	0.10%	0.10%	0.55%	4.25%	7.81%
0.25%	0.15%	-	3.56%	2.90%	1.00%	0.10%	0.10%	0.65%	4.75%	8.31%
0.25%	0.15%	-	3.56%	2.90%	1.00%	0.10%	0.10%	0.65%	4.75%	8.31%
0.25%	0.15%	0.15%	3.71%	2.90%	1.00%	0.10%	0.10%	0.65%	4.75%	8.46%

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO

Statistical Data

Largest Sales Tax Remitters by Market Sector

Current Year and Nine Years Ago

(Amounts in 000's)

	2007			1998		
Market Sector	Number Of Filers	Tax Liability	Percentage Of Total	Number Of Filers	Tax Liability	Percentage Of Total
Food Stores	4	\$ 6,584	7.45%	2	\$ 2,468	3.91%
Automotive Trade	1	2,299	2.60%	1	1,996	3.16%
Computer Related Business Sector	2	2,721	3.08%	2	3,565	5.64%
General Retail, Utilities, & Other	3	7,235	8.18%	5	8,168	12.93%
Total	10	\$ 18,840	21.31%	10	\$ 16,196	25.64%

Source: City of Boulder Sales Tax Division

Note: Individual sales tax payer information is confidential under Boulder Revised Code. Due to this, the names of the ten largest revenue payers are not available. Taxpayer information by industry for the ten largest payers is provided to present alternative information regarding the concentration of the city's sales tax revenue sources by industry.

CITY OF BOULDER, COLORADO

Statistical Data

Ratios of Net Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts in 000's)
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities		
	General Obligation Bonds	Revenue Bonds	Revenue Notes Payable	Capitalized Lease Obligations	Loans Payable	General Obligation Bonds	Revenue Bonds	Lease Purchase Revenue Bonds
1998	\$ 71,035	\$ 14,595	\$ 2,956	\$ 520	\$ 4,200	\$ 24,603	\$ 21,290	\$ -
1999	64,990	15,835	2,108	411	4,200	23,863	36,305	-
2000	82,695	15,200	1,612	302	4,200	22,523	58,760	-
2001	79,840	14,410	998	216	3,985	20,992	85,250	-
2002	76,264	13,580	767	233	3,635	19,747	81,860	-
2003	71,214	12,710	1,885	98	3,475	30,457	78,240	-
2004	65,929	11,800	317	34	5,000	28,492	74,445	-
2005	60,375	10,850	69	-	3,500	25,643	116,899	-
2006	75,082	9,855	-	-	1,920	23,143	111,120	-
2007	67,755	8,810	-	-	1,536	20,431	101,792	-

(1) Population information is presented in the Demographic and Economic Statistics schedule.

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

Business-Type Activities				Total Primary Government	Market Value of Taxable Property	Percentage of Property Values	Per Capita (1)
Revenue Notes Payable	Certificates Of Participation	Lease Purchase Revenue Notes	Capitalized Lease Obligations				
\$ 2,815	\$ 8,950	\$ 21,664	\$ -	\$ 172,628	\$ 8,616,559	2.00%	\$ 1,836.47
2,334	8,495	21,110	-	179,651	8,808,855	2.04%	1,891.06
2,449	7,705	19,087	-	214,533	9,746,376	2.20%	2,167.00
2,107	6,880	20,505	145	235,328	9,888,073	2.38%	2,377.05
1,500	6,025	18,592	50	222,253	13,111,076	1.70%	2,222.53
320	5,130	14,093	-	217,622	13,178,606	1.65%	2,133.55
219	4,190	18,033	-	208,459	15,002,072	1.39%	2,043.72
113	3,485	17,776	-	238,710	15,071,496	1.58%	2,340.29
-	3,055	19,787	-	243,962	15,963,605	1.53%	2,391.78
-	2,605	16,869	-	219,798	16,088,279	1.37%	2,133.96

CITY OF BOULDER, COLORADO

Statistical Data

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts in 000's)
(Unaudited)

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Taxable Sales	Percentage of Taxable Sales (1)	Per Capita
	General Obligation Bonds	General Obligation Bonds				
1997	\$ 72,745	\$ 11,747	\$ 84,492	\$ 1,781,934	4.74%	\$ 898.85
1998	71,035	24,603	95,638	1,937,761	4.94%	1,017.43
1999	64,990	23,863	88,853	2,129,723	4.17%	935.29
2000	82,695	22,523	105,218	2,257,424	4.66%	1,062.81
2001	79,840	20,992	100,832	2,220,060	4.54%	1,018.51
2002	76,264	19,747	96,011	2,197,055	4.37%	960.11
2003	71,214	30,457	101,671	1,990,940	5.11%	996.77
2004	65,929	28,492	94,421	2,102,286	4.49%	925.70
2005	60,375	25,643	86,018	2,247,037	3.83%	843.31
2006	75,082	23,143	98,225	2,347,712	4.18%	962.99
2007	67,755	20,431	88,186	2,483,231	3.55%	856.17

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

(1) General bonded debt is repaid with sales tax revenues instead of property taxes. Taxable sales is used as a relevant basis for comparison.

CITY OF BOULDER, COLORADO

Statistical Data

Direct and Overlapping Debt

December 31, 2007

(Amounts in 000's)

<u>Jurisdiction</u>	<u>Par value of net General Obligation debt outstanding (1)</u>	<u>Percentage applicable to City of Boulder (2)</u>	<u>Amount applicable to City of Boulder (3)</u>
Boulder Valley School District RE-2	\$ 235,125	0.05 %	\$ 118
Boulder Central Area General Improvement District	20,431	100.00	20,431
Northern Colorado Water Conservancy District (NCWCD)	4,065	17.34	705
Boulder County	-	41.63	-
Urban Drainage and Flood Control District	-	6.38	-
Total Overlapping Debt			21,254
City Direct Governmental Activity Debt			78,101
Total Direct and Overlapping Debt			<u>\$ 99,355</u>

(1) Source for net General Obligation debt outstanding: Boulder Valley School District, NCWCD, Boulder County, and Urban Drainage and Flood Control District

(2) Source for percentage applicable to City of Boulder: 2006 Abstract of Assessment and Summary of Levies (Boulder County Assessor's Office), NCWCD, UDFC and Boulder Valley School District RE-2.

(3) The City of Boulder's valuation is divided by each jurisdiction's valuation, with the exception of the Boulder Central Area General Improvement District, which is wholly within the City limits.

For 2005, each jurisdiction had the following valuations (in 000's):

The City of Boulder	\$ 2,094,604
Boulder Valley School District	4,164,972,283
NCWCD	12,076,288
Boulder County	5,031,140
Urban Drainage & Flood Control	32,824,653

CITY OF BOULDER, COLORADO

Statistical Data

Legal Debt Margin Information

Last Ten Fiscal Years

(Amounts in 000's)
(Unaudited)

	1998	1999	2000	2001	2002
Debt limit	\$ 39,592	\$ 40,593	\$ 45,254	\$ 45,899	\$ 57,372
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 39,592	\$ 40,593	\$ 45,254	\$ 45,899	\$ 57,372
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Note: The total indebtedness of the City, payable solely from the proceeds of ad valorem taxes, shall not exceed 3% of assessed value of taxable property in the municipality. Indebtedness payable in whole or in part from other revenue sources, or is subject to annual appropriations therefrom by the Boulder City Council, is not included in this limitation. (Charter of the City of Boulder, Sec. 97.)

(continued)

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 2,094,604
Debt limit - 3% of assessed value	<u>62,838</u>
Debt applicable to limit:	
Total bonded debt	88,186
Deductions allowed by law:	
Self-supporting General Obligation bonds	(88,186)
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 62,838</u></u>

2003	2004	2005	2006	2007
\$ 57,886	\$ 59,129	\$ 59,120	\$ 62,759	\$ 62,838
-	-	-	-	-
<u>\$ 57,886</u>	<u>\$ 59,129</u>	<u>\$ 59,120</u>	<u>\$ 62,759</u>	<u>\$ 62,838</u>
0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF BOULDER, COLORADO

Statistical Data

Pledged Revenue Coverage

Last Ten Years

(Amounts in 000's)

Cross - Pledged Water and Sewer Bonds

<u>Fiscal year</u>	<u>Gross revenue(1)</u>	<u>Direct operating expense(2)</u>	<u>Net revenue available for debt service</u>	<u>Maximum annual debt service requirement</u>	<u>Coverage (3)</u>
1998	\$ 25,404	\$ 14,314	\$ 11,090	\$ 1,608	6.90
1999	26,965	15,315	11,650	2,361	4.93
2000	29,733	16,128	13,605	4,640	2.93
2001	33,244	16,241	17,003	6,856	2.48
2002	29,763	16,639	13,124	6,856	1.91
2003	33,672	17,669	16,003	6,856	2.33
2004	31,978	18,830	13,148	6,856	1.92
2005	37,657	19,633	18,024	10,325	1.75
2006	43,761	20,657	23,104	10,325	2.24
2007	42,081	21,205	20,876	10,037	2.08

- (1) Gross revenue as defined by applicable bond ordinances includes gross Operating and Nonoperating Revenues, Plant investment fees and Special assessments in the Water Utility and Wastewater Utility Funds.
- (2) Direct operating expense equals Total Operating Expenses less Depreciation and Amortization Expense. In 2004, all prior year direct operating expense totals were restated to include the portion of the annual payment to the Municipal Subdistrict, Northern Colorado Water Conservancy District, that reduces the deferred credit for future water rights in the Water Utility Fund.
- (3) Prior to issuing additional parity bonds, the City must meet the following "facilities earnings test":

The annual gross revenue derived from the operation of the facilities for the fiscal year immediately preceding the date of the issuance of additional parity bonds must be sufficient to pay the annual operation and maintenance expenses of the facilities for that fiscal year, and, in addition, sufficient to pay an amount representing 125% of the combined maximum annual principal and interest requirements of the outstanding bonds, and any other bonds payable from and constituting a lien upon net income of the facilities, and the bonds proposed to be issued. (Per Section 7.03(b) of the 1999 Water and Sewer Revenue Bond Ordinance #6068, Section 7.03(b) of the 2000 Water and Sewer Revenue Bond Ordinance #7058, Section 7.03(b) of the 2001 Water and Sewer Revenue Bond Ordinance #7170, and Section 7.03(b) of the 2005 Water and Sewer Revenue Bond Ordinance # 7421, and Section 7.03(b) of the 2005 Water and Sewer Revenue Bond Ordinance #7440.)

CITY OF BOULDER, COLORADO

Statistical Data

Pledged Revenue Coverage

Last Ten Years

(Amounts in 000's)

Stormwater and Flood Management Bonds

<u>Fiscal year</u>	<u>Gross income(4)</u>	<u>Operating and Maintenance expense(5)</u>	<u>Net revenue available for debt service</u>	<u>Average annual debt service requirement total</u>	<u>Coverage (6)</u>
1998	\$ 3,881	\$ 1,687	\$ 2,194	\$ 701	3.13
1999	3,859	1,935	1,924	694	2.77
2000	4,486	3,016	1,470	687	2.14
2001	4,298	1,591	2,707	679	3.99
2002	4,050	1,421	2,629	671	3.92
2003	4,315	2,365	1,950	662	2.95
2004	4,693	2,854	1,839	651	2.82
2005	4,734	2,586	2,148	639	3.36
2006	5,215	2,751	2,464	625	3.94
2007	5,537	2,969	2,568	625	4.11

(4) Gross income as defined by applicable bond ordinances means all income and revenues derived directly or indirectly by the City from the Fees, including interest earnings on moneys in any fund or account created by the bond ordinance and includes all revenues earned by the City therefrom.

(5) Operating and Maintenance Expenses means all reasonable and necessary current expenses of the City paid or accrued, of operating, maintaining and repairing the Flood Control System. It does not include depreciation, capital replacements, or operating, maintenance or repair reserves.

(6) Prior to issuing additional parity bonds, the City must meet the following "fee test":

The annual gross income for the fiscal year immediately preceding the date of the issuance of additional parity bonds shall have been sufficient to pay the annual operation and maintenance expenses of the Flood Control System for said fiscal year, and, in addition, sufficient to pay an amount representing 125% of the combined average annual principal and interest requirements of the Outstanding Series 1998 Bonds of the City payable from and constituting a lien upon net income from the Fees and the bonds proposed to be issued.

(1998 Storm Water and Flood Management Revenue Refunding and Improvement Bond Ordinance #5981.)

CITY OF BOULDER, COLORADO

Statistical Data

Demographic and Economic Statistics

Last Ten Fiscal Years

(Amounts in 000's)

(Unaudited)

Fiscal Year Ended April 30	City of Boulder Population (1)	Boulder, Colorado Metropolitan Statistical Area			Unemployment Rate (5)
		Population (2) (7)	Total Personal Income (3)(6)	Per Capita Income (4) (6)	
1998	94	277,562	\$ 9,346,188	\$ 33.672	3.6%
1999	95	285,901	10,304,130	36.041	2.9%
2000	99	293,398	11,825,466	40.305	2.6%
2001	99	300,789	12,085,925	40.181	3.0%
2002	100	280,298	11,274,957	40.225	6.1%
2003	102	279,933	11,384,857	40.670	6.1%
2004	102	281,838	12,038,153	42.713	5.7%
2005	102	283,026	13,311,221	47.032	5.1%
2006	102	286,125	14,199,700	49.628	4.3%
2007	103	302,525	14,393,232	47,577	3.9%

(1) Source: The City of Boulder Challenged the 2000 U.S. Census and in 2004, the State Demographer's Office and the Denver Regional Council of Governments (DRCOG) accepted Boulder's Challenge, revising their 2000 population number for Boulder from 94,673 to 99,093. The U.S. Census Bureau will not change its number. The new number will be used for statewide and local planning purposes.

The City Planning Department projects population using certificates of occupancy issued by the Department of Building Services.

(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Population by Metropolitan Statistical Areas

(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Personal Income by Metropolitan Statistical Areas

(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, Per Capita Income by Metropolitan Statistical Areas

(5) Source: Colorado Department of Labor and Employment (average annual rate for the City of Boulder).

(6) Source: Amounts for 2007 were based on Boulder Economic Council estimates

(7) Source: Amounts for 2007 were based on Denver Regional Council of Governments (DRCOG) estimates

Note: Personal income information is not available for the City of Boulder. Boulder, Colorado Metropolitan Statistical Area population and personal income information was used.

CITY OF BOULDER, COLORADO

Statistical Data

Principal Employers

Current Year and Nine Years Ago

(Unaudited)

Employer	2007			1998		
	Employees	Rank	**Percentage of Total County Employment	Employees	Rank	**Percentage of Total County Employment
University of Colorado at Boulder	6,902	1	4.28%	4,814	1	3.27%
Boulder Valley School District	4,144	2	2.57%			
IBM Corp	3,400	3	2.11%	4,000	2	2.72%
St. Vrain Valley School District	3,392	4	2.11%			
Sun Microsystems Inc	3,387	5	2.10%			
State of Colorado	3,048	6	1.89%			
Ball Corp	3,000	7	1.86%	2,400	5	1.63%
Boulder Community Hospital	2,380	8	1.48%			
Level 3 Communications Inc.	2,000	9	1.24%			
Boulder County	1,684	10	1.05%	1,202	7	0.82%
City of Boulder				1,176	8	0.80%
Storage Technology Corp				3,300	3	2.24%
Cencorp				3,000	4	2.04%
Longmont Foods				1,300	6	0.88%
Exabyte Corp				937	9	0.64%
Geneva Pharmaceuticals Inc.				855	10	0.58%
	<u>33,337</u>		<u>20.69%</u>	<u>22,984</u>		<u>15.62%</u>

Source: The Boulder County Business Report Book of Lists and Colorado Department of Labor and Employment.

The Boulder County Business Report did not include public-sector employers prior to 2004.

Note:

** This list is the 10 largest employers in Boulder and Broomfield counties. Employment information specific to the City of Boulder is not available for the years presented.

CITY OF BOULDER, COLORADO

Statistical Data

Full-Time Equivalent City Employees By Functions/Programs

Last Ten Fiscal Years

(Unaudited)

<u>Functions/Program</u>	<u>Full-Time Equivalent Employees</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government:					
City Council	1.00	1.00	1.00	1.00	1.00
Municipal Court	18.50	17.00	17.00	17.00	19.90
City Attorney	19.70	18.75	18.75	20.00	20.00
City Manager- Administration	10.00	10.00	10.00	10.00	10.00
City Manager- Environmental Affairs	5.50	6.00	6.00	4.00	5.00
City Manager- Downtown & University Hill Mgt	42.25	40.50	40.50	40.50	38.00
City Manager- Communications	11.50	11.50	11.50	11.00	11.50
City Manager- Urban Renewal Authority	-	-	-	-	3.00
Administrative Services:					
Human Resources	14.63	14.25	13.75	15.25	18.25
Finance	28.87	27.25	27.25	30.25	31.25
Information Technology	32.75	32.75	32.75	35.50	36.50
Public Safety:					
Police	269.25	263.25	263.25	256.25	276.50
Fire	111.33	111.33	111.33	108.33	112.33
Planning & Development Services:	69.36	64.74	64.71	65.00	73.58
Public Works:					
Administration	-	-	-	4.05	13.22
Fleet	16.87	16.90	16.90	17.25	17.05
Transportation	65.99	62.97	62.97	64.08	64.33
Utilities	154.93	150.44	150.44	148.67	142.42
Facility / Asset Management	13.58	13.51	13.51	13.10	15.80
Culture and Recreation:					
Parks and Recreation	144.62	145.25	149.22	144.50	159.25
Library	79.45	78.95	78.35	71.40	88.01
Arts	1.50	1.50	1.50	1.00	1.00
Open Space / Mountain Parks:	83.25	77.58	69.00	70.50	77.00
Housing and Human Services:	56.51	53.42	52.43	54.55	55.80
Total	1,251.34	1,218.84	1,212.11	1,203.18	1,290.69

Source: City of Boulder Summary of Standard FTE's per the annual budget document.

Note: Number of FTE's budgeted and approved for each fiscal year.

(Continued)

Full-Time Equivalent Employees				
2002	2001	2000	1999	1998
1.00	1.00	1.00	1.00	1.00
19.90	19.90	20.90	14.90	11.85
20.00	20.00	20.00	19.00	18.00
13.00	13.00	13.00	5.00	6.00
5.00	4.00	4.00	5.00	5.00
37.50	39.00	39.00	38.05	5.75
11.50	10.50	10.50	11.50	11.56
3.00	3.00	3.00	3.00	4.00
18.25	18.25	18.25	18.27	18.75
30.25	30.25	30.25	37.00	37.00
36.50	36.50	33.50	33.50	31.50
280.50	279.50	252.50	250.00	206.00
113.33	112.33	112.33	100.33	94.33
78.08	73.20	73.20	71.00	75.09
14.22	16.15	16.15	23.15	23.25
17.05	17.00	17.00	17.00	16.00
66.33	67.30	64.80	64.50	103.63
141.42	140.00	138.00	133.00	131.75
15.80	15.75	12.75	12.75	12.50
159.25	169.75	149.75	152.00	145.50
91.39	91.14	90.89	90.39	90.61
1.00	1.00	0.50	0.50	0.50
75.00	66.50	66.50	66.50	66.58
55.42	51.68	51.71	53.17	59.71
1,304.69	1,296.70	1,239.48	1,220.51	1,175.86

CITY OF BOULDER, COLORADO

Statistical Data

Operating Indicators By Function/Program

Last Ten Fiscal Years

(Unaudited)

Function/Program	1998	1999	2000	2001
General Government:				
Municipal Court				
Traffic tickets processed	7,397	13,076	11,399	11,850
General summons processed	2,261	2,560	2,971	3,069
Animal summons processed	735	882	605	452
Arraignments	6,539	6,046	5,710	5,483
Court trials	242	247	226	255
Jury trials	10	7	12	16
Public Safety:				
Police				
Number of police officers	153	169	173	173
DUI arrests	1,303	847	1,184	1,369
Traffic summons	15,479	20,717	23,875	21,816
Total traffic accidents	4,235	4,233	4,380	4,433
Total calls for service	62,002	55,518	64,289	72,277
Fire				
Number of firefighters	88	96	106	104
Total annual responses	7,055	7,514	7,957	8,370
Percentage of responses within 6 minutes	70%	72%	75%	71%
Planning & Development Services:				
Number of applications received	**	**	5,451	5,891
Number of zoning and environmental code enforcement cases	**	**	3,872	1,853
Public Works				
Transportation				
Daily vehicle miles of travel in Boulder Valley	**	**	2.61 million	2.65 million
Culture and Recreation:				
Parks and Recreation				
Recreation center attendance	**	**	468,395	397,828
Outdoor pool attendance	**	**	51,474	49,052
Adult athletics participation	**	**	116,624	118,216
Recreation class enrollment	**	**	25,226	25,434
Reservoir attendance	**	**	199,000	184,000
Rounds of golf	**	**	52,238	50,195
Library				
Circulation of books, videos, tapes	**	**	1,202,766	1,212,046
Remote use of library resources online	**	**	141,570	152,854
Adults participating in cultural and educational programs	**	**	62,642	80,561
Attendance at outreach program activities	**	**	9,733	10,660
Arts				
Participants in Boulder Arts Resource	**	**	78	216
Housing and Human Services:				
Number of permanently affordable housing units added on an annual basis	**	**	122	148

Source: City of Boulder departmental records.

** Indicator not available

2002	2003	2004	2005	2006	2007
8,489	11,738	13,554	11,928	12,554	11,204
3,187	2,917	3,079	3,306	4,249	3,760
490	598	752	707	1,459	1,366
4,432	5,192	4,595	4,986	5,030	3,974
329	219	194	185	150	114
10	6	2	6	4	6
176	176	171	171	171	171
1,028	748	919	1,115	1,163	989
14,278	17,275	19,336	18,226	17,914	19,554
4,298	4,159	4,180	3,644	3,552	3,641
66,896	79,738	77,392	79,354	84,747	87,320
103	92	95	95	95	95
8,283	8,015	7,735	8,327	8,679	8,943
73%	**	84%	85%	69%	80%
5,727	5,911	5,698	5,689	5,642	5,920
1,958	2,594	2,921	3,920	3,260	4,515
2.76 million	2.63 million	2.63 million	2.62 million	2.61 million	2.57 million
298,325	421,713	416,370	412,049	432,901	464,432
33,402	39,570	34,160	41,406	41,558	58,954
212,201	204,335	198,944	198,944	201,040	216,550
23,401	25,757	25,311	24,966	25,818	27,791
198,000	200,000	200,000	117,194	91,207	57,408
51,740	45,445	42,955	48,052	47,966	48,384
1,288,814	1,138,367	1,058,470	1,088,504	1,109,619	1,183,717
254,756	306,965	562,819	737,227	1,630,945	2,028,526
66,560	65,760	48,802	54,136	62,211	65,455
7,023	6,054	5,237	5,424	8,647	7,554
250	275	310	456	523	555
152	192	202	61	117	147

CITY OF BOULDER, COLORADO

Statistical Data

Capital Asset Statistics By Function/Program

Last Ten Fiscal Years

(Unaudited)

Function/Program	1998	1999	2000	2001
Public Safety:				
Police				
Number of stations and annexes	1	3	4	4
Fire				
Number of stations	6	6	7	7
Public Works:				
Fleet Services				
Cars, Pickups and Vans	**	**	**	**
Fire Apparatus	11	11	11	11
Other Heavy Trucks and Equipment	**	**	**	**
Total Equipment in Fleet	733	801	766	780
Transportation				
Miles of streets	273	275	290	290
Number of street lights	4,136	4,170	4,258	4,274
Utilities - Water				
Number of water accounts	27,100	27,400	27,890	27,958
Average daily water production (000's)	21,030	20,715	21,844	20,932
Miles of water mains	415	415	425	430
Utilities - Sewer				
Miles of sanitary sewer mains	338	338	343	344
Miles of storm sewers	113	113	120	151
Culture and Recreation:				
Parks and Recreation				
Acres of urban parks	8,392	8,392	1,814 (1)	1,911
Library				
Number of libraries	4	4	4	4
Number of library items in collection	434,747	438,212	444,499	430,764
Open Space / Mountain Parks:				
Acres of mountain parks and open space	28,907	28,907	39,677 (1)	41,158

Source: City of Boulder departmental records.

(1) 6,578 acres of mountain parks were transferred from Parks to Open Space in 2000

(2) Vehicle records were not available prior to 2003

** Indicator not available

2002	2003	2004	2005	2006	2007
4	4	3	3	3	3
7	7	7	7	7	7
**	286	280	282	281	297
11	11	11	11	11	11
**	494	503	493	490	477
787	791	794	786	782	785
290	290	294	285	287	288
4,430	4,517	4,546	4,525	4,562	4,567
28,147	28,273	28,303	28,426	28,555	28,578
18,545	17,529	17,055	17,326	18,187	16,458
439	440	440	441	449	451
346	345	346	348	349	349
124	124	121	138	138	138
1,880	1,880	1,880	1,880	1,880	1,880
4	4	4	4	4	4
441,656	435,090	408,163	418,417	419,339	389,805
42,635	42,766	42,873	43,221	43,497	44,921

(This page intentionally left blank.)

CITY OF BOULDER, COLORADO
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2007
(Amounts in 000's)

<u>Agency/Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>2007 Expenditures</u>
Department of Agriculture:		
Passed through Colorado State Forest Service:		
Cooperative Forestry Assistance	10.664	\$ <u>12</u>
		12
Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grant	14.218	949
HOME Investment Partnerships Program	14.239	739
Passed through Colorado Coalition for the Homeless:		
Supportive Housing Program	14.235	<u>1</u>
		1,689
Department of Justice:		
Direct Program:		
Bulletproof Vest Partnership Program	16.607	7
Edward Byrne Memorial Justice Assistance Grant Program	16.738	49
Passed through Colorado Department of Criminal Justice:		
Juvenile Justice and Delinquency Prevention	16.540	2
Passed through Colorado Department of Revenue:		
Enforcing Underage Drinking Laws Program	16.727	<u>54</u>
		112
Department of Transportation:		
Direct Programs:		
Airport Improvement Program	20.106	465
Passed through Colorado Department of Transportation:		
Highway Planning and Construction:		
Transportation Equity Act	20.205	5,338
Congestion Mitigation Air Quality	20.205	<u>164</u>
		5,967
Environmental Protection Agency:		
Direct Programs;		
Solid Waste Management Assistance Grant	66.808	145
Passed through Colorado Department of Natural Resources:		
Regional Wetland Program Development Grants	66.461	<u>34</u>
		179
Department of Health and Human Services:		
Direct Programs:		
Early Learning Fund	93.577	402
Passed through Colorado Department of Human Services:		
Child Care & Development Block Grant:		
Quality Expansion	93.575	20
School Readiness Grant - ECEC	93.575	77
Passed through Qualistar Early Learning:		
Child Care Mandatory & Matching Funds of the		
Child Care & Development Fund	93.596	<u>98</u>
		597
Department of Homeland Security:		
Passed through Federal Emergency Management Assistance:		
Disaster Grants - Public Assistance	97.036	<u>54</u>
		54
		<u>\$ 8,610</u>

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF BOULDER, COLORADO

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2007

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards included the federal grant activity of the City of Boulder, Colorado for year ended December 31, 2007. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grant	14.218	\$675,173
HOME Investment Partnerships Program	14.239	\$619,067

City of Boulder, Colorado

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007**

Number	Comment	Status	Corrective Action or Other Explanation
06-II-A	There is limited segregation of duties over the disbursement function.	Corrected	
06-II-B	Boulder Cards internal controls are not effective operationally as they are not functioning as designed.	Corrected	

Findings Related to Federal Awards:

Significant Deficiencies in Internal Control:

06-III-A	The City does not have an adequate system in place for ensuring that vendors used are not suspended or debarred from participation in federal programs.	Corrected	
06-III-B	The City did not have records of supporting the allocation of wages for split-funded employees whose time is partially charged to federal grants during the fiscal year ended December 31, 2006.	Corrected	

McGladrey & Pullen

Certified Public Accountants

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Boulder, Colorado
Boulder, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Boulder, Colorado as of and for the year ended December 31, 2007, and have issued our report thereon dated May 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered the City of Boulder, Colorado's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Boulder, Colorado's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Boulder, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Boulder, Colorado in a separate letter dated June 3, 2008.

The City of Boulder, Colorado's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Boulder, Colorado's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
June 3, 2008

McGladrey & Pullen

Certified Public Accountants

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of Boulder, Colorado
Boulder, Colorado

Compliance

We have audited the compliance of the City of Boulder, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement*, that are applicable to each of its major federal programs for the year ended December 31, 2007. The City of Boulder, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Boulder, Colorado's management. Our responsibility is to express an opinion on the City of Boulder, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Boulder, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Boulder, Colorado's compliance with those requirements.

In our opinion, the City of Boulder, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as item 07-III-A.

Internal Control Over Compliance

The management of the City of Boulder, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Boulder, Colorado's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Boulder, Colorado's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Boulder, Colorado's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Mayor and members of the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
June 3, 2008

City of Boulder, Colorado

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☒ Yes ☐ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Investment Partnership Program
93.577	Early Learning Fund
14.218	Community Development Block Grant
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

(Continued)

City of Boulder, Colorado

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

**II. Findings Related to the Financial Statement Audit as Required to be Reported in
Accordance with Generally Accepted Government Auditing Standards**

Significant Deficiencies in Internal Control

None

Compliance Findings

None

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2007

III. Findings and Questioned Costs for Federal Awards

Significant Deficiencies in Internal Control

None

Instance of noncompliance

07-III-A

Department of Housing and Urban Development
Community Development Block Grant (CFDA # 14.218)
Program Year 2007

Finding: The City does not maintain a copy of the Federal Cash Transaction Reports (SF-272) that is submitted quarterly to the Department of Housing and Urban Development.

Condition: Currently, the City submits Federal Cash Transaction Reports on-line to the Department of Housing and Urban Development, but no submission documentation is maintained for these submitted reports.

Questioned costs: None

Context: OMB Circular A-133 requires that the City submit Federal Cash Transaction Reports quarterly to the Department of Housing and Urban Development. Appropriate evidence of this occurring is not maintained by the City.

Recommendation: We recommend when the City submits a Federal Cash Transaction Report that adequate documentation of this submitted report is maintained. This will ensure all transactions of the grant are appropriately accounted for.

Response and Corrective Action: The City currently submits the Federal Cash Transaction Reports as required by the grant and also maintains the underlying documentation supporting the grant expenditures included in the reports. However, a copy of the online report web page documenting the actual submission was not maintained in the past. In the future, to document the actual submittal of the reports, the City will print copies of the online submission web pages before submittal and any resulting confirmation messages of the successful submissions.

City of Boulder, Colorado

**Corrective Action Plan
Year Ended December 31, 2007**

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
-------------------	---------	------------------------	-----------------------------------	----------------

Findings Related to Federal Awards:

Instance of noncompliance

07-III-A	The City does not maintain submission documentation to support Federal Cash Transaction Reports that are submitted quarterly to the Department of Housing and Urban Development.	See response and corrective action plan at 07-III-A.	December 31, 2008	Bob Eichen, Finance Director
----------	--	--	-------------------	------------------------------

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County: Boulder	
		YEAR ENDING : December 2007	
This Information From The Records Of: City of Boulder		Prepared By: Ken Baird, Financial Analyst Phone: 303-441-3252	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	9,241,215
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,278,361
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,126,739
2. General fund appropriations	3,149,582	b. Snow and ice removal	1,279,623
3. Other local imposts (from page 2)	9,995,844	c. Other	1,562,546
4. Miscellaneous local receipts (from page 2)	839,125	d. Total (a. through c.)	4,968,908
5. Transfers from toll facilities	0	4. General administration & miscellaneous	2,308,592
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,910,300
a. Bonds - Original Issues	0	6. Total (1 through 5)	21,707,376
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	13,984,550	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,365,601	2. Notes:	
D. Receipts from Federal Government (from page 2)	4,014,781	a. Interest	0
E. Total receipts (A.7 + B + C + D)	20,364,932	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	21,707,376

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
Transportation Funds ⁽¹⁾	14,520,647	17,215,351	18,797,077	12,938,921	0
General Fund	(247,222)	3,149,582	2,910,300	(7,940)	0
Total All Funds	14,273,425	20,364,932	21,707,376	12,930,981	0

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2007	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	126,476	a. Interest on investments	614,859
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	9,124,749	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	527,948	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other (County R&B)	216,671	g. Other Misc. Receipts	224,266
6. Total (1. through 5.)	9,869,368	h. Other	
c. Total (a. + b.)	9,995,844	i. Total (a. through h.)	839,125
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,123,943	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	44,615
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	241,659	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	3,970,166
f. Total (a. through e.)	241,659	g. Total (a. through f.)	4,014,781
4. Total (1. + 2. + 3.f)	2,365,601	3. Total (1. + 2.g)	
		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	3,323	3,323
b. Engineering Costs	610,611	670,397	1,281,008
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	833,102	0	833,102
(3). System Preservation	3,788,402	1,720,853	5,509,255
(4). System Enhancement & Operation	1,501,123	113,404	1,614,527
(5). Total Construction (1) + (2) + (3) + (4)	6,122,628	1,834,256	7,956,884
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	6,733,239	2,507,976	9,241,215
		(Carry forward to page 1)	
Notes and Comments:			

(This page intentionally left blank.)