

# CITY OF BOULDER, COLORADO

## Comprehensive Annual Financial Report

For the fiscal year ended

December 31, 2005

Prepared by the Department of Finance

Contents printed on recycled paper.

CITY OF BOULDER, COLORADO  
Comprehensive Annual Financial Report

December 31, 2005

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City  
of  
Boulder  
*Finance Department*

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May 12, 2006

To the Honorable Mayor Mark Ruzzin, 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, 2005.

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.

Swanhorst & Company LLC, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Boulder’s financial statements for the year ended December 31, 2005. 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. MD&A complement 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 tenth 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 labs.

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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 2005 population of the city was estimated to be 102,806.

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, Central Area General Improvement District and University Hill General Improvement 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 controls 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 Internal Service Funds and the Pension Trust Fiduciary Funds.

The city has implemented a two-year budget process and adopts a biennial budget by December 1<sup>st</sup> 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. Based on State law 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. Sales and use tax revenues make up approximately 47% of the General Fund, 96% of the Open Space and Mountain Parks Fund, and 59% of the Transportation Fund, total revenues. During this same time the property base continued to grow and assessed valuation increased annually.

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. Consistent with on-going strong fiscal planning processes, and guided by the financial policies adopted by the City Council, city management downsized the portion of the organization dependent upon sales tax funding to a fiscally sustainable level. By using the financial policies and six-year planning model for operations, the city has been able to consistently maintain targeted fund balances and ensure that operating revenues exceeded ongoing operating expenditures each year.

### **Projections for the Future**

Economic conditions have improved significantly since 2003. Sales and use tax are projected to generate 45% of general fund revenues during 2006. Total sales and use tax revenues increased by 1.01% on a year-to-year basis in 2004 and 6.87% in 2005. As of the end of the first quarter of 2006, total sales and use tax revenues are up 6.81% on a year-over-year basis while use tax revenues are below what was collected in 2005. The total projected increase in both sales and use tax for 2006 was 2%. There has been a decrease in construction use tax year-to-date for 2006 of nearly one million dollars and this was anticipated. In February 2005, use tax was collected on the Twenty Ninth Street retail project and on the new law building being constructed by the University of Colorado. Projections were reduced for construction use tax in 2006 and actual collections are meeting expectations. Automobile use tax is below projections by 18%. If this trend were to continue for the entire year the shortfall would be less than one-half percent of general fund revenues. All indications at this time are any shortfall in this area would be



exceeded by the higher collections of sales tax. The total of all 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 2006.

Change in March 2006 year-to-date sales and use tax revenue from the similar period in 2005 is as follows:

<b>March YTD 2006 versus 2005</b>		
<b>Tax Category</b>	<b>% Change</b>	<b>% of Total</b>
Retail Sales Tax	7.0%	81.6%
Business Use Tax	16.6%	11.2%
Construction Use Tax	(52.1%)	5.2%
Motor Vehicle Use Tax	(18.4%)	2.4%
Refunds	(1.7%)	(0.4%)
<b>Total YTD Sales/Use Tax</b>	<b>0.8%</b>	<b>100.0%</b>

Even though 2006 March year-to-date sales tax revenue is strong, we are taking a conservative approach to forecasting and awaiting additional results before planning for any significant increases.

Due to the continued strength of sales tax collections, original projections for 2006 sales and use tax have been revised upward from the original increase of 2%. The revised projections along with forecasts from the Office of State Planning and Budgeting are as follows:

<b>Forecast</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Base Sales/Use Tax actual/forecast	1.01%	6.8%	4.5%
Denver-Boulder CPI-U actual/forecast	0.1%	2.1%	2.3%
Projected Retail Sales Trade Growth	6.2%	5.7%	5.8%
Personal Income Growth	5.6%	6.4%	6.5%

The revised projection increases include the Twenty Ninth Street retail project (replacing the old Crossroads Mall) that is coming closer to fruition. It will add approximately 850,000 square feet of retail and restaurants including a state-of-the-art theater. Nearly 80 percent of the space was leased as of February 2006. The Home Depot opened in January 2006 and the grand opening for the balance of the center is planned for October 2006. Twenty Ninth Street retail project will be an 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 growth related 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.

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 over the next five years include: (i) improvements to the Wastewater Treatment Facility to comply with the city’s CPDES permit at an expected cost of approximately \$29.8 million to be funded by Water and Sewer System Revenue Bonds Series 2005C issued in December 2005; (ii) improvements to the “liquid” and “solids” stream processes as well as other capital improvements with respect to the plant at a projected cost of approximately \$20.4 million also funded through the Water and Sewer System Revenue Bonds Series 2005C; (iii) rehabilitation of sewer pipe throughout the city; (iv) the construction of a new \$6.1 million fire training center that would be funded with \$3.7 million that was collected by a county sales tax and a proposed one year 0.15 cent sales tax to be presented to the voters in the fall of 2006; and (v) acquisition of additional open space real property to be financed through issuance of \$20.1 million in Open Space Acquisition Bonds in May of 2006.

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.

## **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 27, 2006 Standard and Poor's expressed the following when providing the Outlook in affirming the AA+ rating for Boulder's Open Space Acquisition 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 declines in sales and use tax revenues, which have begun to rebound strongly. The outlook also reflects the general strength of the local and regional economy, anchored both by the 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, 2004. This was the sixteenth 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.

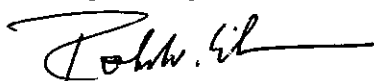
In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its 2004-2005 biennium budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, 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,



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, 2004

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.



*Carla E. Fudge*

President

*Jeffrey R. Emer*

Executive Director

CITY OF BOULDER, COLORADO

Principal Elected and Administrative Officials

For Year Ended December 31, 2005

Mayor and City Council

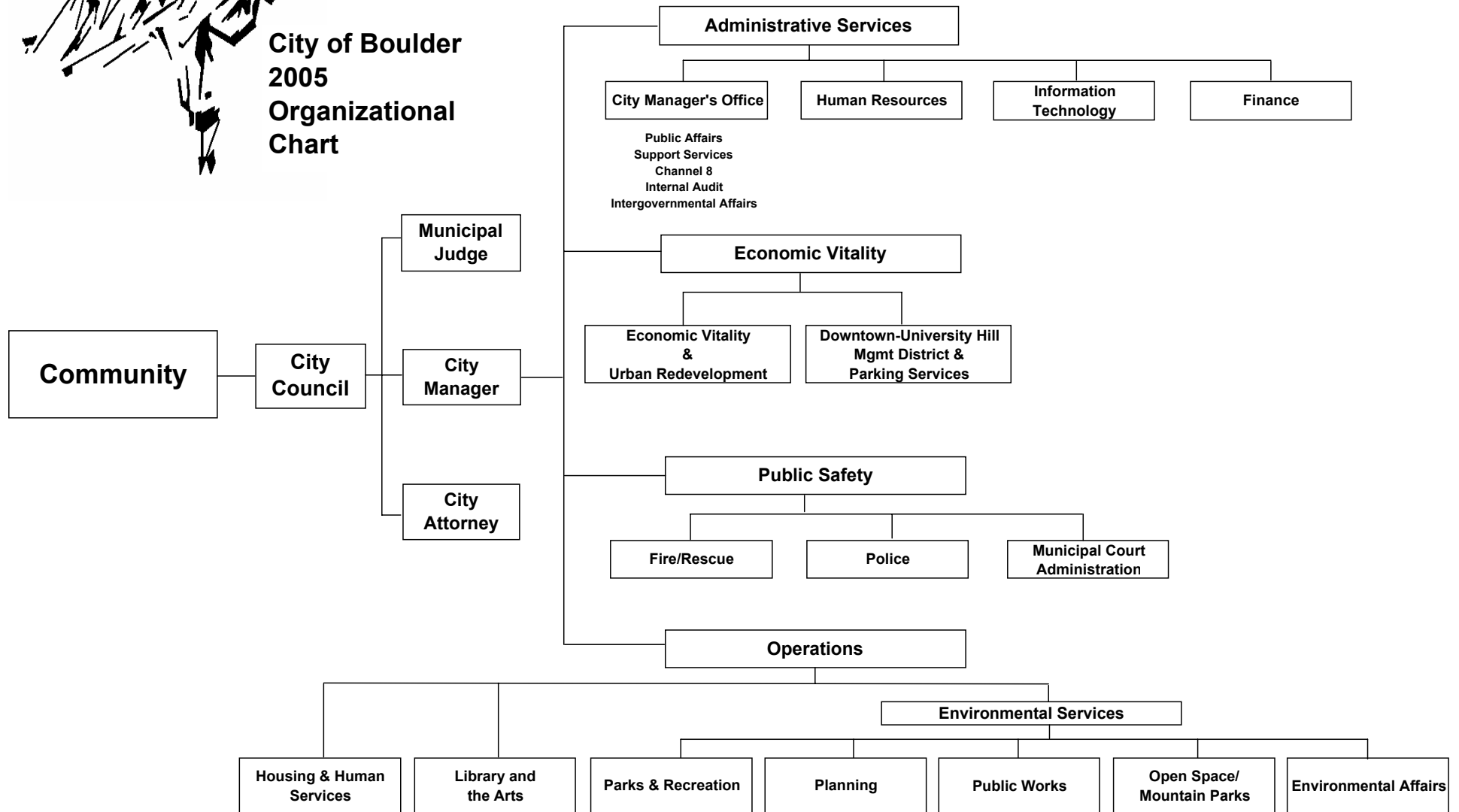
Mayor:	Mark Ruzzin
Deputy Mayor:	Thomas E. Eldridge (to November 2005) Suzy Ageton (from November 2005)
Council Members:	Suzy Ageton (from March 2005) Robin Bohannon Thomas E. Eldridge Crystal Gray Shaun McGrath Richard Polk (from November 2005) Gordon Riggle (to November 2005) Andy Schultheiss Jack Stoakes

Administrative

City Manager:	Frank Bruno
Deputy City Managers:	Stephanie Grainger Kevin Burke (from October 2005)
Finance Director:	Bob Eichem (from May 2005)



# City of Boulder 2005 Organizational Chart



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

### INDEPENDENT AUDITORS' REPORT

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, as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements of the City of Boulder, 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, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparisons for the general and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2006, on our consideration of the City of Boulder's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boulder's basic financial statements. The combining and individual fund statements and schedules and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are 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 introductory and statistical 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 it.

*Swanhorst & Company LLC*

May 12, 2006

City of Boulder, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

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, 2005. 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.

In 2005, the city completed the retroactive capitalization of its transportation infrastructure in accordance with Governmental Accounting Standards Board Statement No. 34 (GASB No. 34). This resulted in an increase in net assets of \$110.9 million as a prior period adjustment which is not reflected in the Statement of Changes in Net Assets.

**Financial Highlights**

- The assets of the city exceeded its liabilities at the close of 2005 by \$717.1 million (\$416.7 million in governmental activity net assets and \$300.4 million in business-type activity net assets). Of the governmental activities net asset total, \$39.3 million, or 9%, is unrestricted and may be used to meet the city's ongoing obligations to the public and creditors. Similarly, \$32.3 million, or 11%, of business-type activities net assets are unrestricted.
- Total net assets of the city increased \$29.4 million, or 4%, compared to 2004. Net assets of the city's governmental activities increased \$19.5 million, which represents an increase of 5% from 2004. Net assets of the city's business-type activities increased \$9.9 million, or 3%, over 2004.
- The total cost of all the city's programs increased \$1.8 million, or 1%, compared to 2004, as restated. The cost of governmental activity program expenses decreased \$0.8 million, or less than 1%, to \$135.5 million, while the cost of business-type activities increased \$2.7 million, or 7%, to \$40.3 million from 2004.
- Total revenues increased \$21.1 million, or 11%, compared to 2004. Governmental activities revenues increased \$12.7 million, or 9%, to \$151.5 million, while revenues of business-type activities increased \$8.4 million, or 18%, to \$53.6 million compared to 2004.



- As of December 31, 2005, the city's governmental funds reported a combined ending fund balance of \$71.4 million. Approximately 81%, or \$58.4 million, is unreserved fund balance and, therefore, available for spending at the city's direction within the purposes specified for the city's funds. Included in unreserved fund balance are \$5.8 million in funds designated for various purposes by City Council.
- The general fund reported a fund balance of \$19.3 million as of December 31, 2005, of which \$16.6 million was unreserved. Included in unreserved fund balance are \$5.6 million in funds designated for various purposes by City Council.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the city's basis 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 open space and parks property acquisition.

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 Central Area General Improvement District funds – all of which are considered to be major funds of the city. In addition, the University Hill General Improvement 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.

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)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2004 as	2004 as	2004 as	2004 as	2004 as	2004 as
	2005	restated	2005	restated	2005	restated
Current and other assets	\$ 128,636	\$ 119,728	\$ 118,734	\$ 76,428	\$ 247,370	\$ 196,156
Capital assets	403,408	400,964	375,177	371,737	778,585	772,701
Total assets	<u>532,044</u>	<u>520,692</u>	<u>493,911</u>	<u>448,165</u>	<u>1,025,955</u>	<u>968,857</u>
Noncurrent liabilities	84,379	93,088	165,446	126,735	249,825	219,823
Other liabilities	30,960	30,366	28,088	30,988	59,048	61,354
Total liabilities	<u>115,339</u>	<u>123,454</u>	<u>193,534</u>	<u>157,723</u>	<u>308,873</u>	<u>281,177</u>
Net assets:						
Invested in capital assets	329,926	320,403	267,873	257,372	597,799	577,775
Restricted	47,497	41,906	213	208	47,710	42,114
Unrestricted	39,282	34,929	32,291	32,862	71,573	67,791
Total net assets	<u>\$ 416,705</u>	<u>\$ 397,238</u>	<u>\$ 300,377</u>	<u>\$ 290,442</u>	<u>\$ 717,082</u>	<u>\$ 687,680</u>

*Table 1* presents an analysis of the city’s net assets as of December 31, 2005. The city’s assets exceeded its liabilities by \$717.1 million at the close of the current fiscal year. By far the largest portion of the city’s net assets (83%) reflects its investment of \$597.8 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, \$47.7 million (7%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$71.6 million (10%), may be used to meet the city's on-going obligations to the public and creditors. It is important to note that the \$32.3 million in unrestricted net assets of the city's business-type activities may not be used to fund 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 \$20.0 million, or 3%, compared to 2004. 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 \$5.6 million, or 13%, compared to 2004. This increase is primarily the result of \$2.2 million received from the State of Colorado Department of Transportation as part of the transfer of ownership to the city of a segment of North Broadway. The city also received funding for work completed on the 28<sup>th</sup> Street construction project in the Transportation Fund. The increase of \$3.8 million, or 6%, in unrestricted net assets reflects revenues in excess of expenses for the current year.

It is important to note that approximately 52% of the \$39.3 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, in the event that these funds were ever liquidated, the distribution of the net assets of these funds would result in a portion of these unrestricted net assets being allocated to restricted 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 \$29.4 million during 2005. This increase is explained in the government and business-type activities discussion below.

#### **Governmental Activities**

Net assets of governmental activities increased by \$19.5 million during 2005, accounting for 67% of the total increase in the city's net assets. This was \$17.5 million more than the increase of \$1.9 million in 2004. Sales and use taxes increased \$4.9 million, other taxes increased \$1.9 million and interest and investment earnings increased \$1.0 million. Capital grants and contribution revenues increased \$4.1 million due to additional grants received for transportation system improvements. In addition, \$3.4 million in assets were transferred in from the Boulder Municipal Property Authority to various governmental activities.

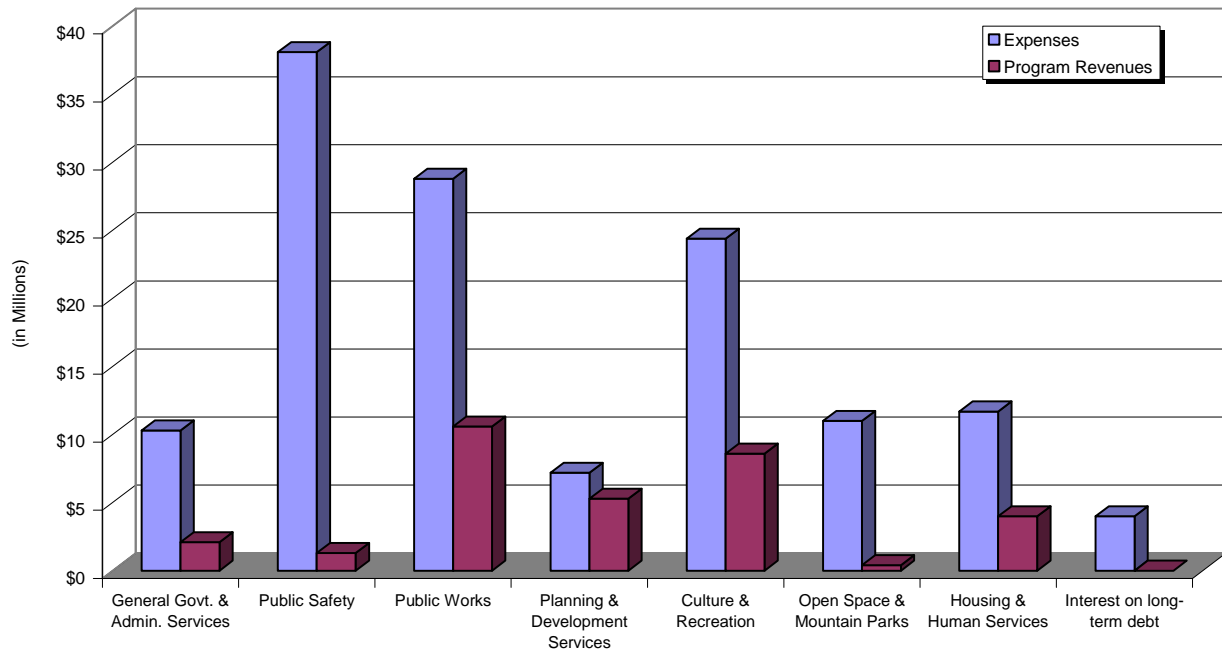
Expenses in 2005 increased \$0.9 million, or less than 1%, compared to 2004. Expenses for Public Works were restated in 2004 for \$11.5 million in depreciation expense from the retroactive capitalization of transportation infrastructure capital assets as required by GASB No. 34.

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

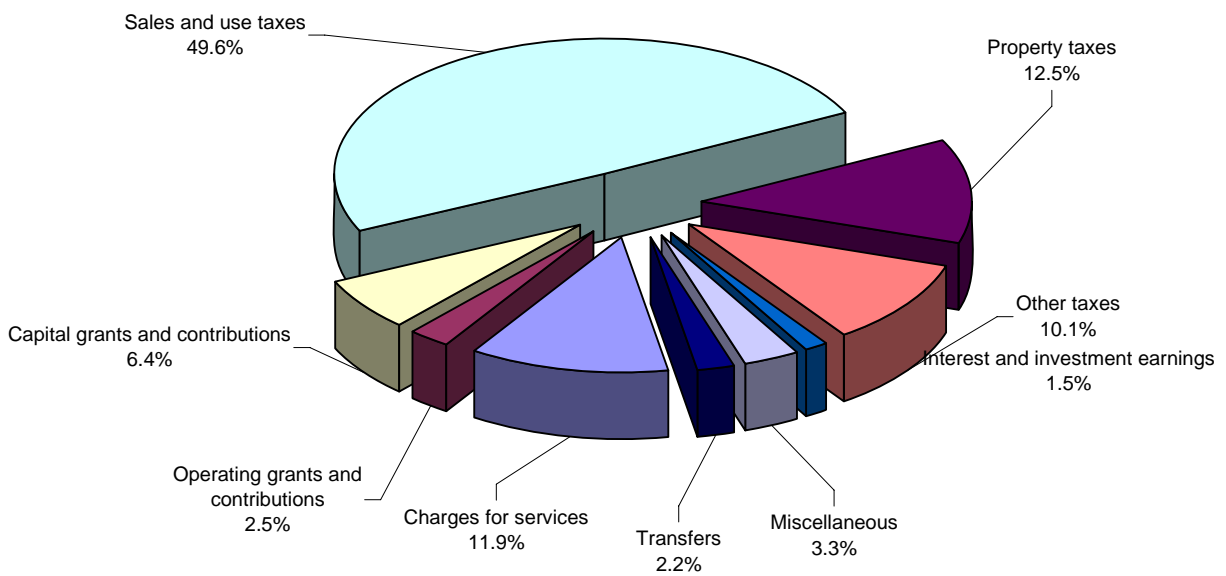
	Governmental Activities		Business-type Activities		Total Primary Government	
	2004 as				2004 as	
	2005	restated	2005	2004	2005	restated
Program revenues:						
Charges for services	\$ 18,482	\$ 17,687	\$ 44,156	\$ 38,825	\$ 62,638	\$ 56,512
Operating grants and contributions	3,887	4,805	196	148	4,083	4,953
Capital grants and contributions	9,991	5,900	6,738	6,091	16,729	11,991
General revenue:					-	-
Sales and use taxes	76,624	71,688	46	-	76,670	71,688
Property taxes	19,391	19,275	883	805	20,274	20,080
Other taxes	15,686	13,799	433	68	16,119	13,867
Interest and investment earnings	2,315	1,348	1,585	1,167	3,900	2,515
Miscellaneous revenue	5,125	4,312	(390)	(1,887)	4,735	2,425
Total Revenues	151,501	138,814	53,647	45,217	205,148	184,031
Program expenses (includes indirect expenses allocation):						
Governmental activities:						
General Government	7,632	7,803	-	-	7,632	7,803
Administrative Services	2,708	2,541	-	-	2,708	2,541
Public Safety	38,091	37,941	-	-	38,091	37,941
Public Works	28,773	31,010	-	-	28,773	31,010
Planning and Development Services	7,180	7,021	-	-	7,180	7,021
Culture and Recreation	24,357	24,170	-	-	24,357	24,170
Open Space and Mountain Parks	11,023	10,425	-	-	11,023	10,425
Housing and Human Services	11,692	10,926	-	-	11,692	10,926
Interest on long-term debt	4,016	4,496	-	-	4,016	4,496
Business-type activities:					-	-
Water Utility	-	-	20,657	19,058	20,657	19,058
Wastewater Utility	-	-	9,043	8,352	9,043	8,352
Stormwater and Flood Management	-	-	3,891	4,162	3,891	4,162
Parking Services	-	-	5,223	4,478	5,223	4,478
Property and Facility Acquisition	-	-	1,460	1,559	1,460	1,559
Total expenses	135,472	136,333	40,274	37,609	175,746	173,942
Excess before transfers	16,029	2,481	13,373	7,608	29,402	10,089
Transfers	3,439	(544)	(3,439)	544	-	-
Increase in net assets	\$ 19,468	\$ 1,937	\$ 9,934	\$ 8,152	\$ 29,402	\$ 10,089

*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 (21%) and Culture and Recreation (18%). 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 city program activities citywide. For governmental activities overall, without regard to program, sales and use taxes are the largest single source (50%), followed by property taxes (13%) and charges for services (12%). These ratios are comparable to those for 2004.

**Chart 1: 2005 Expenses and Program Revenues - Governmental Activities**



**Chart 2: 2005 Revenues by Source - Governmental Activities**



## Business-type Activities

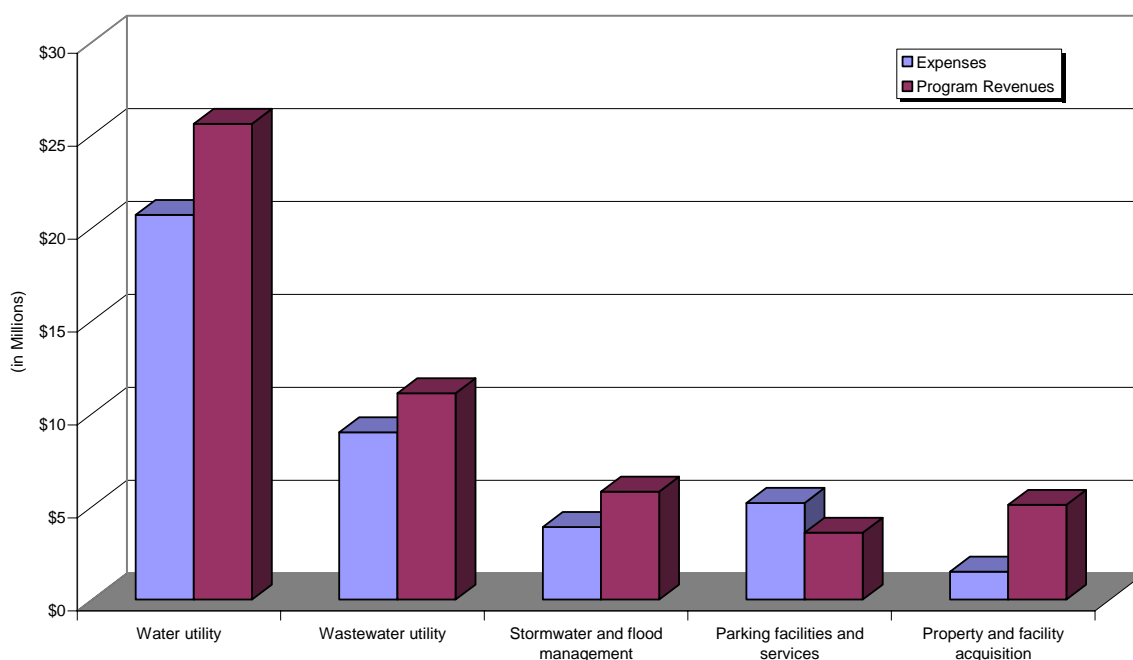
Net assets in business-type activities increased \$9.9 million for 2005, accounting for 33% of the total increase in the city's net assets. This was \$1.8 million, or 22%, greater than the increase of \$8.2 million in 2004.

Total business-type revenues increased \$8.4 million, or 19%, compared to 2004. Much of this increase was due to a \$2.9 million, or 16%, increase in water utility charges for services. The volume of water sold in 2005 increased by 9% over the volume sold in 2004 and a 3% water rate increase which went into effect in January 2005. Sewer revenues also increased by \$1.5 million also due to the increase in the volume of water sold and a 20% rate increase effective January 2005.

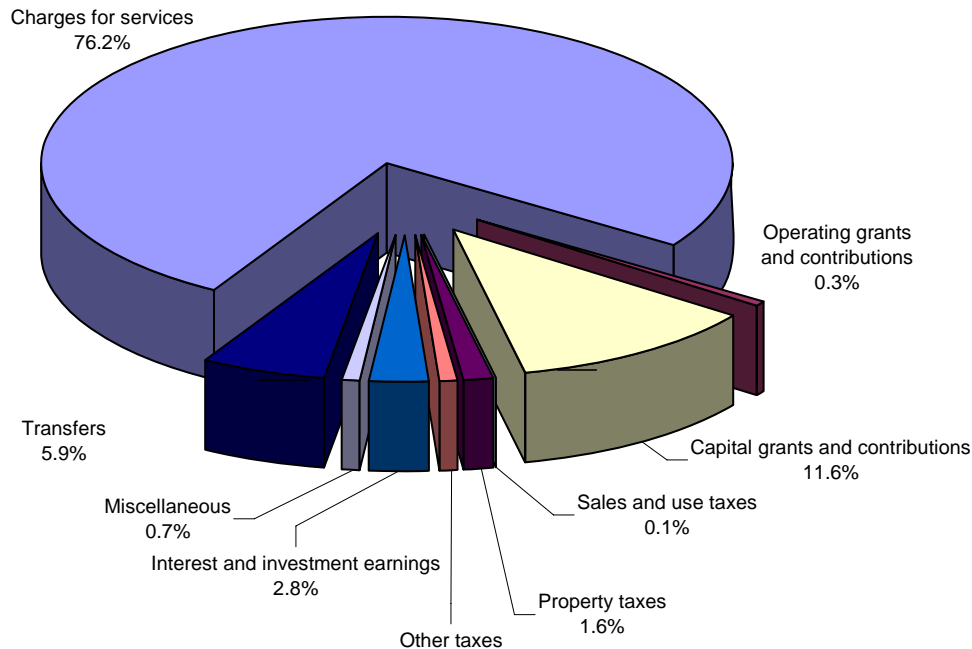
Expenses of all business-type activities increased \$2.7 million, or 7% compared to 2004. Water Utility operations accounted for \$1.5 million of the increase. Depreciation for water operations increased \$0.5 million as new assets were acquired and brought into service. Various non-personnel costs increased such as engineering costs, repair and maintenance costs, and gas / electric utility costs. The other business-type operations also had general operating cost increases.

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 (82%), followed by capital grants and contributions (13%).

**Chart 3: 2005 Expenses and Program Revenues - Business-type Activities**



**Chart 4: 2005 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, 2005, the city's governmental funds reported combined ending fund balances of \$71.4 million, an increase of \$5.4 million, or 8%, in comparison with the prior year. The fund balance of the General Fund increased by \$2.5 million, largely due to the increase in sales and use tax revenues noted above. The Transportation Fund also had an increase of \$2.0 million largely due to \$2.2 million in state funding as part of the transfer of ownership to the city of a segment of North Broadway.



Approximately \$58.4 million 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 the city's funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed. These reserves have been established (1) to liquidate existing contracts and purchase orders - \$8.6 million, (2) to fund capital projects in future fiscal periods - \$0.5 million, and (3) for a variety of other restricted purposes - \$3.9 million.

The General Fund is the primary operating fund of the city. At the end of 2005 the unreserved fund balance of the General Fund was \$16.6 million, while total fund balance was \$19.3 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 funds for various uses – although the City Council could change or remove that designation. For 2005, undesignated fund balances of \$11.1 million represent 14% of total general fund expenditures and transfers out of \$78.3 million. For 2004, undesignated fund balances of \$8.7 million represent 11% of total general fund expenditures and transfers out of \$77.7 million. General Fund unreserved fund balance – including designated fund balance – as a percentage of total expenditures and transfers out were 21% and 18% for 2005 and 2004, respectively.

It should also be noted that for the 2005 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 2004 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, 2005, the unrestricted net assets of the Water Utility Fund were \$14.7 million, the Wastewater Utility Fund were \$8.6 million, the Stormwater and Flood Management Fund were \$8.3 million, the Central Area General Improvement District were \$0.5 million and the University Hill General Improvement District were \$0.6 million. The total increase in net assets for the proprietary funds was \$9.6 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 for 2005 was \$5.8 million greater than the original budget. The primary reasons for this difference are as follows:

- \$1.1 million increase in appropriations for various encumbrances, capital projects, operating programs and grants for the Information Technology Department
- \$1.4 million increase in appropriations for various capital projects, operating programs and grants within the City Manager's Department
- \$0.6 million increase in various encumbrance carryovers, operating programs and grants for the Police Department
- \$0.2 million increase in appropriations for the old hire police and fire pension plan benefit payments due to some lump sum distributions in 2005.
- \$1.9 million increase in Health and Human Services Department appropriations for new grant programs and program carryovers from 2004.

On a basis consistent with the adopted budget, actual revenues and transfers in exceeded final budgeted amounts by \$1.2 million, or 2%. Actual expenditures and transfers out were \$3.9 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 \$5.1 million. The primary factors contributing to this favorable variance included the following:

- \$2.2 million in sales and use tax revenues in excess of the amounts budgeted.
- \$1.3 million in the City Manager Department from savings on the lighting rebate program and carryover of several multi-year projects into 2006.
- \$1.8 million in the Housing and Human Service Department from the delay in starting the Early Learning Opportunities Act grant program and other programs which were rolled forward into 2006.
- \$0.7 million from Information Technology Department savings in information technology consultant contracts which were carried forward into 2006.

## **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, 2005, amounts to \$778.6 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 \$5.9 million, or less than 1% from 2004. Net capital assets of governmental activities increased \$2.4 million, or less than 1%, and those of business-type activities increased \$3.4 million, or 1%.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004 as restated	2005	2004 as restated	2005	2004 as restated
Land and easements	\$ 192,162	\$ 188,099	\$ 75,914	\$ 72,717	\$ 268,076	\$ 260,816
Buildings	44,311	42,032	36,672	41,517	80,983	83,549
Improvements other than buildings	24,135	12,699	3,791	4,032	27,926	16,731
Infrastructure	109,022	110,946	-	-	109,022	110,946
Utility plant in service and undergrounds	-	-	248,609	239,005	248,609	239,005
Machinery, equipment and vehicles	15,786	15,046	2,506	2,703	18,292	17,749
Construction in progress	17,992	32,142	7,685	11,763	25,677	43,905
Total	<u>\$ 403,408</u>	<u>\$ 400,964</u>	<u>\$ 375,177</u>	<u>\$ 371,737</u>	<u>\$ 778,585</u>	<u>\$ 772,701</u>

Major capital asset activity during 2005 included the following:

Governmental activities

- Completion of several transportation infrastructure projects including the Broadway & Boulder Creek Bridge (\$3.8 million) and Broadway concrete paving from University to Pine (\$4.8million).
- Completion of several Parks & Recreation projects at Valmont and the Community Park on North Broadway totaling \$11.7 million.
- Open space land purchases totaling \$3.4 million.
- Construction of the Public Safety Building firing range for \$1.4 million.
- Transfer of the Public Safety Building from the business-type activities for \$4.2 million.
- Recognition of \$21.1 million in depreciation expense.

Business-type activities

- Boulder Reservoir water treatment plant improvements were completed for \$7.1 million.
- Zone 1 water transmission facilities completed for \$3.6 million.
- Rehabilitation of various segments of waterlines totaling \$1.4 million.
- Completion of various improvements to the Waste Water Treatment Plant for \$1.6 million.
- Transfer of the Public Safety Building to governmental activities for \$4.2 million.
- Purchases of several parcels of land for open space totaling \$2.8 million.
- Recognition of \$8.4 million in depreciation expense.

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

## Debt Administration

Table 4 summarizes the city's bonded debt as of the end of 2005 and 2004. At December 31, 2005, the city had total bonded debt of \$217.3 million. Of this amount, \$86.0 million consisted of general obligation debt backed by the full faith and credit of the city. The remainder of \$131.2 million represents bonds secured solely by specified revenue sources (revenue bonds and certificates of participation). During 2005, the city issued \$45.2 million of Water and Sewer Revenue Bonds Series 2005C to finance wastewater treatment plant improvements, including changing to an activated sludge treatment process, installing an ultraviolet light disinfection system, and increasing the capacity of the plant from 20.5 million gallons per day to 25.0 million gallons per day. The city also issued \$9.0 million in Water and Sewer Revenue Bonds Series 2005A & 2005B to refund two outstanding bonds issues at a lower interest cost.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 60,375	\$ 65,929	\$ 25,643	\$ 28,492	\$ 86,018	\$ 94,421
Revenue bonds	10,850	11,800	116,899	74,445	127,749	86,245
Certificates of Participation	-	-	3,485	4,190	3,485	4,190
Total bonded debt	<u>\$ 71,225</u>	<u>\$ 77,729</u>	<u>\$ 146,027</u>	<u>\$ 107,127</u>	<u>\$ 217,252</u>	<u>\$ 184,856</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. None of the city's outstanding debt is supported by property taxes. As a result, all bonded debt is considered to be self-supporting and the ratio of net bonded debt to assessed valuation is zero.

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

## Other Significant Matters

### Governmental Activities

During 2005 multi-year contractual agreements were reached with the public safety groups. A two-year agreement for 2006 and 2007 was reached with the police union and a three-year agreement was reached with the fire union that will cover the years 2006 through 2008.

Except for the theater, the Twenty Ninth Street retail center that will replace the Crossroads Mall continues to be on schedule. The grand opening of the retail center is scheduled for the late fall of 2006. The opening of the theater in the project has been delayed until the start of the second

quarter of 2007. This delay was anticipated and revenue estimates for the 2006 admissions tax will not need to be adjusted downward.

### **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. 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.

The status of the Lakewood Pipeline Impairment can be found in Note S-5 of the financial statements. The payments that have been withheld (\$13.5 million) awaiting determination of fault are accounted for in non-current accounts and accrued liabilities section of the financial statements entitled, "contracts and retainage payable."

### **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

## CITY OF BOULDER, COLORADO

## Statement of Net Assets

December 31, 2005

(Amounts in 000's)

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,451	\$ 1,207	\$ 3,658
Investments	87,010	43,018	130,028
General property tax receivable	19,979	1,376	21,355
Sales tax receivable	8,726	-	8,726
Notes receivable	-	107	107
Other receivables (net of allowance for doubtful accounts)	7,510	2,604	10,114
Restricted cash and investments	2,563	69,362	71,925
Inventory of materials and supplies	99	181	280
Other assets	298	879	1,177
Capital assets (net of accumulated depreciation):			
Land and easements	192,162	75,914	268,076
Buildings	44,311	36,672	80,983
Improvements other than buildings	24,135	3,791	27,926
Infrastructure	109,022	-	109,022
Utility plant in service and undergrounds	-	248,609	248,609
Machinery, equipment and vehicles	15,786	2,506	18,292
Construction in progress	17,992	7,685	25,677
Total assets	<u>532,044</u>	<u>493,911</u>	<u>1,025,955</u>
Liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	3,800	1,280	5,080
Contracts and retainage payable	438	14,151	14,589
Accrued liabilities	5,509	4,216	9,725
Intergovernmental	33	-	33
Internal balances	(178)	178	-
Other liabilities	315	112	427
Unearned revenue:			
General property taxes	19,979	1,376	21,355
Other	1,064	13	1,077
Deferred credit	-	6,762	6,762
Noncurrent liabilities:			
Due within one year	10,239	11,655	21,894
Due in more than one year	74,140	153,791	227,931
Total liabilities	<u>115,339</u>	<u>193,534</u>	<u>308,873</u>
Net assets:			
Invested in capital assets, net of related debt	329,926	267,873	597,799
Restricted for:			
Special purposes	32,544	113	32,657
Capital projects	14,906	100	15,006
Debt service	47	-	47
Unrestricted	39,282	32,291	71,573
Total net assets	<u>\$ 416,705</u>	<u>\$ 300,377</u>	<u>\$ 717,082</u>

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Activities

Year ended December 31, 2005

(Amounts in 000's)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General Government	\$ 9,243	\$ (1,611)	\$ 1,826	\$ 190	\$ -	\$ (5,616)	\$ -	\$ (5,616)
Administrative Services	8,141	(5,433)	116	-	-	(2,592)	-	(2,592)
Public Safety	35,993	2,098	1,075	213	7	(36,796)	-	(36,796)
Public Works	29,909	(1,136)	928	704	8,981	(18,160)	-	(18,160)
Planning & Development Services	5,930	1,250	5,298	18	1	(1,863)	-	(1,863)
Culture and Recreation	23,031	1,326	7,341	238	1,002	(15,776)	-	(15,776)
Open Space and Mountain Parks	10,457	566	369	12	-	(10,642)	-	(10,642)
Housing and Human Services	10,938	754	1,529	2,512	-	(7,651)	-	(7,651)
Interest on long-term debt	4,016	-	-	-	-	(4,016)	-	(4,016)
Total governmental activities	<u>137,658</u>	<u>(2,186)</u>	<u>18,482</u>	<u>3,887</u>	<u>9,991</u>	<u>(103,112)</u>	<u>-</u>	<u>(103,112)</u>
Business-type activities:								
Water utility	19,572	1,085	21,055	9	4,493	-	4,900	4,900
Wastewater utility	8,278	765	10,002	83	982	-	2,024	2,024
Stormwater and flood management	3,728	163	4,402	104	1,263	-	1,878	1,878
Parking facilities and services	5,050	173	3,607	-	-	-	(1,616)	(1,616)
Property and facility acquisition	1,460	-	5,090	-	-	-	3,630	3,630
Total business-type activities	<u>38,088</u>	<u>2,186</u>	<u>44,156</u>	<u>196</u>	<u>6,738</u>	<u>-</u>	<u>10,816</u>	<u>10,816</u>
Total government	<u>\$ 175,746</u>	<u>\$ -</u>	<u>\$ 62,638</u>	<u>\$ 4,083</u>	<u>\$ 16,729</u>	<u>(103,112)</u>	<u>10,816</u>	<u>(92,296)</u>

General revenues:

Taxes:			
Sales and use taxes	76,624	-	76,624
Sales and use tax increment	-	46	46
Property taxes	19,391	839	20,230
Property tax increment	-	44	44
Other taxes	15,686	433	16,119
Interest and investment earnings	2,315	1,585	3,900
Miscellaneous	5,125	(390)	4,735
Transfers	3,439	(3,439)	-
Total general revenues and transfers	<u>122,580</u>	<u>(882)</u>	<u>121,698</u>
Change in net assets	19,468	9,934	29,402
Net assets, beginning of year	397,237	290,443	687,680
Net assets, end of year	<u>\$ 416,705</u>	<u>\$ 300,377</u>	<u>\$ 717,082</u>

The accompanying notes are an integral part of this statement.



## CITY OF BOULDER, COLORADO

## Balance Sheet

Governmental Funds

December 31, 2005

(Amounts in 000's)

<u>Assets</u>	<u>General Fund</u>	<u>Open Space &amp; 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	\$ 415	\$ 324	\$ 224	\$ 795	\$ 1,758
Investments	14,241	11,591	8,017	28,347	62,196
Receivables:					
General property taxes	16,749	-	-	3,230	19,979
Sales and use taxes	3,919	2,243	1,529	1,035	8,726
Accounts	1,749	178	212	217	2,356
Accrued interest	114	77	59	186	436
Intergovernmental	353	95	3,333	401	4,182
Other	110	-	76	102	288
	<u>22,994</u>	<u>2,593</u>	<u>5,209</u>	<u>5,171</u>	<u>35,967</u>
Due from other funds	4	-	-	-	4
Advances to other funds	358	-	-	-	358
Inventory of materials and supplies	57	-	-	42	99
Restricted assets:					
Investments for special purposes	1,347	-	-	675	2,022
Investments for capital projects	377	-	-	117	494
Investments for debt service	-	-	-	47	47
Total restricted assets	<u>1,724</u>	<u>-</u>	<u>-</u>	<u>839</u>	<u>2,563</u>
Total assets	\$ <u>39,793</u>	\$ <u>14,508</u>	\$ <u>13,450</u>	\$ <u>35,194</u>	\$ <u>102,945</u>

The accompanying notes are an integral part of this statement.

<u>Liabilities and Fund Equity</u>	<u>General Fund</u>	<u>Open Space &amp; Mountain Parks Fund</u>	<u>Trans- portation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Liabilities:</b>					
Accounts and accrued liabilities:					
Vouchers and accounts payable	\$ 1,082	\$ 127	\$ 1,157	\$ 1,037	\$ 3,403
Contracts and retainage payable	-	-	347	86	433
Accrued salaries, wages and amounts withheld from employees	1,438	167	137	551	2,293
Accrued interest	58	833	-	79	970
Intergovernmental	33	-	-	-	33
Due to other funds	14	501	5	29	549
Other liabilities	59	1	164	91	315
Deferred revenue:					
General property taxes	16,749	-	-	3,230	19,979
Other	1,023	-	2,554	41	3,618
Total liabilities	<u>20,456</u>	<u>1,629</u>	<u>4,364</u>	<u>5,144</u>	<u>31,593</u>
<b>Fund equity:</b>					
Fund balances:					
Reserved for:					
Encumbrances	566	278	4,788	2,947	8,579
Special purposes	1,347	-	-	680	2,027
Compensated absences	-	484	128	765	1,377
Capital projects	378	-	-	69	447
Debt service	-	-	-	47	47
Advances to other funds	358	-	-	-	358
Inventories	57	-	-	42	99
Unreserved:					
Designated:					
Special purposes:					
General Fund	5,570	-	-	-	5,570
Transportation Fund	-	-	123	-	123
Nonmajor Special Revenue Funds	-	-	-	113	113
Undesignated:					
General Fund	11,061	-	-	-	11,061
Open Space & Mountain Parks Fund	-	12,117	-	-	12,117
Transportation Fund	-	-	4,047	-	4,047
Nonmajor Special Revenue Funds	-	-	-	21,216	21,216
Nonmajor Debt Service Funds	-	-	-	301	301
Nonmajor Capital Project Funds	-	-	-	3,870	3,870
Total fund equity	<u>19,337</u>	<u>12,879</u>	<u>9,086</u>	<u>30,050</u>	<u>71,352</u>
Total liabilities and fund equity	\$ <u>39,793</u>	\$ <u>14,508</u>	\$ <u>13,450</u>	\$ <u>35,194</u>	\$ <u>102,945</u>

CITY OF BOULDER, COLORADO

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

Year ended December 31, 2005

(Amounts in 000's)

Total governmental fund balances	\$	71,352
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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 \$236,029.	343,269
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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.	95
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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.	83,673
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(84,238)
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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	\$	82	
Intergovernmental receivable		<u>2,472</u>	<u>2,554</u>

Net assets of governmental activities	\$	<u><u>416,705</u></u>
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The accompanying notes are an integral part of this statement.

## CITY OF BOULDER, COLORADO

## Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended December 31, 2005

(Amounts in 000's)

	General Fund	Open Space & Mountain Parks Fund	Trans- portation Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Sales and use taxes	\$ 34,599	\$ 19,679	\$ 13,400	\$ 8,946	\$ 76,624
General property taxes	16,228	-	-	3,163	19,391
Other taxes	12,873	-	-	2,813	15,686
Charges for services	2,264	31	-	8,198	10,493
Sale of goods and capital assets	54	112	3	1,466	1,635
License, permits and fines	5,115	-	-	4,222	9,337
Intergovernmental	1,097	6	6,066	2,787	9,956
Leases, rents and royalties	236	334	84	1,339	1,993
Interest and investment earnings	427	308	188	825	1,748
Other	580	18	390	660	1,648
Total revenues	<u>73,473</u>	<u>20,488</u>	<u>20,131</u>	<u>34,419</u>	<u>148,511</u>
Expenditures:					
Current:					
General Government	9,133	-	-	158	9,291
Administrative Services	8,002	-	-	19	8,021
Public Safety	35,042	63	-	-	35,105
Public Works	3,852	-	16,822	2,700	23,374
Planning & Development Services	19	-	-	6,038	6,057
Culture and Recreation	4,227	-	-	18,750	22,977
Open Space and Mountain Parks	126	11,384	-	216	11,726
Housing and Human Services	4,538	-	-	5,387	9,925
Capital outlay	-	-	-	1,390	1,390
Debt service payments:					
Principal	919	4,073	-	3,330	8,322
Interest	255	2,321	-	1,385	3,961
Base rentals to Boulder Municipal Property Authority Debt Service Fund	<u>902</u>	<u>2,932</u>	<u>124</u>	<u>1,132</u>	<u>5,090</u>
Total expenditures	<u>67,015</u>	<u>20,773</u>	<u>16,946</u>	<u>40,505</u>	<u>145,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,458</u>	<u>(285)</u>	<u>3,185</u>	<u>(6,086)</u>	<u>3,272</u>
Other financing sources (uses):					
Transfers in	7,285	927	155	9,821	18,188
Transfers out	<u>(11,269)</u>	<u>(755)</u>	<u>(1,331)</u>	<u>(2,697)</u>	<u>(16,052)</u>
Total other financing sources (uses)	<u>(3,984)</u>	<u>172</u>	<u>(1,176)</u>	<u>7,124</u>	<u>2,136</u>
Net change in fund balances	2,474	(113)	2,009	1,038	5,408
Fund balances, beginning of year	<u>16,863</u>	<u>12,992</u>	<u>7,077</u>	<u>29,012</u>	<u>65,944</u>
Fund balances, end of year	<u>\$ 19,337</u>	<u>\$ 12,879</u>	<u>\$ 9,086</u>	<u>\$ 30,050</u>	<u>\$ 71,352</u>

The accompanying notes are an integral part of this statement.

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, 2005

(Amounts in 000's)

Net change in fund balances - total governmental funds	\$	5,408
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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 (\$13,349) exceeded capital outlays (\$11,955) in the current period.	(1,394)
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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.	8,723
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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	(20)	
Real estate sales - Housing and Human Services	(1,000)	
Intergovernmental revenue - Public Works	<u>2,472</u>	1,452

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:		
Administrative Services	29	
Public Safety	4,246	
Public Works	1,187	
Culture and Recreation	192	
Interest and investment earnings	567	
Net transfers to governmental funds	(561)	
Allocation of net profit or (loss)	<u>(381)</u>	5,279

Change in net assets of governmental activities	\$	<u><u>19,468</u></u>
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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

General Fund

Year ended December 31, 2005

(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>
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 32,365	\$ 32,365	\$ 34,599	\$ 2,234
General property taxes	16,362	16,362	16,228	(134)
Other taxes	11,788	11,857	12,873	1,016
Charges for services	2,225	2,323	2,264	(59)
Sale of goods and capital assets	49	49	54	5
Licenses, permits and fines	4,934	5,009	5,115	106
Intergovernmental	728	2,737	1,097	(1,640)
Leases, rents and royalties	146	146	236	90
Interest and investment earnings	451	451	537	86
Other	497	1,281	797	(484)
Total revenues	<u>69,545</u>	<u>72,580</u>	<u>73,800</u>	<u>1,220</u>
Expenditures:				
Current:				
General Government	9,193	10,843	9,498	1,345
Administrative Services	7,811	8,959	8,238	721
Public Safety	34,235	35,155	35,114	41
Public Works	3,819	3,912	3,894	18
Planning & Development Services	19	19	19	-
Culture and Recreation	4,204	4,277	4,289	(12)
Open Space and Mountain Parks	125	125	126	(1)
Housing and Human Services	4,424	6,332	4,538	1,794
Debt service payments:				
Principal	919	919	919	-
Interest	256	256	258	(2)
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	927	927	902	25
Total expenditures	<u>65,932</u>	<u>71,724</u>	<u>67,795</u>	<u>3,929</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>3,613</u>	<u>856</u>	<u>6,005</u>	<u>5,149</u>
Other financing sources (uses):				
Transfers in	7,030	7,313	7,317	4
Transfers out	(10,989)	(11,282)	(11,269)	13
Total other financing sources (uses)	<u>(3,959)</u>	<u>(3,969)</u>	<u>(3,952)</u>	<u>17</u>
Net change in fund balance	\$ <u>(346)</u>	\$ <u>(3,113)</u>	2,053	\$ <u>5,166</u>
Encumbrances, end of year			566	
Fund balance, beginning of year, basis of budgeting			17,953	
Fund balance, end of year, basis of budgeting			<u>20,572</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(177)	
Accrued salaries, wages and amounts				
withheld from employees			(1,402)	
Change in accrued interest payable			(14)	
Advances to other funds			358	
Fund balance, end of year, GAAP basis			<u>\$ 19,337</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

Open Space and Mountain Parks Fund

Year ended December 31, 2005

(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>
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 18,386	\$ 18,386	\$ 19,679	\$ 1,293
Charges for services	-	-	31	31
Sale of goods and capital assets	-	-	112	112
Intergovernmental	-	195	6	(189)
Leases, rents and royalties	245	245	334	89
Interest and investment earnings	255	255	371	116
Other	-	1	18	17
Total revenues	<u>18,886</u>	<u>19,082</u>	<u>20,551</u>	<u>1,469</u>
Expenditures:				
Current:				
Public Safety	64	64	63	1
Open Space and Mountain Parks	11,199	15,297	11,628	3,669
Debt service payments:				
Principal	4,011	4,073	4,073	-
Interest	2,268	2,400	2,473	(73)
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	3,005	3,005	2,932	73
Total expenditures	<u>20,547</u>	<u>24,839</u>	<u>21,169</u>	<u>3,670</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(1,661)</u>	<u>(5,757)</u>	<u>(618)</u>	<u>5,139</u>
Other financing sources (uses):				
Transfers in	927	927	927	-
Transfers out	<u>(755)</u>	<u>(755)</u>	<u>(755)</u>	<u>-</u>
Total other financing sources (uses)	<u>172</u>	<u>172</u>	<u>172</u>	<u>-</u>
Net change in fund balance	\$ <u>(1,489)</u>	\$ <u>(5,585)</u>	(446)	\$ <u>5,139</u>
Encumbrances, end of year			278	
Fund balance, beginning of year, basis of budgeting			<u>14,540</u>	
Fund balance, end of year, basis of budgeting			14,372	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(122)	
Accrued salaries, wages and amounts				
withheld from employees			(167)	
Change in accrued interest payable			<u>(1,204)</u>	
Fund balance, end of year, GAAP basis			\$ <u>12,879</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

Transportation Fund

Year ended December 31, 2005

(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>
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 12,537	\$ 12,537	\$ 13,400	\$ 863
Sale of goods and capital assets	-	-	3	3
Intergovernmental	3,926	13,933	6,066	(7,867)
Leases, rents and royalties	84	84	84	-
Interest and investment earnings	200	200	241	41
Other	770	995	390	(605)
Total revenues	<u>17,517</u>	<u>27,749</u>	<u>20,184</u>	<u>(7,565)</u>
Expenditures:				
Current:				
Public Works	16,924	31,158	21,621	9,537
Debt service payments:				
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	124	124	124	-
Total expenditures	<u>17,048</u>	<u>31,282</u>	<u>21,745</u>	<u>9,537</u>
Excess (deficiency) of revenues				
over (under) expenditures	469	(3,533)	(1,561)	1,972
Other financing sources (uses):				
Transfers in	-	155	155	-
Transfers out	<u>(1,331)</u>	<u>(1,331)</u>	<u>(1,331)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,331)</u>	<u>(1,176)</u>	<u>(1,176)</u>	<u>-</u>
Net change in fund balance	\$ <u>(862)</u>	\$ <u>(4,709)</u>	(2,737)	\$ <u>1,972</u>
Encumbrances, end of year			4,788	
Fund balance, beginning of year, basis of budgeting			<u>7,256</u>	
Fund balance, end of year, basis of budgeting			9,307	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(84)	
Accrued salaries, wages and amounts				
withheld from employees			<u>(137)</u>	
Fund balance, end of year, GAAP basis			\$ <u>9,086</u>	

The accompanying notes are an integral part of this statement.



CITY OF BOULDER, COLORADO

Statement of Net Assets

Proprietary Funds

December 31, 2005

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>	Boulder Municipal Property <u>Authority</u>	Central Area General Improvement <u>District</u>	Other Enterprise Fund University Hill General Improvement <u>District</u>	Total Enterprise <u>Funds</u>	Governmental Activities - Internal <u>Service Funds</u>
Assets:								
Current assets:								
Equity in pooled cash and cash equivalents	\$ 617	\$ 311	\$ 223	\$ -	\$ 38	\$ 18	\$ 1,207	\$ 693
Investments	22,005	11,120	7,969	-	1,266	658	43,018	24,814
Receivables:								
General property taxes	-	-	-	-	1,351	25	1,376	-
Accounts	190	27	-	-	169	-	386	84
Charges for services	508	473	214	-	-	-	1,195	-
Notes - current installments	17	12	78	-	-	-	107	-
Accrued interest	287	368	58	-	8	4	725	164
Intergovernmental	-	-	293	-	5	-	298	-
	1,002	880	643	-	1,533	29	4,087	248
Due from other funds	-	-	-	545	-	-	545	-
Inventory of materials and supplies	181	-	-	-	-	-	181	-
Other assets - prepaid expenses	-	-	-	-	-	-	-	203
Total current assets	23,805	12,311	8,835	545	2,837	705	49,038	25,958
Noncurrent assets:								
Restricted assets:								
Cash for capital projects	-	-	-	-	211	-	211	-
Investments for bond reserves	6,270	170	825	-	-	-	7,265	-
Investments for capital projects	15,983	45,903	-	-	-	-	61,886	-
Total restricted assets	22,253	46,073	825	-	211	-	69,362	-
Other assets - deferred charges	285	186	21	-	387	-	879	-
Capital assets:								
Land and easements	19,935	1,395	12,304	39,503	2,333	444	75,914	102
Buildings	1,034	1,628	764	6,433	37,682	-	47,541	61,049
Improvements other than buildings	8	-	44	-	5,042	31	5,125	8,244
Utility plant in service	235,412	65,428	-	-	-	-	300,840	-
Undergrounds - drainage facilities	-	-	55,200	-	-	-	55,200	-
Vehicles	-	-	-	-	-	-	-	21,943
Machinery and equipment	2,815	2,381	1,268	-	186	70	6,720	8,134
	259,204	70,832	69,580	45,936	45,243	545	491,340	99,472
Less accumulated depreciation	(65,735)	(33,328)	(13,369)	(1,930)	(9,405)	(81)	(123,848)	(40,810)
	193,469	37,504	56,211	44,006	35,838	464	367,492	58,662
Construction in progress	1,917	4,036	1,683	-	49	-	7,685	1,477
Total capital assets, net of accumulated depreciation	195,386	41,540	57,894	44,006	35,887	464	375,177	60,139
Total noncurrent assets	217,924	87,799	58,740	44,006	36,485	464	445,418	60,139
Total assets	241,729	100,110	67,575	44,551	39,322	1,169	494,456	86,097

The accompanying notes are an integral part of this statement.

(continued)

CITY OF BOULDER, COLORADO

Statement of Net Assets,  
continued

Proprietary Funds

December 31, 2005

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>	Boulder Municipal Property <u>Authority</u>	Central Area General Improvement <u>District</u>	Other <u>Enterprise Fund</u> University Hill General Improvement <u>District</u>	Total Enterprise <u>Funds</u>	Governmental Activities - Internal <u>Service Funds</u>
Liabilities:								
Current liabilities:								
Accounts and accrued liabilities:								
Vouchers and accounts payable	\$ 696	\$ 185	\$ 240	\$ -	\$ 150	\$ 9	\$ 1,280	\$ 397
Contracts and retainage payable	460	74	39	-	-	-	573	5
Accrued salaries, wages and amounts withheld from employees	169	124	39	-	32	6	370	79
Accrued interest	244	262	31	545	233	-	1,315	-
Accrued insurance reimbursement	-	-	-	-	-	-	-	2,167
Advances from other funds	-	-	-	-	358	-	358	-
Other liabilities	99	-	-	-	12	1	112	-
Deferred revenue:								
General property taxes	-	-	-	-	1,351	25	1,376	-
Other	13	-	-	-	-	-	13	-
General obligation bonds payable (current portion)	-	-	-	-	2,515	-	2,515	-
Revenue bonds payable (current portion)	3,625	1,615	500	-	-	-	5,740	-
Revenue notes payable (current portion)	-	-	113	-	-	-	113	-
Certificates of participation (current portion)	-	-	-	430	-	-	430	-
Lease purchase revenue notes payable (current portion)	-	-	-	2,589	-	-	2,589	-
Total current liabilities	<u>5,306</u>	<u>2,260</u>	<u>962</u>	<u>3,564</u>	<u>4,651</u>	<u>41</u>	<u>16,784</u>	<u>2,648</u>
Non-current liabilities:								
Accounts and accrued liabilities:								
Contracts and retainage payable	13,578	-	-	-	-	-	13,578	-
Accrued landfill cleanup liability	-	2,531	-	-	-	-	2,531	-
Deferred credit - future water rights	6,762	-	-	-	-	-	6,762	-
General obligation bonds payable (net of premium and refunding bond charges)	-	-	-	-	23,128	-	23,128	-
Revenue bonds payable (net of premium and refunding bond charges)	59,589	45,815	5,755	-	-	-	111,159	-
Certificates of participation	-	-	-	3,055	-	-	3,055	-
Lease purchase revenue notes payable	-	-	-	15,187	-	-	15,187	-
Compensated absences:								
Accrued vacation pay	320	208	58	-	56	11	653	54
Accrued sick pay	183	148	39	-	7	1	378	44
Accrued appreciation bonus	180	214	72	-	31	2	499	43
Total non-current liabilities	<u>80,612</u>	<u>48,916</u>	<u>5,924</u>	<u>18,242</u>	<u>23,222</u>	<u>14</u>	<u>176,930</u>	<u>141</u>
Total liabilities	<u>85,918</u>	<u>51,176</u>	<u>6,886</u>	<u>21,806</u>	<u>27,873</u>	<u>55</u>	<u>193,714</u>	<u>2,789</u>

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Net Assets,  
continued

Proprietary Funds

December 31, 2005

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>	Boulder Municipal Property <u>Authority</u>	Central Area General Improvement <u>District</u>	Other <u>Enterprise Fund</u> University Hill General Improvement <u>District</u>	Total Enterprise <u>Funds</u>	Governmental Activities - Internal <u>Service Funds</u>
Net assets:								
Invested in capital assets, net of related debt	141,081	40,369	52,372	22,745	10,842	464	267,873	60,138
Restricted for:								
Special purposes	-	-	-	-	109	4	113	-
Capital projects	100	-	-	-	-	-	100	-
Compensated absences	-	-	-	-	-	-	-	2,638
Unrestricted	<u>14,630</u>	<u>8,565</u>	<u>8,317</u>	<u>-</u>	<u>498</u>	<u>646</u>	<u>32,656</u>	<u>20,532</u>
Total net assets	\$ <u><u>155,811</u></u>	\$ <u><u>48,934</u></u>	\$ <u><u>60,689</u></u>	\$ <u><u>22,745</u></u>	\$ <u><u>11,449</u></u>	\$ <u><u>1,114</u></u>	300,742	\$ <u><u>83,308</u></u>
							(365)	
							\$ <u><u>300,377</u></u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

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

Proprietary Funds

Year ended December 31, 2005

(Amounts in 000's)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund	Boulder Municipal Property Authority	Central Area General Improvement District	Other Enterprise Fund University Hill General Improvement District	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Operating revenues:								
Charges for services	\$ 21,042	\$ 9,980	\$ 4,387	\$ -	\$ 3,236	\$ 159	\$ 38,804	\$ 13,147
Leases, rents and royalties	-	-	-	5,090	-	-	5,090	-
Total operating revenues	<u>21,042</u>	<u>9,980</u>	<u>4,387</u>	<u>5,090</u>	<u>3,236</u>	<u>159</u>	<u>43,894</u>	<u>13,147</u>
Operating expenses:								
Personnel	5,006	3,621	1,225	-	1,081	162	11,095	2,261
Non-personnel	5,905	3,069	1,263	-	1,161	114	11,512	5,548
Depreciation and amortization	<u>4,503</u>	<u>1,613</u>	<u>879</u>	<u>143</u>	<u>1,384</u>	<u>6</u>	<u>8,528</u>	<u>5,734</u>
Total operating expenses	<u>15,414</u>	<u>8,303</u>	<u>3,367</u>	<u>143</u>	<u>3,626</u>	<u>282</u>	<u>31,135</u>	<u>13,543</u>
Operating income (loss)	<u>5,628</u>	<u>1,677</u>	<u>1,020</u>	<u>4,947</u>	<u>(390)</u>	<u>(123)</u>	<u>12,759</u>	<u>(396)</u>
Nonoperating revenues (expenses):								
Interest and investment earnings	1,040	259	230	-	40	16	1,585	567
Leases, rents and royalties	13	22	15	-	212	-	262	-
Intergovernmental revenue	9	83	101	-	-	-	193	-
Sales and use tax increment	-	-	-	-	46	-	46	-
General property taxes	-	-	-	-	814	25	839	-
General property tax increment	-	-	-	-	44	-	44	-
Other taxes	-	-	-	-	431	2	433	-
Interest expense	(3,186)	(136)	(336)	(1,317)	(1,127)	-	(6,102)	-
Contribution expense - future water rights	(1,142)	-	-	-	-	-	(1,142)	-
Gain (loss) on sale of property and equipment	(6)	(424)	(17)	-	-	-	(447)	126
Other, net	<u>2</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>42</u>	<u>1</u>	<u>61</u>	<u>179</u>
Total nonoperating revenues (expenses)	<u>(3,270)</u>	<u>(196)</u>	<u>9</u>	<u>(1,317)</u>	<u>502</u>	<u>44</u>	<u>(4,228)</u>	<u>872</u>
Income (loss) before capital contributions and transfers	2,358	1,481	1,029	3,630	112	(79)	8,531	476
Capital contributions	4,493	982	1,263	-	3	-	6,741	1,702
Transfers in	89	-	206	-	1,258	188	1,741	4,247
Transfers out	<u>(1,258)</u>	<u>(928)</u>	<u>(271)</u>	<u>(4,347)</u>	<u>(526)</u>	<u>(39)</u>	<u>(7,369)</u>	<u>(855)</u>
Changes in net assets	5,682	1,535	2,227	(717)	847	70	9,644	5,570
Total net assets, beginning of year	<u>150,129</u>	<u>47,399</u>	<u>58,462</u>	<u>23,462</u>	<u>10,602</u>	<u>1,044</u>	<u>291,098</u>	<u>77,738</u>
Total net assets, end of year	<u>\$ 155,811</u>	<u>\$ 48,934</u>	<u>\$ 60,689</u>	<u>\$ 22,745</u>	<u>\$ 11,449</u>	<u>\$ 1,114</u>	300,742	<u>\$ 83,308</u>

Adjustment to reflect consolidation of Internal Service Funds (365)  
Net assets of business-type activities \$ 300,377

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2005

(Amounts in 000's)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund	Boulder Municipal Property Authority	Central Area General Improvement District	Other Enterprise Fund University Hill General Improvement District	Total	Internal Service Funds
Cash flows from operating activities:								
Receipts from customers and users	\$ 21,134	\$ 9,906	\$ 4,356	\$ 5,090	\$ 3,156	\$ 160	\$ 43,802	\$ 522
Receipts from interfund services provided	-	-	-	-	-	-	-	12,816
Payments to suppliers	(6,404)	(2,425)	(1,208)	-	(1,825)	(71)	(11,933)	(5,824)
Payments to employees	(4,925)	(3,565)	(1,190)	-	(1,071)	(159)	(10,910)	(2,492)
Payment for interfund services used	(975)	(925)	(311)	-	(95)	(40)	(2,346)	-
Net cash provided (used) by operating activities	8,830	2,991	1,647	5,090	165	(110)	18,613	5,022
Cash flows from noncapital financing activities:								
Leases, rents and royalties	13	22	15	-	212	-	262	-
Intergovernmental revenue	7	83	101	-	1,335	27	1,553	-
Transfers in	-	-	-	-	1,258	188	1,446	-
Transfers out	(1,258)	(928)	(271)	-	(526)	(39)	(3,022)	(561)
Net cash provided (used) by noncapital financing activities	(1,238)	(823)	(155)	-	2,279	176	239	(561)
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(7,344)	(3,392)	(2,173)	-	(389)	-	(13,298)	(4,160)
Proceeds from sale of property and equipment	-	-	-	-	-	-	-	367
Contractual payment - future water rights	(1,706)	-	-	-	-	-	(1,706)	-
Long-term bonds issued	-	45,245	-	-	-	-	45,245	-
Long-term refunding bonds issued	7,900	1,110	-	-	-	-	9,010	-
Premium on long-term bonds issued	-	1,147	-	-	-	-	1,147	-
Payment to refunded bond escrow agent	(7,869)	(1,115)	-	-	-	-	(8,984)	-
Accrued interest received at bond closing	27	161	-	-	-	-	188	-
Cost of issuance paid at bond closing	(80)	(188)	-	-	-	-	(268)	-
Principal paid on notes payable, bonds payable and capitalized lease obligations	(3,709)	(110)	(586)	(3,772)	(2,484)	-	(10,661)	-
Interest paid on notes payable, bonds payable, and capitalized lease obligations	(3,234)	(58)	(343)	(1,318)	(1,152)	-	(6,105)	-
Payments received on special assessment notes receivable	2	4	-	-	-	-	6	-
Capital contributions	4,368	806	1,263	-	-	-	6,437	-
Net cash provided (used) for capital related financing activities	(11,645)	43,610	(1,839)	(5,090)	(4,025)	-	21,011	(3,793)

The accompanying notes are an integral part of this statement.

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,  
continued

Proprietary Funds

Year ended December 31, 2005

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>	Boulder Municipal Property <u>Authority</u>	Central Area General Improvement <u>District</u>	Other <u>Enterprise Fund</u> University Hill General Improvement <u>District</u>	<u>Total</u>	Internal Service <u>Funds</u>
Cash flows from investing activities:								
Purchase of investment securities restricted for the payment of construction contracts	\$ (741)	\$ (45,903)	\$ -	\$ -	\$ -	\$ -	\$ (46,644)	\$ -
Proceeds from sale and maturities of investment securities restricted for the payment of construction contracts	-	-	323	-	167	-	490	-
Proceeds from sale and maturities of investment securities restricted for debt service and bond reserves	53	17	-	-	-	-	70	-
Purchase of investment securities	(40,370)	(20,399)	(14,619)	-	(2,322)	(1,206)	(78,916)	(45,524)
Proceeds from sale and maturities of investment securities	44,497	20,770	14,572	-	2,651	1,138	83,628	44,818
Interest on investments	<u>1,028</u>	<u>(42)</u>	<u>232</u>	<u>-</u>	<u>42</u>	<u>15</u>	<u>1,275</u>	<u>543</u>
Net cash provided (used) in investing activities	<u>4,467</u>	<u>(45,557)</u>	<u>508</u>	<u>-</u>	<u>538</u>	<u>(53)</u>	<u>(40,097)</u>	<u>(163)</u>
Net increase (decrease) in cash and cash equivalents	414	221	161	-	(1,043)	13	(234)	505
Cash and cash equivalents, January 1	<u>203</u>	<u>90</u>	<u>62</u>	<u>-</u>	<u>1,292</u>	<u>5</u>	<u>1,652</u>	<u>188</u>
Cash and cash equivalents, December 31	\$ <u><u>617</u></u>	\$ <u><u>311</u></u>	\$ <u><u>223</u></u>	\$ <u><u>-</u></u>	\$ <u><u>249</u></u>	\$ <u><u>18</u></u>	\$ <u><u>1,418</u></u>	\$ <u><u>693</u></u>
Reconciliation of cash and cash equivalents to balance sheet amounts:								
Equity in pooled cash and cash equivalents	\$ 617	\$ 311	\$ 223	\$ -	\$ 38	\$ 18	\$ 1,207	\$ 693
Cash for capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211</u>	<u>-</u>	<u>211</u>	<u>-</u>
	\$ <u><u>617</u></u>	\$ <u><u>311</u></u>	\$ <u><u>223</u></u>	\$ <u><u>-</u></u>	\$ <u><u>249</u></u>	\$ <u><u>18</u></u>	\$ <u><u>1,418</u></u>	\$ <u><u>693</u></u>

The accompanying notes are an integral part of this statement.

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,  
continued

Proprietary Funds

Year ended December 31, 2005

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>	Boulder Municipal Property <u>Authority</u>	Central Area General Improvement <u>District</u>	Other <u>Enterprise Fund</u> University Hill General Improvement <u>District</u>	<u>Total</u>	Internal Service <u>Funds</u>
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 5,628	\$ 1,677	\$ 1,020	\$ 4,947	\$ (390)	\$ (123)	\$ 12,759	\$ (396)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:								
Depreciation and amortization of deferred charges	4,503	1,613	879	143	1,384	6	8,528	5,734
Other nonoperating revenues (expenses)	2	-	16	-	42	1	61	179
Change in assets and liabilities:								
(Increase) decrease in assets:								
Accounts receivable	97	(5)	-	-	(122)	-	(30)	12
Charges for services receivable	(7)	(69)	2	-	-	-	(74)	-
Notes receivable	-	-	23	-	-	-	23	-
Intergovernmental receivables	-	-	(72)	-	-	-	(72)	-
Inventory of materials and supplies	13	-	-	-	-	-	13	-
Other assets - prepaid expenses	-	-	-	-	-	-	-	25
Increase (decrease) in liabilities:								
Vouchers and accounts payable	(1,768)	(299)	(1)	-	(760)	3	(2,825)	(396)
Contracts and retainage payable	(111)	18	(255)	-	-	-	(348)	-
Accrued salaries, wages and amounts withheld from employees	11	(1)	3	-	(3)	1	11	(260)
Accrued insurance reimbursement	-	-	-	-	-	-	-	95
Other liabilities	38	-	-	-	1	-	39	-
Contracts and retainage payable (non-current)	354	-	-	-	-	-	354	-
Compensated absences	70	57	32	-	13	2	174	29
Total adjustments	3,202	1,314	627	143	555	13	5,854	5,418
Net cash provided (used) by operating activities	\$ 8,830	\$ 2,991	\$ 1,647	\$ 5,090	\$ 165	\$ (110)	\$ 18,613	\$ 5,022
Noncash capital activities:								
Assets acquired through:								
Capital contributions:								
From other funds	\$ 89	\$ -	\$ 206	\$ -	\$ 3	\$ -	\$ 298	\$ 5,949
Other	110	176	-	-	-	-	286	-
Issuance of long-term lease purchase revenue notes	-	-	-	2,810	-	-	2,810	-
Issuance of special assessment notes receivable	15	-	-	-	-	-	15	-
Assets transferred to other funds:								
Governmental Funds	-	-	-	(13,201)	-	-	(13,201)	-
Enterprise Funds	-	-	-	-	-	-	-	(294)
	\$ 214	\$ 176	\$ 206	\$ (10,391)	\$ 3	\$ -	\$ (9,792)	\$ 5,655

The accompanying notes are an integral part of this statement.

## 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, the State, and by 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, 2005

(Amounts in 000's)

	<u>Total</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 11
Investments:	
U.S. Treasuries and Instrumentalities	1,784
Mutual Funds	13,596
Equities	7,040
Other	1,189
Receivables - accrued interest	<u>3</u>
Total assets	23,623
Liabilities:	
Accounts and accrued liabilities - accrued pensions payable	<u>81</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>23,542</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, 2005

(Amounts in 000's)

	<u>Total</u>
Additions:	
Pension contributions:	
City of Boulder	\$ 488
Employees	32
Other	-
Total contributions	<u>520</u>
Investment earnings	1,177
Less investment expense	<u>(27)</u>
Net investment income	<u>1,150</u>
Total additions	<u>1,670</u>
Deductions:	
Benefits	2,881
Administrative	<u>60</u>
Total deductions	<u>2,941</u>
Net increase (decrease)	(1,271)
Net assets held in trust for pension benefits:	
Beginning of year	<u>24,813</u>
End of year	\$ <u><u>23,542</u></u>

The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

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City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

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 government 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.

The city has applied the provisions of GASB Statement No. 14, The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The city is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the city. The city may also be financially accountable for organizations that are fiscally dependent on it.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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**

*Central Area General Improvement District and University Hill General Improvement 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 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.

*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 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, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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*.

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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*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, other taxes, charges for services, intergovernmental revenues, 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.

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.



City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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 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.

*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.

*Central Area General Improvement 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*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.

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 Central Area General Improvement 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. 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.

Revised Budget

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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 AAA by Standard and Poor's or AAAM by Moody's)

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Investments (Continued)

- 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.

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 cost, which approximates 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Restricted Assets

Pooled and non-pooled investments which are restricted for specified uses by gift, fee and grant requirements are classified as “restricted assets” in the General and Special Revenue Funds. Pooled investments and cash held by paying agents have been restricted in the General, Capital Project and Enterprise Funds for future capital improvements in compliance with escrow reserve agreements and 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.

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 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 the 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.

Prior to 2005, only those governmental activities infrastructure assets (e.g., bridges, streets, sidewalks, bike paths, and similar items) completed beginning in 2002 had been capitalized. Infrastructure completed prior to 2002 was capitalized in 2005. The city has chosen to include all such items regardless of their acquisition date. The infrastructure is recorded at estimated historical cost. Accordingly, the December 31, 2004, balance of “land and easements” was increased by \$6,162,238, “infrastructure” was increased by \$314,330,677, and accumulated depreciation for infrastructure was increased by \$209,518,818.

Costs incurred for the purchase or construction of capital assets for business-type activities are reported as assets in the proprietary funds. Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Interest capitalized in 2005 totaled \$12,290.

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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Capital Assets (Continued)

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 sales 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.

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 paid in governmental fund types. A liability for these amounts is reported in the government-wide financial statements.

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 the straight-line method.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, losses on refunding, as well as bond issuance costs, as expenditures 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, 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 use for a specific purpose and *designations* for amounts that are not available for appropriation. Proprietary funds report *restrictions* of net assets those amounts that are legally restricted by outside parties for a specific purpose.

*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 moneys for economic vitality programs. Moneys in the Special Revenue Funds have been designated for the undergrounding of utilities.



City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Fund Equity (Continued)

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. For example, net assets in the CHAP, .25 Cent Sales 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 are restricted for capital projects in the Capital Development Fund and Transit Pass General Improvement District by citizen vote, the Lottery Fund by State requirement and the Permanent Parks and Recreation Fund by city charter.

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 \$84,238 difference are as follows (amounts in 000’s):

General obligation bonds	\$ 60,375
Revenue bonds	10,850
Revenue notes	69
Loans payable	3,500
Compensated absences	<u>9,585</u>
Total governmental activities long-term liabilities	84,379
Less: internal service fund long-term liabilities	<u>(141)</u>
Governmental fund long-term liabilities	\$ <u>84,238</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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

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.”

The details of the (\$8,723) difference are as follows (amounts in 000's):

Principal repayments:	
General obligation bonds:	
Repayments	\$ (5,590)
Amortization of debt premium and refunding bond charges	36
General obligation repayments	(5,554)
Revenue bonds	(950)
Revenue notes	(248)
Capitalized lease obligations	(34)
Loan payable	(1,500)
Compensated absences	(261)
Rebatable arbitrage payable	(162)
Total principal repayments	(8,709)
Other debt related items:	
Amortization of cost of issuance	15
Total change in governmental activities long-term liabilities	(8,694)
Less: change in internal service fund long-term liabilities	(29)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities – debt and related items	\$ (8,723)

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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) \$960,000 increase in the General Fund to appropriate a U.S. Department of Health and Human Services, Early Learning Opportunities Act, grant. This grant will improve the quality of child care through direct services and planning activities for developing a comprehensive, integrated system of early childhood education.
- 2) \$7,810,143 increase in the Water Utility Enterprise Fund and \$1,097,483 increase in the Wastewater Utility Enterprise Fund to appropriate, from refunding revenue bond proceeds, the retirement of the 1996 Water and Sewer Revenue Bonds and 1992 Water and Sewer Revenue Bonds, respectively (see Note N);
- 3) \$46,493,848 increase in the Wastewater Utility Enterprise Fund to appropriate bond proceeds from the issuance of the 2005 Water and Sewer Revenue Bonds (see Note N);
- 4) \$2,810,000 increase in the Boulder Municipal Property Authority Enterprise Fund to appropriate the purchase of property funded by issuance of lease purchase revenue notes.

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, 2005

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	\$ 76,921	\$ 83,006	\$ 79,064	\$ 3,942
Capital Development	590	3,179	1,557	1,622
Lottery	900	1,701	999	702
Planning & Development Services	7,505	7,906	7,544	362
Affordable Housing	2,461	4,686	2,407	2,279
Community Housing Assistance Program	1,562	4,158	1,552	2,606
.15 Cent Sales Tax	2,191	3,056	2,374	682
.25 Cent Sales Tax	5,740	8,946	6,958	1,988
Library	5,740	5,995	5,980	15
Recreation Activity	9,065	9,266	8,612	654
Open Space and Mountain Parks	21,302	25,594	21,924	3,670
Airport	384	630	582	48
Transportation	18,379	32,613	23,076	9,537
Transportation Development	4,898	8,253	1,356	6,897
Transit Pass General Improvement District	9	9	9	-
Community Development	2,144	3,531	2,131	1,400
HOME	870	1,575	341	1,234
General Obligation Debt Service	25	25	19	6
.15 Cent Sales Tax Debt Service	945	1,372	1,342	30
1996 Parks Acquisition Bond	-	267	267	-
Permanent Parks and Recreation	1,538	4,911	1,998	2,913
Water Utility	27,462	41,639	37,030	4,609
Wastewater Utility	10,650	62,144	14,008	48,136
Stormwater and Flood Management	6,121	9,978	7,831	2,147
Boulder Municipal Property Authority	4,424	7,984	7,984	-
Central Area General Improvement District	6,745	7,425	6,823	602
University Hill General Improvement District	329	370	352	18
	<u>\$ 218,900</u>	<u>\$ 340,219</u>	<u>\$ 244,120</u>	<u>\$ 96,099</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE C - LEGAL COMPLIANCE - BUDGETS (CONTINUED)

A reconciliation of the budget to actual expenses at December 31, 2005, in the accompanying financial statements for the major business-type funds is as follows (amounts in 000's):

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund	Boulder Municipal Property Authority	Central Area General Improvement District	Total
Actual expenses-basis of budgeting:	\$ 37,030	\$ 14,008	\$ 7,831	\$ 7,984	\$ 6,823	\$ 73,676
Less:						
Encumbrances	(1,123)	(1,510)	(2,014)	-	(67)	(4,714)
Capital outlay	(7,344)	(3,392)	(2,173)	-	(389)	(13,298)
Assets acquired through issuance of long-term lease purchase revenue notes	-	-	-	(2,810)	-	(2,810)
Principal retirement	(3,709)	(125)	(586)	(3,772)	(2,500)	(10,692)
Payment to refunding bond escrow agent	(7,896)	(1,286)	-	-	-	(9,182)
Change in pre-2002 debt interest accrual	-	-	-	(85)	-	(85)
Reduction in deferred credit	(564)	-	-	-	-	(564)
Plus:						
Adjustment to accrued salaries, wages and amounts withheld from employees	21	8	5	-	-	34
Adjustment to compensated absences	70	58	32	-	13	173
Amortization of bond premium and deferred refunding loss	12	(7)	-	-	15	20
Capital assets reassigned to other funds	-	-	-	4,347	-	4,347
Depreciation and amortization of deferred charges	<u>4,503</u>	<u>1,613</u>	<u>879</u>	<u>143</u>	<u>1,384</u>	<u>8,522</u>
Actual expenditures-GAAP basis	\$ <u>21,000</u>	\$ <u>9,367</u>	\$ <u>3,974</u>	\$ <u>5,807</u>	\$ <u>5,279</u>	\$ <u>45,427</u>
Expenses, from Statement of Revenues, Expenses and Changes in Fund Net Assets:						
Operating expenses	\$ 15,414	\$ 8,303	\$ 3,367	\$ 143	\$ 3,626	\$ 30,853
Nonoperating expenses:						
Interest expense	3,186	136	336	1,317	1,127	6,102
Contribution expense- future water rights	1,142	-	-	-	-	1,142
Transfers out	<u>1,258</u>	<u>928</u>	<u>271</u>	<u>4,347</u>	<u>526</u>	<u>7,330</u>
Total expenses	\$ <u>21,000</u>	\$ <u>9,367</u>	\$ <u>3,974</u>	\$ <u>5,807</u>	\$ <u>5,279</u>	\$ <u>45,427</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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. 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, 2005, the city believes it was in compliance with Amendment One. (See Notes K and R).

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE E - DEPOSITS AND INVESTMENTS

At December 31, 2005, the city had the following in cash and investments (in 000's):

Cash on hand	\$ 26
Deposits	4,254
Investments	<u>224,951</u>
Total	\$ <u>229,231</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	\$ 3,658
Investments	130,028
Restricted cash and investments	<u>71,925</u>
	<u>205,611</u>

*Fiduciary Fund Investments*

Equity in pooled cash and cash equivalents	11
Investments	<u>23,609</u>
	<u>23,620</u>

Total	\$ <u>229,231</u>
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**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, 2005, 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

On December 31, 2005, the city had bank deposits of \$200,000 insured by FDIC and \$3,653,535 properly collateralized under the Public Deposit Protection Act and therefore, not exposed to custodial credit risk.

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

As of December 31, 2005, the city had the following investments and maturities:

Investment Type	Fair Value (000's)
Local Government	
Investment Pools	\$ 12,335
Commercial Paper	2,160
U.S. Treasuries	56,249
U.S. Instrumentalities	130,598
Certificates of Deposit	<u>400</u>
Total	\$ <u>201,742</u>

*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, 2005, the city held investments with the following credit ratings:



City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Issuer	Fair Value (000's)	Ratings	
		Standard & Poors	Moody's
FNMA	31,152	AAA	Aaa
FHLB	46,403	AAA	Aaa
FHLMC	51,290	AAA	Aaa
FFCB	1,753	AAA	Aaa
Local Government Investment Pools			
Colotrust	10,636	AAA	Aaa
Csafe	1,699	AAA	Aaa
Commercial Paper	2,160	A-1+	P1

*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, 2005, the weighted average maturity of the city's pooled investment portfolio was 1.11 year as detailed below:

Investment Type	Fair Value (000's)	Weighted Average Maturity (years)
U.S. Treasuries	\$ 56,249	1.05
FFCB	1,753	1.88
FNMA	31,152	0.80
FHLMC	51,290	1.55
FHLB	46,403	1.32
Commercial Paper	2,160	0.16
Local Government Investment Pools	<u>12,335</u>	<u>-</u>
Total Fair Value	\$ <u>201,342</u>	
Portfolio weighted average maturity		<u>1.12</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

*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, 2005, 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.

*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, 2005:

<u>Issuer</u>	<u>Fair Market Value (in 000's)</u>	<u>Percentage of Total Portfolio</u>
Federal National Mortgage Association	\$ 31,152	15%
Federal Home Loan Bank	46,403	23%
Federal Home Loan Mortgage Corporation	51,290	25%
Colotrust	10,636	5%

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

**Investments – Fiduciary Funds**

As of December 31, 2005, 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	\$ 24	\$ 24	\$ -	\$ -	\$ -	\$ -
Commercial Paper	4	4	-	-	-	-
U.S. Treasuries	418	61	53	-	304	-
U.S. Instrumentalities	1,366	570	335	111	154	196
Money Market Funds	433	433	-	-	-	-
Mutual Funds – Equities	13,596	13,596	-	-	-	-
Real Estate	663	663	-	-	-	-
Equities	7,040	7,040	-	-	-	-
Real Estate Investment Trust	<u>65</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>23,609</u></b>	<b>\$ <u>22,456</u></b>	<b>\$ <u>388</u></b>	<b>\$ <u>111</u></b>	<b>\$ <u>458</u></b>	<b>\$ <u>196</u></b>

*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 adopted May 12, 2003 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 Fire Pension Fund has no formal adopted investment policy at December 31, 2005, which addresses credit risk. At December 31, 2005 the pension plans held investments with credit ratings as follows:

Issuer	Fair Value (000's)	Ratings	
		Standard & Poors	Moody's
Local Government			
Investment Pools	\$ 24	AAA	Aaa
Commercial Paper	4	A-1+	P1
U.S. Instrumentalities	264	AAA	Aaa
Mutual Funds – Fixed Income	1,406	AAA	Aaa

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

*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. The Fire Pension Fund limits investment in common or preferred stock, or both, of any single corporation to 5% or less of the book value of the Funds assets. The Fire Pension Fund also limits investment to 7% of the outstanding stock or bonds of any single corporation. At December 31, 2005, no single issuer held more than 5% of either pension fund's portfolio.

*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. 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% over the Consumer Price Index. Due to the recent downturn in interest rates, the Fund's investments have not met the targeted rate of return. For 2005, the actual return of the "Old Hire" Police pension portfolio was 5.10% while the targeted rate of return was 8.5%. The Fire Pension Fund has no policy addressing interest rate risk. See the above pension investment maturity schedule for additional information on fixed income security maturities.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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.

Property taxes levied in 2005 for collection in 2006 of \$16,748,587 in the General Fund, \$1,802,559 in the Special Revenue Funds, \$1,426,654 in the Capital Projects Funds and \$1,375,809 in the Enterprise Funds, are included in receivables and deferred revenue at December 31, 2005. These taxes are classified as deferred revenues since they are not normally available to the city until mid-2006.

NOTE G – OTHER RECEIVABLES

The December 31, 2005, balance in “other receivables” contains the following detail (amounts in 000’s):

<u>Type of receivable</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Accounts	\$ 2,440	\$ 386	\$ 2,826
Charges for services	-	1,195	1,195
Accrued interest	600	725	1,325
Intergovernmental	4,182	298	4,480
Other	<u>288</u>	<u>-</u>	<u>288</u>
	\$ <u>7,510</u>	\$ <u>2,604</u>	\$ <u>10,114</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE H - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, 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	\$ 188,099	\$ 4,068	\$ (5)	\$ 192,162
Construction in progress	<u>32,142</u>	<u>7,170</u>	<u>(21,320)</u>	<u>17,992</u>
Total capital assets, not being depreciated	<u>220,241</u>	<u>11,238</u>	<u>(21,325)</u>	<u>210,154</u>
Capital assets being depreciated:				
Buildings	63,938	7,336	-	71,274
Improvements other than buildings	22,063	12,646	-	34,709
Infrastructure	320,991	9,821	-	330,812
Machinery and equipment	<u>31,579</u>	<u>4,073</u>	<u>(2,355)</u>	<u>33,297</u>
Total capital assets, being depreciated	<u>438,571</u>	<u>33,876</u>	<u>(2,355)</u>	<u>470,092</u>
Less accumulated depreciation for:				
Buildings	21,906	5,057	-	26,963
Improvements other than buildings	9,364	1,210	-	10,574
Infrastructure	210,045	11,745	-	221,790
Machinery and equipment	<u>16,533</u>	<u>3,092</u>	<u>(2,114)</u>	<u>17,511</u>
Total accumulated depreciation	<u>257,848</u>	<u>21,104</u>	<u>(2,114)</u>	<u>276,838</u>
Total capital assets, being depreciated, net	<u>180,723</u>	<u>12,772</u>	<u>(241)</u>	<u>193,254</u>
Governmental Activities capital assets, net	\$ <u>400,964</u>	\$ <u>24,010</u>	\$ <u>(21,566)</u>	\$ <u>403,408</u>

In March 2005, the city entered into an intergovernmental agreement whereby the city accepted the transfer of ownership and maintenance responsibilities from the State of Colorado to the city, for North Broadway (Colorado State Highway 7) from Canyon Boulevard north to U.S. 36. Ownership will allow the city to create a street character on North Broadway consistent with community goals identified in the North Boulder Subcommunity Plan. As part of this agreement the city received \$2,250,000 from the Colorado Department of Transportation to upgrade the street to city standards. This asset was capitalized at its fair value cost of \$578,142 (\$476,142 of infrastructure and \$102,000 of land and easements).

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE H - CAPITAL ASSETS (CONTINUED)

**Governmental Activities (Continued):**

As described in Note A.10, the city completed the retroactive capitalization of its transportation infrastructure in accordance with GASB 34 requirements. The infrastructure is recorded at estimated historical cost. Accordingly, a prior period correction to the December 31, 2004, balance of "land and easements" was increased by \$6,162,238, "infrastructure" was increased by \$314,330,677, and accumulated depreciation for infrastructure was increased by \$209,518,818.

The December 31, 2004, "land and easement" balance also includes an \$8,854,253 positive adjustment for a prior period correction of the reassignment of assets from Business-type Activities to Governmental Activities.

**Business-type Activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and easements	\$ 72,717	\$ 3,297	\$ (100)	\$ 75,914
Construction in progress	<u>11,763</u>	<u>4,190</u>	<u>(8,268)</u>	<u>7,685</u>
Total capital assets, not being depreciated	<u>84,480</u>	<u>7,487</u>	<u>(8,368)</u>	<u>83,599</u>
Capital assets being depreciated:				
Buildings	53,078	728	(6,265)	47,541
Improvements other than buildings	5,125	-	-	5,125
Utility plant in service and undergrounds	340,146	15,895	-	356,041
Machinery and equipment	<u>6,583</u>	<u>439</u>	<u>(301)</u>	<u>6,721</u>
Total capital assets, being depreciated	<u>404,932</u>	<u>17,062</u>	<u>(6,566)</u>	<u>415,428</u>
Less accumulated depreciation for:				
Buildings	11,561	1,327	(2,019)	10,869
Improvements other than buildings	1,093	241	-	1,334
Utility plant in service and undergrounds	101,141	6,291	-	107,432
Machinery and equipment	<u>3,880</u>	<u>600</u>	<u>(265)</u>	<u>4,215</u>
Total accumulated depreciation	<u>117,675</u>	<u>8,459</u>	<u>(2,284)</u>	<u>123,850</u>
Total capital assets, being depreciated, net	<u>287,257</u>	<u>8,603</u>	<u>(4,282)</u>	<u>291,578</u>
Business-type Activities capital assets, net	\$ <u>371,737</u>	\$ <u>16,090</u>	\$ <u>(12,650)</u>	\$ <u>375,177</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE H - 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	723
Public Safety	36
Public Works	17,300
Planning & Development Services	9
Culture and Recreation	817
Open Space and Mountain Parks	122
Housing & Human Services	<u>65</u>
Total depreciation expense – Governmental Activities	\$ <u>19,085</u>

Business-type Activities:

Water Utility	\$ 4,485
Wastewater Utility	1,611
Stormwater and Flood Management	875
Parking facilities and services	1,345
Property and facility acquisition	<u>143</u>
Total depreciation expense – Business-type Activities	\$ <u>8,459</u>

City policy requires computer equipment from all funds, except the Proprietary Funds, be recorded in the Computer Replacement Internal Service Fund to provide an effective approach for the collection of replacement charges for the funding of city-wide computer replacements. As a result, a contribution of computers in the amount of \$28,528 was made from governmental funds to the Computer Replacement Fund in 2005.

The Facility Renovation and Replacement 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. As a result, a contribution of facilities in the amount of \$788,631 was made from governmental funds to the Facility Renovation and Replacement Fund in 2005.



City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE I - 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 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 \$600,000 for each and every claim. Excess insurance coverage over this maximum had been purchased through Genesis Insurance Company including increasing the annual aggregate to \$1,000,000. 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 \$500,000 for current and future years claims. As of December 31, 2005, the reserve exceeded this goal by \$1,689,000.

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 claims payable is based on the results of an actuarial study prepared as of December 31, 2004.

Changes in the estimated claims payable for all funds during the years ended December 31, 2004 and 2005, were as follows (amounts in 000's):

	<u>2004</u>	<u>2005</u>
Estimated claims payable January 1	\$ 1,054	\$ 911
Current year claims and changes in estimates	284	315
Claim payments	<u>(427)</u>	<u>(315)</u>
Estimated claims payable December 31	\$ <u>911</u>	\$ <u>911</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE I - 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. The estimated reserves at December 31, 2005, 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. There were no material changes in insurance coverage from the prior year.

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 6 to 1. At December 31, 2005, the reserve exceeded this goal by \$201,000.

Changes in the estimated claims payable for all funds during the years ended December 31, 2004 and 2005, were as follows (amounts in 000's):

	<u>2004</u>	<u>2005</u>
Estimated claims payable January 1	\$ 1,022	\$ 1,161
Current year claims and changes in estimates	929	1,144
Claim payments	<u>(790)</u>	<u>(1,049)</u>
Estimated claims payable December 31	\$ <u>1,161</u>	\$ <u>1,256</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE J – ACCRUED LIABILITIES

The December 31, 2005, 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	\$ 2,372	\$ 370	\$ 2,742
Accrued interest	970	1,315	2,285
Accrued insurance reimbursement	2,167	-	2,167
Accrued liability – landfill cleanup	<u>-</u>	<u>2,531</u>	<u>2,531</u>
	<u>\$ 5,509</u>	<u>\$ 4,216</u>	<u>\$ 9,725</u>

NOTE K - PROPERTY TAX OVERCOLLECTION LIABILITY

The 2003 mill levy for the Central Area General Improvement District, for taxes collected in 2004, resulted in an excess of the Amendment One allowable property tax revenues by \$2,122. An amount totaling \$662 was transferred from “other liability” to 2005 revenues.

The 2004 mill levy for the University Hill General Improvement District, for taxes collected in 2005, resulted in an excess of the Amendment One allowable property tax revenues by \$25.

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

<u>Fund</u>	<u>Net Overcollection</u>
Central Area General Improvement District	\$ 1,460
University Hill General Improvement District	25

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE L - 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, were 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, 2005

NOTE L - 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 late 2007.

Funds to pay off the bonds and the accrued liability will be collected through user rate charges. The December 31, 2005, balance in the "accrued landfill cleanup liability" is \$2,530,980.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE M - 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: 2006-\$1,652,375, 2007-\$1,654,314, 2008-\$1,653,779, 2009-\$1,652,567, 2010-\$1,652,531, 2011 through 2015-\$8,268,538, and 2016 through 2017-\$3,398,083.

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, 2005, deferred credit balance was \$6,762,374.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - LONG-TERM DEBT

Changes in Long-Term Debt

The following balances and changes in long-term debt are for the year ended December 31, 2005 (amounts in 000's):

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 65,929	\$ -	\$ (5,554)	\$ 60,375	\$ 5,795
Revenue bonds	<u>11,800</u>	<u>-</u>	<u>(950)</u>	<u>10,850</u>	<u>995</u>
Total bonds payable	77,729	-	(6,504)	71,225	6,790
Revenue notes payable	317	-	(248)	69	69
Capitalized lease obligations	34	-	(34)	-	-
Loans payable	5,000	-	(1,500)	3,500	1,700
Compensated absences	9,846	950	(1,211)	9,585	1,680
Rebatable arbitrage payable	<u>162</u>	<u>-</u>	<u>(162)</u>	<u>-</u>	<u>-</u>
Governmental activity long-term debt	\$ <u>93,088</u>	\$ <u>950</u>	\$ <u>(9,659)</u>	\$ <u>84,379</u>	\$ <u>10,239</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 28,492	\$ -	\$ (2,849)	\$ 25,643	\$ 2,515
Revenue bonds	<u>74,445</u>	<u>54,255</u>	<u>(11,801)</u>	<u>116,899</u>	<u>5,740</u>
Total bonds payable	102,937	54,255	(14,650)	142,542	8,255
Revenue notes payable	219	-	(106)	113	113
Certificates of participation	4,190	-	(705)	3,485	430
Lease purchase revenue notes	18,033	2,810	(3,067)	17,776	2,589
Compensated absences	<u>1,356</u>	<u>226</u>	<u>(52)</u>	<u>1,530</u>	<u>268</u>
Business-type activities long-term debt	\$ <u>126,735</u>	\$ <u>57,291</u>	\$ <u>(18,580)</u>	\$ <u>165,446</u>	\$ <u>11,655</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - 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.

General obligation bonds outstanding at December 31, 2005, 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	5.00 – 5.50%	\$ 16,655	\$ 20,095
Governmental activities – refunding	4.40 – 5.375	43,935	64,560
Business-type activities	2.50 – 5.00	22,510	26,000
Business-type activities – refunding	3.50 – 3.625	<u>3,035</u>	<u>7,355</u>
		<u>\$ 86,135</u>	<u>\$ 118,010</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>	
2006	\$ 5,795	\$ 2,955	\$ 2,515	\$ 1,046	\$ 12,311
2007	6,090	2,698	2,720	953	12,461
2008	6,350	2,417	1,165	851	10,783
2009	6,565	2,127	1,215	794	10,701
2010	6,865	1,818	1,265	736	10,684
2011-2015	23,980	4,732	7,235	2,866	38,813
2016-2020	4,945	554	6,790	1,233	13,522
2021-2025	<u>-</u>	<u>-</u>	<u>2,640</u>	<u>222</u>	<u>2,862</u>
Total liability	60,590	17,301	25,545	8,701	112,137
Plus bond premium	28	-	177	-	205
Less refunding bond charges	<u>(243)</u>	<u>-</u>	<u>(79)</u>	<u>-</u>	<u>(322)</u>
Net liability	\$ <u>60,375</u>	\$ <u>17,301</u>	\$ <u>25,643</u>	\$ <u>8,701</u>	\$ <u>112,020</u>



City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - 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. In addition, revenue bonds have been issued to refund other revenue bonds.

**2005 Bond Refundings**

On June 7, 2005, the city issued \$1,110,000 in Water and Sewer Revenue Bonds with an average interest rate of 3.3 percent to refund \$1,170,000 of outstanding 1992 Series Water and Sewer Revenue Bonds with an average interest rate of 5.7 percent. The net proceeds of \$1,098,888 (after payment of \$17,568 in underwriting fees and other closing costs) plus an additional \$74,750 of 1992 Series debt service fund monies were used to purchase US Treasury Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series bonds. The 1992 Series bonds were called and fully retired on July 14, 2005.

This current refunding resulted in an immaterial accounting gain (the difference between the reacquisition price and the net carrying amount of the old debt) which was recognized in the current year as an adjustment to interest expense. The city completed the current refunding to reduce its total debt service payments over the next 8 years by \$133,022 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$101,103.

On June 7, 2005, the city issued \$7,900,000 in Water and Sewer Revenue Bonds with an average interest rate of 3.6 percent to refund \$7,875,000 of outstanding 1996 Series Water and Sewer Revenue Bonds with an average interest rate of 5.5 percent. The net proceeds of \$7,820,281 (after payment of \$124,819 in underwriting fees and other closing costs) plus an additional \$295,338 of 1996 Series debt service fund monies were used to purchase US Treasury Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 Series bonds. As a result, the 1996 Series bonds are considered to be defeased and the liability for those bonds has been removed from the books. All 1996 Series Water and Sewer Revenue Bonds remaining at December 31, 2005 will be called on December 1, 2006.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

This advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$207,810. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012 using the straight line method. The city completed the advance refunding to reduce its total debt service payments over the next 12 years by \$777,770 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$592,563.

**2005 Bond Issuance**

On November 8, 2005, the city sold \$45,245,000 of its Water and Sewer Revenue Bonds Series 2005C. These bonds will mature on December 1, 2025. The bonds were purchased by Piper Jaffray & Co. at a net effective interest rate of 4.4%. The closing on the bonds was December 13, 2005. Bonds maturing on and after December 1, 2016 shall be callable for redemption at the option of the city, in whole or in part, and if in part in such order of maturities as the city shall determine and by lot within a maturity on December 1, 2015, and on any date thereafter, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

Revenue bonds outstanding at December 31, 2005, 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	4.875 – 5.25%	\$ 10,850	\$ 15,835
Business-type activities	3.50 – 5.75	101,005	115,270
Business-type activities – refunding	3.00 – 5.10	<u>14,950</u>	<u>18,690</u>
		\$ <u>126,805</u>	\$ <u>149,795</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

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>	
2006	\$ 995	\$ 551	\$ 5,740	\$ 5,392	\$ 12,678
2007	1,045	502	6,060	5,057	12,664
2008	1,090	450	6,300	4,795	12,635
2009	1,140	395	6,560	4,531	12,626
2010	1,195	338	7,140	4,257	12,930
2011-2015	5,385	708	32,630	16,966	55,689
2016-2020	-	-	34,480	8,918	43,398
2021-2025	-	-	17,045	2,270	19,315
Total liability	10,850	2,944	115,955	52,186	181,935
Plus bond premium	-	-	1,140	-	1,140
Less refunding bond charges	-	-	(196)	-	(196)
Total liability	\$ <u>10,850</u>	\$ <u>2,944</u>	\$ <u>116,899</u>	\$ <u>52,186</u>	\$ <u>182,879</u>

Revenue Notes

In addition to bonds, the city issues revenue trust deed notes to provide funds for the acquisition of open space and parks land. The notes are collateralized by the land purchased and are repaid from general government and utility revenues.

Revenue notes outstanding at December 31, 2005, 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	8.50%	\$ 69	\$ 710
Business-type activities	6.00%	<u>113</u>	<u>320</u>
		\$ <u>182</u>	\$ <u>1,030</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - LONG-TERM DEBT (CONTINUED)

Revenue Notes (Continued)

Annual debt service requirements to maturity for revenue notes 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>	
2006	\$ <u>69</u>	\$ <u>6</u>	\$ <u>113</u>	\$ <u>7</u>	\$ <u>195</u>

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, 2005, 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	4.55 – 5.00%	\$ <u>3,485</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>	
2006	\$ 430	\$ 167	\$ 597
2007	450	148	598
2008	475	127	602
2009	495	105	600
2010	515	81	596
2011-2012	<u>1,120</u>	<u>84</u>	<u>1,204</u>
Total liability	\$ <u>3,485</u>	\$ <u>712</u>	\$ <u>4,197</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - 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, 2005, 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>17,776</u>	\$ <u>31,743</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>	
2006	\$ 2,589	\$ 1,069	\$ 3,658
2007	2,566	903	3,469
2008	1,932	738	2,670
2009	1,589	611	2,200
2010	1,684	516	2,200
2011-2015	6,683	900	7,583
2016-2020	<u>733</u>	<u>84</u>	<u>817</u>
Total liability	\$ <u>17,776</u>	\$ <u>4,821</u>	\$ <u>22,597</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - LONG-TERM DEBT (CONTINUED)

Loans Payable

*Drive In Property* – In 1997, the city applied for and received a federal Community Development Block Grant (CDBG)-backed Section 108 loan for \$4,200,000 to acquire the vacant 27-acre parcel in North Boulder known as the Drive In Theatre site. The site is to be developed by the Boulder Housing Partners in accordance with the North Boulder Subcommunity Plan. The principal security for the loan guarantee is a pledge by the city of its current and future CDBG funds. Therefore the Section 108 loan is between the city and the Department of Housing and Urban Development (HUD). However, in order to comply with the TABOR Amendment (see Note D), the city's commitment will be year to year, subject to annual appropriation.

In September of 1998, the city received interim financing of \$4,200,000 from HUD. The property was then sold to the Boulder Housing Partners who gave the city a note to pay for the acquisition price. This note was recorded in the Community Development Special Revenue Fund.

In April of 1999, HUD held a public offering of trust certificates backed by a trust composed of notes and other obligations guaranteed under Section 108. The city's note was included in the trust, together with the notes of other participating borrowers. The city received final financing for this project of \$4,200,000 at an interest rate of 5.6%.

In 2003, the Boulder Housing Partners began making interest and principal payments from the sale of parcels of land at the site. Prior to 2003, principal and interest payments were made from Community Housing Assistance Program (CHAP) unallocated funds and repaid to CHAP by the Boulder Housing Partners in 2003. The Boulder Housing Partners note receivable was fully paid in 2005.

At December 31, 2005, the \$1,100,000 balance on this "loan payable" is a governmental activities noncurrent liability.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - LONG-TERM DEBT (CONTINUED)

Loans Payable (continued)

*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 Bank One. 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.

At December 31, 2005, \$2,400,000 had been drawn down on this credit facility, the balance of which is recorded as a governmental activities noncurrent 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, 2005 (amounts in 000's):

	Governmental <u>Activities</u>	Business- type <u>Activities</u>
Accrued vacation	\$ 5,029	\$ 653
Accrued sick pay	2,086	378
Accrued appreciation bonus	2,301	499
Accrued compensation time	<u>170</u>	<u>-</u>
	\$ <u>9,585</u>	\$ <u>1,530</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE N - 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 \$1,680,000 of governmental activities and \$268,000 of business-type activities liabilities will be paid in 2006. 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

KRC Resources, Inc. 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, 2005. 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. There were no bond issues with a rebatable arbitrage balance at December 31, 2005.

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 U.S. Treasury 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, 2005, the total of all refunded bonds that are outstanding is \$26,535,000. Although the city is not legally released from the refunded bonds, such debt is considered to be, in substance, defeased debt. Accordingly, the escrow accounts' 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, 2005

NOTE N - LONG-TERM DEBT (CONTINUED)

Lease of Criminal Justice Center

During prior years, the city used Revenue Sharing Funds of approximately \$1,035,000 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.

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, 2005

NOTE O - 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, 2005, is as follows (amounts in 000's):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	HOME	\$ 4
Boulder Municipal Property Authority	General	14
	Lottery	18
	Affordable Housing	5
	Open Space and Mountain Parks	501
	Transportation	5
	Permanent Parks and Recreation	<u>2</u>
		\$ <u>549</u>

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, 2005. All balances will be repaid within one year.

**Advances to/from other funds**

The \$357,970 owed the General Fund by the Central Area General Improvement 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 2007.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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

**Interfund transactions**

There are various types of interfund transactions which occur between funds. The following information describes the city's material 2005 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	\$ 755
	Transportation	1,093
	Nonmajor governmental funds	1,674
	Enterprise funds:	
	Water Utility	1,085
	Wastewater Utility	765
	Stormwater and Flood Management	163
	Central Area General Improvement District	134
	University Hill General Improvement District	39
	Internal service funds	<u>481</u>
		<u>\$ 6,189</u>

*Library Revenue Transfer* – The General Fund made quarterly payments totaling \$5,072 to the Library Fund to subsidize library operations.

*Parking Meter Revenue Transfer* – The General Fund made monthly payments to the Central Area General Improvement District and University Hill General Improvement District totaling \$1,258 and \$188, respectively, for meter revenues collected in the General Fund.

*Parks & Recreation Revenue Fund Transfer* – The General Fund made quarterly payments totaling \$1,297 to the Recreation Activity Fund to subsidize recreation activities.

*Mountain Parks Transfer* – The General Fund made quarterly payments totaling \$927 to the Open Space and Mountain Parks Fund to subsidize Mountain Parks operations.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

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

**Interfund transactions (Continued)**

*Excess Sales Tax Transfer* – The .15 Cent Sales Tax Debt Service Fund made a \$550 annual payment of sales tax in excess of debt service to the General Fund in accordance with the bond sale ordinance.

*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	\$ 1,846
	Transportation	174
	Enterprise funds:	
	Water Utility	163
	Wastewater Utility	163
	Stormwater and Flood Management	<u>98</u>
		<u>\$ 2,444</u>

*Capital Asset Reassignment Transfer* – In 2005, the Boulder Municipal Property Authority (BMPA), made a \$4,247 transfer, equal to the depreciated cost of the Public Safety Building, to the Facility Renovation and Replacement Internal Service Fund. Ownership of this building reverted to the city upon payment in full of the lease purchase revenue debt used to finance its construction. Both sides of this transfer are recorded in the fund financial statements since both fund types use the accrual basis of accounting.

In comparison, an additional \$100 capital asset reassignment transfer made from BMPA to the general government is reflected solely in the Enterprise Fund fund financials since governmental funds use the modified accrual basis of accounting. *Transfers in* and *transfers out* do however balance in the government-wide statement of activities, where everything is accounted for using a common basis of accounting.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE P – RESERVED AND DESIGNATED FUND BALANCES

At December 31, 2005, governmental fund balances were *reserved* as follows (amounts in 000's):

<u>Fund</u>	<u>Special Purposes</u>		<u>Total</u>
	<u>Gifts and Memorials</u>	<u>Contraband Forfeitures</u>	
Major governmental funds:			
General	\$ <u>133</u>	\$ <u>1,214</u>	\$ <u>1,347</u>
Other governmental funds:			
Special revenue funds:			
Planning & Development Services	23	-	23
.25 Cent Sales Tax	208	-	208
Recreation Activity	25	-	25
Gifts and Contributions	<u>424</u>	<u>-</u>	<u>424</u>
Total other governmental funds	<u>680</u>	<u>-</u>	<u>680</u>
Total reserved fund balance	\$ <u>813</u>	\$ <u>1,214</u>	\$ <u>2,027</u>

At December 31, 2005, governmental fund balances were *designated* as follows (amounts in 000's):

<u>Fund</u>	<u>Special Purposes</u>					<u>Total</u>
	<u>Education Excise Tax</u>	<u>Under- grounding Cost Share</u>	<u>Economic Vitality</u>	<u>Urban Redevel- opment</u>	<u>Cyber Café</u>	
Major governmental funds:						
General	\$ 3,146	\$ -	\$ 1,967	\$ 352	\$ 105	\$ 5,570
Special revenue funds:						
Transportation	<u>-</u>	<u>123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123</u>
Total major funds	<u>3,146</u>	<u>123</u>	<u>1,967</u>	<u>352</u>	<u>105</u>	<u>5,693</u>
Other governmental funds:						
Special revenue funds:						
Transportation Development	<u>-</u>	<u>113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113</u>
Total designated fund balance	\$ <u>3,146</u>	\$ <u>236</u>	\$ <u>1,967</u>	\$ <u>352</u>	\$ <u>105</u>	\$ <u>5,806</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE Q - RESTRICTED NET ASSETS

At December 31, 2005, net assets of \$108,874 and \$4,271, respectively, were restricted in the Central Area General Improvement District and University Hill General Improvement District for Amendment One emergency reserves.

NOTE R - RESERVES FOR COMPENSATED ABSENCES

In 1994, the city began to reserve fund balances to fund increases in compensated absences since the statewide approval of Amendment One in November of 1992 in order to comply with the Amendment One requirement that the city cannot enter into a multi-year obligation without a vote of the public. Compensated absence balances are negotiated by contract with the Boulder Municipal Employees Association, Boulder Police Benevolent Association, and the International Association of Firefighters (see Notes A11 and N). This includes the amount of the annual increases and the maximum balances that employees can carry over from one year to the next. At December 31, 2005, fund balances of \$1,376,538 in the governmental funds and net assets of \$2,637,074 in the internal service funds were reserved.

NOTE S - 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 materially affect the financial statements of the city.

2. Construction Commitments

At December 31, 2005, 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE S - COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Construction Commitments (Continued)

<u>Fund</u>	<u>Estimated Cost</u>	<u>Expended to December 31, 2005 (Construction in progress)</u>	<u>Committed</u>
General	\$ 35	\$ -	\$ 35
Capital Development	1,871	23	1,848
Lottery	1,250	362	888
.25 Sales Tax	4,154	2,519	1,635
Library	46	46	-
Recreation Activity	1,011	1,011	-
Open Space Fund	2,981	16	2,965
Transportation	23,944	11,822	12,122
Transportation Development	7,387	368	7,019
1996 Parks Acquisition Bond	29	19	10
Permanent Parks and Recreation	<u>3,966</u>	<u>329</u>	<u>3,637</u>
Total Governmental Funds	\$ <u>46,674</u>	\$ <u>16,515</u>	\$ <u>30,159</u>
Water Utility	\$ 6,585	\$ 1,917	\$ 4,668
Wastewater Utility	53,214	4,036	49,178
Stormwater and Flood Management	4,839	1,683	3,156
Central Area General Improvement District	<u>268</u>	<u>49</u>	<u>219</u>
Total Enterprise Funds	\$ <u>64,906</u>	\$ <u>7,685</u>	\$ <u>57,221</u>
Fleet	\$ 104	\$ -	\$ 104
Computer Replacement	882	-	882
Equipment Replacement	157	-	157
Facility Renovation and Replacement	<u>2,061</u>	<u>1,477</u>	<u>584</u>
Total Internal Service Funds	\$ <u>3,204</u>	\$ <u>1,477</u>	\$ <u>1,727</u>

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, 2005, the city has paid \$1,075,662 to the Shelter under this agreement.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE S - COMMITMENTS AND CONTINGENCIES (CONTINUED)

4. Single Audit

The city follows the single audit concept under the provisions of the Single Audit Act of 1984. 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.

5. Lakewood Pipeline Impairment

In 2004, the city's Water Utility Fund placed into service a reconstructed segment of the Lakewood pipeline, capitalized at an historic cost of \$30,352,892. This ten-mile pipeline brings raw water from western Boulder County to the Betasso Water Treatment Plant. While the pipeline was under reconstruction, it was discovered that approximately four miles of the pipe had been manufactured with defective welds.

Mediation sessions between the city and Barnard Construction (Barnard), the contractor that built and installed the defective pipe, were held to determine if the pipe would be more expensive to maintain and if the defects would shorten the life of the pipeline, but the dollar value of any asset impairment can not yet be determined. When a financial impact is measurable, a reduction in the asset's carrying value and/or useful life may be recorded in accordance with GASB 42.

In April 2005, Barnard filed a lawsuit against the city, claiming the city had not paid \$13,507,634 owed for work done on the three-year project. In May 2005, the city filed a counterclaim, requesting damages to be determined by jury trial. As of December 31, 2005, pending resolution of this matter, and as allowed by the contract with Barnard, the Water Utility Fund reflects \$13,578,108 in withheld payments to Barnard in non-current "accounts and accrued liabilities – contracts and retainage payable."



City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - 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
1,315	PERA	\$ 4,256	8.000 %	\$ 5,335	10.000 %
4	Old Hire Police	7	2.000	7	2.000
4	Old Hire Fire	26	7.833	26	7.833
157	Police and Fire Money Purchase – Police employees	560	6.200	1,260	13.800
7	Police and Fire Money Purchase – Police employees – Management	42	6.200	81	11.800
86	Police and Fire Money Purchase – Fire employees – International Association of Firefighters	431	8.000	592	11.000
5	Police and Fire Money Purchase – Fire employees – Management	32	8.000	40	10.000
7	ICMA 401(a)	65	8.000	81	10.200
4	ICMA 457	<u>2</u>	8.000	<u>2</u>	10.000
	Totals	\$ <u>5,421</u>		\$ <u>7,424</u>	

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

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

1. Public Employees Retirement Association (PERA)

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

**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 10.00% of covered salary. The city's contribution rate was 10.00%, 10.00%, 9.60%, and 9.19% for 2005, 2004, 2003, and 2002, 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, 2005, 2004, and 2003, were \$5,335,000, \$5,261,000, and \$5,030,000, respectively, equal to their required contributions for each year.

**Postemployment Healthcare Benefits**

Plan Description – The City of Boulder contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the 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 by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado, 80203 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, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

**Postemployment Healthcare Benefits (Continued)**

Funding Policy – For 2004, the City of Boulder is required to contribute at a rate of 1.01% through June 30, 2004, and 1.02% from July 1, 2004 through December 31, of covered salary for all PERA members as set by statute. The contribution rate was 1.69%, 2.31% and 1.96% for the years 2003, 2002 and 2001, 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, 2005, 2004, and 2003 were \$544,000, \$558,000, and \$885,000, 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 MDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado, 80203 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, Parts 3 and 4, and 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

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** - 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.

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, 2004, three employees had elected the DROP. For Note T 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, 2005

NOTE T - 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.

If an employee who is retired or terminated with 10 years of service dies, 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 termination or death or (b) 50% of the pension the member was receiving at death. In no event shall this benefit be less than \$280.46 per biweekly pay period. 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.

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.
- 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 \$244.29.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

2. “Old Hire” Police Defined Benefit Plan (Continued)

- 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.

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.

**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, 2004. 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The covered employees included in the January 1, 2004, study were:

Actives	2
Retired	32
Beneficiaries	9
Terminated vested	7
Disabled	<u>6</u>
Total	<u>56</u>

The significant actuarial assumptions used in the valuation as of January 1, 2004, included the following:

Interest Rate – 7.5%

Retirement – Earlier of age 50 with 20 years of service or 25 years of service, or current age if greater

Disability – Graduated rates for all disabilities

Mortality – 1994 Group Annuity Mortality Table, loaded by .0005 for Fire and Police experience

Separation – Graduated rates

Annual salary increases at all ages – Merit .5% and Inflation 4.0% for a total of 4.5%

Retired mortality – 1994 Group Annuity Mortality Table

Disability mortality – 1983 Railroad Retirement Board Disabled Annuitants Mortality Table

Surviving spouse mortality – 1994 Group Annuity Mortality Table

Marital status – 90% married, with males 3 years older

Assumed expenses – Investment income is net of expenses

Asset valuation – 3-year Smoothed Market

Actuarial cost method – Entry Age

Amortization method – Level amount closed

Remaining amortization period – 22 years

Cost-of-living adjustments – None

Inflation – 4.0%

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

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 \$362,824 per year required to amortize the unfunded liability (which was \$4,141,082 at January 1, 2004) over 37 years from January 1, 1989. The City of Boulder's contributions to "Old Hire" Police Defined Benefit Plan for the years ending December 31, 2005, 2004, and 2003 were \$369,722, \$370,662, and \$164,788, respectively, equal to their required contributions for each year. Six-year trend information may be found in the Required Supplementary Information immediately following these notes to the financial statements.

The "Old Hire" Police Defined Benefit Plan financial statements as of December 31, 2005, 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, 2005, are as follows:

Assets:	
Equity in pooled cash and cash equivalents	\$ 5
Investments	12,542
Receivables – accrued interest	<u>1</u>
Total assets	12,548
Liabilities:	
Accounts and accrued liabilities - accrued pensions payable	<u>44</u>
Total liabilities	<u>44</u>
Net assets held in trust for pension benefits	\$ <u>12,504</u>



City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The changes in plan net assets for December 31, 2005, were as follows:

Additions:

Pension contributions:

City of Boulder	\$ 370
Employees	<u>6</u>
Total contributions	<u>376</u>
Investment earnings	600
Less investment expense	<u>(27)</u>
Net investment income	<u>573</u>
Total additions	<u>949</u>

Deductions:

Benefits	1,918
Administrative	<u>29</u>
Total deductions	<u>1,947</u>

Net increase (decrease) (998)

Net assets held in trust for pension benefits:

Beginning of year	<u>13,502</u>
End of year	<u>\$ 12,504</u>

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 nonqualified 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 2004 were 2.451% and 7.833% of covered payroll for the city and employees, respectively. In addition, the city contributes \$110,000 to fund benefit increases in excess of State statute. City contributions must be at least equal to employee contributions.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

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.

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, 2005, one member has elected the DROP option. For Note T 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

If a retiree who retired prior to January 1, 1990, dies, the surviving spouse is eligible for a benefit of the lesser of one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member's death or one-third of the monthly salary paid by the city to a first-class firefighter at the date of the employee's termination. Dependent children of the employee are eligible for \$30 per month, if there is a surviving spouse.

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.

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.

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 \$264.36 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 \$110,000 in 2004 to fully fund the Plan per the January 1, 2004 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

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.

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, 2004, in accordance with FASB 35. 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, 2004, study by category were:

Actives	5
Retired (including DROP plan members)	30
Beneficiaries	11
Terminated vested	6
Disabled	<u>4</u>
Total	<u>56</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - PENSION AND RETIREMENT PLANS (CONTINUED)

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

The significant actuarial assumptions used in the valuation as of January 1, 2004 included the following:

Interest rate – 7.5%

Retirement – Earlier of age 50 with 20 years of service, or current age if greater

Disability – Graduated rates for all disabilities

Mortality – 1994 Group Annuity Mortality Table, loaded by .0005 for Fire and Police experience

Separation – Graduated rates

Annual salary increases at all ages – Merit .5% and Inflation 4.0% for a total of 4.5%

Retired mortality – 1994 Group Annuity Mortality Table

Disability mortality – 1983 Railroad Retirement Board Disabled Annuitants Mortality Table

Surviving spouse mortality – 1994 Group Annuity Mortality Table

Marital status – 90% married, with males 3 years older

Assumed expenses – Investment income is net of expenses

Asset valuation – Market value

Actuarial cost method – Entry Age

Amortization method – Level amount closed

Remaining amortization period – 22 years

Cost-of-living adjustments – None

Inflation – 4.0%

**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 \$110,000 contributed from the City exceeds the actuarially calculated contribution level of \$109,541 required to amortize the unfunded liability (which was \$1,250,245 at January 1, 2004) over 37 years from January 1, 1989. The City of Boulder's contributions to "Old Hire" Fire Defined Benefit Plan for the years ending December 31, 2005, 2004, and 2003 were \$118,183, \$124,565, and \$107,688, respectively, equal to their required contributions for each year. 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, 2005

NOTE T - 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, 2005, 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, 2005, are as follows:

Assets:	
Equity in pooled cash and cash equivalents	\$ 6
Investments	11,067
Receivables – accrued interest	<u>2</u>
Total assets	11,075
Liabilities:	
Accounts and accrued liabilities:	
Vouchers and accounts payable	37
Accrued pensions payable	<u>-</u>
Total liabilities	<u>37</u>
Net assets held in trust for pension benefits	\$ <u>11,038</u>

The changes in plan net assets for December 31, 2005, were as follows:

Additions:	
Pension contributions:	
City of Boulder	\$ 118
Employees	<u>26</u>
Total contributions	<u>144</u>
Investment earnings	577
Less investment expense	<u>(15)</u>
Net investment income	<u>562</u>
Total additions	<u>706</u>
Deductions:	
Benefits	963
Administrative	<u>16</u>
Total deductions	<u>979</u>
Net increase (decrease)	(273)
Net assets held in trust for pension benefits:	
Beginning of year	<u>11,311</u>
End of year	\$ <u>11,038</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2005

NOTE T - 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, 2005, was 11.8% of covered payroll for management and 13.8% for nonmanagement. 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, 2005, was 11% of covered payroll for nonmanagement and 10% for management. 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, 2005

NOTE T - 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 33<sup>rd</sup> 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 2.5% of salary. The city pays the 2.5% for all affected police officers. The city pays 1.25% for the affected firefighters. In 2005, 2004, and 2003 the city paid \$139,000, \$115,000, and \$105,938, respectively, equal to their required contributions for each year.

**Actuarial Present Value of Accumulated Plan Benefits** – The unfunded actuarial accrued liability of the FPPA Statewide Death and Disability Fund at January 1, 2005, (latest information available), determined through an actuarial valuation performed as of that date was \$7.9 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 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, 2005

NOTE U - 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 to 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.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Police Pension Fund

(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>
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

- (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)

<u>Fiscal</u> <u>Year (2)</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>
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

- (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	<u>Police Pension Fund</u>		<u>Fire Pension Fund</u>	
	Annual Required <u>Contributions</u>	Percentage <u>Contributed</u>	Annual Required <u>Contributions</u>	Percentage <u>Contributed</u>
1996	\$ 27	100 %	\$ 48	100 %
1997	18	100	47	100
1998	18	100	48	100
1999	18	100	48	100
2000	18	100	48	100
2001	19	100	47	100
2002	172	100	107	100
2003	165	100	108	100
2004	371	100	125	100
2005	370	100	118	100

## 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.

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.

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.

## CITY OF BOULDER, COLORADO

## Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2005

(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	\$ 664	\$ 4	\$ 127	\$ 795
Investments	23,635	154	4,558	28,347
Receivables:				
General property taxes	1,803	-	1,427	3,230
Sales and use taxes	882	153	-	1,035
Accounts	217	-	-	217
Accrued interest	154	1	31	186
Intergovernmental	401	-	-	401
Other	102	-	-	102
	<u>3,559</u>	<u>154</u>	<u>1,458</u>	<u>5,171</u>
Inventory of materials and supplies	42	-	-	42
Restricted assets:				
Investments for special purposes	675	-	-	675
Investments for capital projects	-	-	117	117
Investments for debt service	-	47	-	47
Total restricted assets	<u>675</u>	<u>47</u>	<u>117</u>	<u>839</u>
Total assets	<u>\$ 28,575</u>	<u>\$ 359</u>	<u>\$ 6,260</u>	<u>\$ 35,194</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ 1,020	\$ -	\$ 17	\$ 1,037
Contracts and retainage payable	86	-	-	86
Accrued salaries, wages and amounts withheld from employees	539	-	12	551
Accrued interest	26	11	42	79
Due to other funds	27	-	2	29
Other liabilities	91	-	-	91
Deferred revenue:				
General property taxes	1,803	-	1,427	3,230
Other	41	-	-	41
Total liabilities	<u>3,633</u>	<u>11</u>	<u>1,500</u>	<u>5,144</u>
Fund equity:				
Fund balances:				
Reserved for:				
Encumbrances	2,179	-	768	2,947
Special purposes	680	-	-	680
Compensated absences	712	-	53	765
Capital projects	-	-	69	69
Debt service	-	47	-	47
Inventories	42	-	-	42
Unreserved:				
Designated:				
Special purposes	113	-	-	113
Undesignated	21,216	301	3,870	25,387
Total fund equity	<u>24,942</u>	<u>348</u>	<u>4,760</u>	<u>30,050</u>
Total liabilities and fund equity	<u>\$ 28,575</u>	<u>\$ 359</u>	<u>\$ 6,260</u>	<u>\$ 35,194</u>



## CITY OF BOULDER, COLORADO

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

Nonmajor Governmental Funds

Year ended December 31, 2005

(Amounts in 000's)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ 7,604	\$ 1,342	\$ -	\$ 8,946
General property taxes	1,764	-	1,399	3,163
Other taxes	2,215	-	598	2,813
Charges for services	8,198	-	-	8,198
Sale of goods and capital assets	1,466	-	-	1,466
License, permits and fines	4,222	-	-	4,222
Intergovernmental	2,787	-	-	2,787
Leases, rents and royalties	1,335	-	4	1,339
Interest and investment earnings	697	21	107	825
Other	656	-	4	660
Total revenues	<u>30,944</u>	<u>1,363</u>	<u>2,112</u>	<u>34,419</u>
Expenditures:				
Current:				
General Government	158	-	-	158
Administrative Services	-	19	-	19
Public Works	2,700	-	-	2,700
Planning & Development Services	6,038	-	-	6,038
Culture and Recreation	18,750	-	-	18,750
Open Space and Real Estate	216	-	-	216
Housing and Human Services	5,387	-	-	5,387
Capital outlay	-	-	1,390	1,390
Debt service payments:				
Principal	2,920	410	-	3,330
Interest	1,237	151	(3)	1,385
Base rentals to Boulder Municipal Property Authority Debt Service Fund	<u>1,083</u>	<u>-</u>	<u>49</u>	<u>1,132</u>
Total expenditures	<u>38,489</u>	<u>580</u>	<u>1,436</u>	<u>40,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,545)</u>	<u>783</u>	<u>676</u>	<u>(6,086)</u>
Other financing sources (uses):				
Transfers in	9,821	-	-	9,821
Transfers out	<u>(1,858)</u>	<u>(779)</u>	<u>(60)</u>	<u>(2,697)</u>
Total other financing sources (uses)	<u>7,963</u>	<u>(779)</u>	<u>(60)</u>	<u>7,124</u>
Net change in fund balances	418	4	616	1,038
Fund balances, beginning of year	<u>24,524</u>	<u>344</u>	<u>4,144</u>	<u>29,012</u>
Fund balances, end of year	<u>\$ 24,942</u>	<u>\$ 348</u>	<u>\$ 4,760</u>	<u>\$ 30,050</u>

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2005

(Amounts in 000's)

<u>Assets</u>	Capital Development <u>Fund</u>	Lottery <u>Fund</u>	Planning & Development Services <u>Fund</u>	Affordable Housing <u>Fund</u>	CHAP <u>Fund</u>
Equity in pooled cash and cash equivalents	\$ 111	\$ 37	\$ 70	\$ 64	\$ 81
Investments	3,976	1,345	2,515	2,311	2,885
Receivables:					
General property taxes	-	-	-	-	1,268
Sales and use taxes	-	-	-	-	-
Accounts	-	-	61	8	-
Accrued interest	26	9	17	15	19
Intergovernmental	-	-	-	-	-
Other	24	-	-	-	17
	<u>50</u>	<u>9</u>	<u>78</u>	<u>23</u>	<u>1,304</u>
Inventory of materials and supplies	-	-	-	-	-
Restricted assets - investments for special purposes	-	-	23	-	-
	<u>-</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>4,137</u>	\$ <u>1,391</u>	\$ <u>2,686</u>	\$ <u>2,398</u>	\$ <u>4,270</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts and accrued liabilities:					
Vouchers and accounts payable	\$ 262	\$ 2	\$ 43	\$ 44	\$ 2
Contracts and retainage payable	-	-	-	-	-
Accrued salaries, wages and amounts withheld from employees	-	1	161	5	7
Accrued interest	-	-	-	-	-
Due to other funds	-	18	-	5	-
Other liabilities	-	-	78	-	-
Deferred revenue:					
General property taxes	-	-	-	-	1,268
Other	-	-	-	-	-
Total liabilities	<u>262</u>	<u>21</u>	<u>282</u>	<u>54</u>	<u>1,277</u>
Fund equity:					
Fund balances:					
Reserved for:					
Encumbrances	728	283	239	-	-
Special purposes	-	-	23	-	-
Compensated absences	-	-	447	25	22
Inventories	-	-	-	-	-
Unreserved:					
Designated:					
Special purposes	-	-	-	-	-
Undesignated	3,147	1,087	1,695	2,319	2,971
Total fund equity	<u>3,875</u>	<u>1,370</u>	<u>2,404</u>	<u>2,344</u>	<u>2,993</u>
Total liabilities and fund equity	\$ <u>4,137</u>	\$ <u>1,391</u>	\$ <u>2,686</u>	\$ <u>2,398</u>	\$ <u>4,270</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Balance Sheet,  
continued

Nonmajor Special Revenue Funds

December 31, 2005

(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>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>
Equity in pooled cash and cash equivalents	\$ 47	\$ 67	\$ 14	\$ 12	\$ 16	\$ 117	\$ -	\$ -	\$ 28	\$ -	\$ 664
Investments	1,686	2,403	447	252	594	4,189	-	-	1,032	-	23,635
Receivables:											
General property taxes	-	-	528	-	-	-	7	-	-	-	1,803
Sales and use taxes	245	637	-	-	-	-	-	-	-	-	882
Accounts	-	47	4	60	33	-	-	4	-	-	217
Accrued interest	11	18	3	2	4	28	-	2	-	-	154
Intergovernmental	-	15	-	-	-	304	-	-	65	17	401
Other	-	-	-	-	-	61	-	-	-	-	102
	<u>256</u>	<u>717</u>	<u>535</u>	<u>62</u>	<u>37</u>	<u>393</u>	<u>7</u>	<u>6</u>	<u>65</u>	<u>17</u>	<u>3,559</u>
Inventory of materials and supplies	-	-	-	42	-	-	-	-	-	-	42
Restricted assets - investments for special purposes	-	208	-	25	-	-	-	419	-	-	675
Total assets	\$ <u>1,989</u>	\$ <u>3,395</u>	\$ <u>996</u>	\$ <u>393</u>	\$ <u>647</u>	\$ <u>4,699</u>	\$ <u>7</u>	\$ <u>425</u>	\$ <u>1,125</u>	\$ <u>17</u>	\$ <u>28,575</u>
<u>Liabilities and Fund Equity</u>											
Liabilities:											
Accounts and accrued liabilities:											
Vouchers and accounts payable	\$ 48	\$ 245	\$ 52	\$ 141	\$ 6	\$ 149	\$ -	\$ 1	\$ 14	\$ 11	\$ 1,020
Contracts and retainage payable	-	70	-	-	-	16	-	-	-	-	86
Accrued salaries, wages and amounts withheld from employees	13	45	132	158	-	4	-	-	11	2	539
Accrued interest	-	-	-	-	-	-	-	-	26	-	26
Due to other funds	-	-	-	-	-	-	-	-	-	4	27
Other liabilities	-	-	-	13	-	-	-	-	-	-	91
Deferred revenue:											
General property taxes	-	-	528	-	-	-	7	-	-	-	1,803
Other	-	24	-	17	-	-	-	-	-	-	41
Total liabilities	<u>61</u>	<u>384</u>	<u>712</u>	<u>329</u>	<u>6</u>	<u>169</u>	<u>7</u>	<u>1</u>	<u>51</u>	<u>17</u>	<u>3,633</u>
Fund equity:											
Fund balances:											
Reserved for:											
Encumbrances	27	324	196	-	50	332	-	-	-	-	2,179
Special purposes	-	208	-	25	-	-	-	424	-	-	680
Compensated absences	30	188	-	-	-	-	-	-	-	-	712
Inventories	-	-	-	42	-	-	-	-	-	-	42
Unreserved:											
Designated:											
Special purposes	-	-	-	-	-	113	-	-	-	-	113
Undesignated	<u>1,871</u>	<u>2,291</u>	<u>88</u>	<u>(3)</u>	<u>591</u>	<u>4,085</u>	<u>-</u>	<u>-</u>	<u>1,074</u>	<u>-</u>	<u>21,216</u>
Total fund equity	<u>1,928</u>	<u>3,011</u>	<u>284</u>	<u>64</u>	<u>641</u>	<u>4,530</u>	<u>-</u>	<u>424</u>	<u>1,074</u>	<u>-</u>	<u>24,942</u>
Total liabilities and fund equity	\$ <u>1,989</u>	\$ <u>3,395</u>	\$ <u>996</u>	\$ <u>393</u>	\$ <u>647</u>	\$ <u>4,699</u>	\$ <u>7</u>	\$ <u>425</u>	\$ <u>1,125</u>	\$ <u>17</u>	\$ <u>28,575</u>

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds					
Year ended December 31, 2005					
(Amounts in 000's)					
	Capital Development Fund	Lottery Fund	Planning & Development Services Fund	Affordable Housing Fund	CHAP Fund
Revenues:					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
General property taxes	-	-	-	-	1,243
Other taxes	609	-	-	-	349
Charges for services	-	-	1,274	1,126	-
Sale of goods and capital assets	-	-	9	-	226
Licenses, permits and fines	-	-	4,014	-	-
Intergovernmental	-	889	18	-	-
Leases, rents and royalties	-	-	-	156	7
Interest and investment earnings	109	34	68	64	68
Other	-	-	4	182	-
Total revenues	<u>718</u>	<u>923</u>	<u>5,387</u>	<u>1,528</u>	<u>1,893</u>
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public Works	799	-	-	-	-
Planning & Development Services	-	-	6,038	-	-
Culture and Recreation	-	195	-	-	-
Open Space and Mountain Parks	-	216	-	-	-
Housing and Human Services	-	-	-	861	1,416
Debt service payments:					
Principal	-	-	-	600	-
Interest	-	-	-	136	-
Base rentals to Boulder Municipal					
Property Authority Debt Service Fund	-	297	-	786	-
Total expenditures	<u>799</u>	<u>708</u>	<u>6,038</u>	<u>2,383</u>	<u>1,416</u>
Excess (deficiency) of revenues					
over (under) expenditures	<u>(81)</u>	<u>215</u>	<u>(651)</u>	<u>(855)</u>	<u>477</u>
Other financing sources (uses):					
Transfers in	-	-	2,469	387	42
Transfers out	<u>(30)</u>	<u>-</u>	<u>(1,282)</u>	<u>(26)</u>	<u>(136)</u>
Total other financing sources (uses)	<u>(30)</u>	<u>-</u>	<u>1,187</u>	<u>361</u>	<u>(94)</u>
Net change in fund balances	(111)	215	536	(494)	383
Fund balances, beginning of year	<u>3,986</u>	<u>1,155</u>	<u>1,868</u>	<u>2,838</u>	<u>2,610</u>
Fund balances, end of year	\$ <u>3,875</u>	\$ <u>1,370</u>	\$ <u>2,404</u>	\$ <u>2,344</u>	\$ <u>2,993</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, 2005

(Amounts in 000's)

	.15 Cent Sales Tax <u>Fund</u>	.25 Cent Sales Tax <u>Fund</u>	Library <u>Fund</u>	Recreation Activity <u>Fund</u>	Airport <u>Fund</u>	Trans- portation Development <u>Fund</u>	Transit Pass General Improvement <u>District</u>	Gifts and Contributions <u>Fund</u>	Community Development <u>Fund</u>	HOME <u>Fund</u>	<u>Total</u>
Revenues:											
Taxes:											
Sales and use taxes	\$ 2,013	\$ 5,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,604
General property taxes	-	-	517	-	-	-	4	-	-	-	1,764
Other taxes	-	-	-	-	-	1,257	-	-	-	-	2,215
Charges for services	-	-	140	5,656	2	-	-	-	-	-	8,198
Sale of goods and capital assets	-	-	-	231	-	-	-	-	1,000	-	1,466
Licenses, permits and fines	-	1	-	207	-	-	-	-	-	-	4,222
Intergovernmental	-	198	-	-	82	304	-	-	1,043	253	2,787
Leases, rents and royalties	-	12	8	776	376	-	-	-	-	-	1,335
Interest and investment earnings	35	112	19	16	16	103	-	11	42	-	697
Other	<u>1</u>	<u>51</u>	<u>53</u>	<u>145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>31</u>	<u>88</u>	<u>656</u>
Total revenues	<u>2,049</u>	<u>5,965</u>	<u>737</u>	<u>7,031</u>	<u>476</u>	<u>1,664</u>	<u>4</u>	<u>112</u>	<u>2,116</u>	<u>341</u>	<u>30,944</u>
Expenditures:											
Current:											
General Government	158	-	-	-	-	-	-	-	-	-	158
Public Works	-	407	-	-	473	1,012	9	-	-	-	2,700
Planning & Development Services	-	-	-	-	-	-	-	-	-	-	6,038
Culture and Recreation	393	3,595	5,790	8,616	-	-	-	161	-	-	18,750
Open Space and Mountain Parks	-	-	-	-	-	-	-	-	-	-	216
Housing and Human Services	1,717	-	-	-	-	-	-	-	1,056	337	5,387
Debt service payments:											
Principal	-	1,420	-	-	-	-	-	-	900	-	2,920
Interest	-	1,009	-	-	-	-	-	-	92	-	1,237
Base rentals to Boulder Municipal											
Property Authority Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,083</u>
Total expenditures	<u>2,268</u>	<u>6,431</u>	<u>5,790</u>	<u>8,616</u>	<u>473</u>	<u>1,012</u>	<u>9</u>	<u>161</u>	<u>2,048</u>	<u>337</u>	<u>38,489</u>
Excess (deficiency) of											
revenues over expenditures	<u>(219)</u>	<u>(466)</u>	<u>(5,053)</u>	<u>(1,585)</u>	<u>3</u>	<u>652</u>	<u>(5)</u>	<u>(49)</u>	<u>68</u>	<u>4</u>	<u>(7,545)</u>
Other financing sources (uses):											
Transfers in	344	-	5,072	1,390	-	-	3	-	114	-	9,821
Transfers out	<u>(41)</u>	<u>(196)</u>	<u>-</u>	<u>(16)</u>	<u>(55)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(60)</u>	<u>(4)</u>	<u>(1,858)</u>
Total other financing sources (uses)	<u>303</u>	<u>(196)</u>	<u>5,072</u>	<u>1,374</u>	<u>(55)</u>	<u>(12)</u>	<u>3</u>	<u>-</u>	<u>54</u>	<u>(4)</u>	<u>7,963</u>
expenditures and other uses	<u>84</u>	<u>(662)</u>	<u>19</u>	<u>(211)</u>	<u>(52)</u>	<u>640</u>	<u>(2)</u>	<u>(49)</u>	<u>122</u>	<u>-</u>	<u>418</u>
Fund balances, beginning of year	<u>1,844</u>	<u>3,673</u>	<u>265</u>	<u>275</u>	<u>693</u>	<u>3,890</u>	<u>2</u>	<u>473</u>	<u>952</u>	<u>-</u>	<u>24,524</u>
Fund balances, end of year	\$ <u>1,928</u>	\$ <u>3,011</u>	\$ <u>284</u>	\$ <u>64</u>	\$ <u>641</u>	\$ <u>4,530</u>	\$ <u>-</u>	\$ <u>424</u>	\$ <u>1,074</u>	\$ <u>-</u>	\$ <u>24,942</u>

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Capital Development Fund

Year ended December 31, 2005

(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>
Basis of budgeting:				
Revenues:				
Taxes:				
Other taxes	\$ 380	\$ 380	\$ 609	\$ 229
Leases, rents and royalties	11	11	-	(11)
Interest and investment earnings	25	25	123	98
Total revenues	<u>416</u>	<u>416</u>	<u>732</u>	<u>316</u>
Expenditures:				
Current:				
Public Works	<u>560</u>	<u>3,149</u>	<u>1,527</u>	<u>1,622</u>
Excess (deficiency) of revenues				
over (under) expenditures	(144)	(2,733)	(795)	1,938
Other financing uses -				
transfers out	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(174)</u></u>	\$ <u><u>(2,763)</u></u>	(825)	\$ <u><u>1,938</u></u>
Encumbrances, end of year			728	
Fund balance, beginning of year, basis of budgeting			<u>4,004</u>	
Fund balance, end of year, basis of budgeting			3,907	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>(32)</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>3,875</u></u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Lottery Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Intergovernmental	\$ 900	\$ 900	\$ 889	\$ (11)
Interest and investment earnings	-	-	37	37
Total revenues	<u>900</u>	<u>900</u>	<u>926</u>	<u>26</u>
Expenditures:				
Current:				
Culture and Recreation	327	885	465	420
Open Space and Mountain Parks	269	512	230	282
Debt service payments:				
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	304	304	304	-
Total expenditures	<u>900</u>	<u>1,701</u>	<u>999</u>	<u>702</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>-</u>	\$ <u>(801)</u>	(73)	\$ <u>728</u>
Encumbrances, end of year			283	
Fund balance, beginning of year, basis of budgeting			<u>1,190</u>	
Fund balance, end of year, basis of budgeting			1,400	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(11)	
Accrued salaries, wages and amounts withheld from employees			(1)	
Change in accrued interest payable			<u>(18)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,370</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Planning & Development Services Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Charges for services	\$ 1,295	\$ 1,306	\$ 1,274	\$ (32)
Sale of goods and capital assets	4	4	9	5
Licenses, permits and fines	3,692	3,692	4,014	322
Intergovernmental	-	18	18	-
Interest and investment earnings	35	35	79	44
Other	-	-	4	4
Total revenues	<u>5,026</u>	<u>5,055</u>	<u>5,398</u>	<u>343</u>
Expenditures:				
Current:				
Planning & Development Services	<u>6,233</u>	<u>6,624</u>	<u>6,262</u>	<u>362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,207)</u>	<u>(1,569)</u>	<u>(864)</u>	<u>705</u>
Other financing sources (uses):				
Transfers in	2,469	2,469	2,469	-
Transfers out	<u>(1,272)</u>	<u>(1,282)</u>	<u>(1,282)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,197</u>	<u>1,187</u>	<u>1,187</u>	<u>-</u>
Net change in fund balance	\$ <u>(10)</u>	\$ <u>(382)</u>	323	\$ <u>705</u>
Encumbrances, end of year			239	
Fund balance, beginning of year, basis of budgeting			<u>2,023</u>	
Fund balance, end of year, basis of budgeting			2,585	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(20)	
Accrued salaries, wages and amounts withheld from employees			<u>(161)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,404</u>	



## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Affordable Housing Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Charges for services	\$ 1,290	\$ 1,290	\$ 1,126	\$ (164)
Leases, rents and royalties	156	156	156	-
Interest and investment earnings	-	-	69	69
Other	-	-	182	182
Total revenues	<u>1,446</u>	<u>1,446</u>	<u>1,533</u>	<u>87</u>
Expenditures:				
Current:				
Housing and Human Services	909	3,134	859	2,275
Debt service payments:				
Principal	600	600	600	-
Interest	140	140	136	4
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	786	786	786	-
Total expenditures	<u>2,435</u>	<u>4,660</u>	<u>2,381</u>	<u>2,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(989)</u>	<u>(3,214)</u>	<u>(848)</u>	<u>2,366</u>
Other financing sources (uses):				
Long-term loans issued	600	-	-	-
Transfers in	387	387	387	-
Transfers out	(26)	(26)	(26)	-
Total other financing sources (uses)	<u>961</u>	<u>361</u>	<u>361</u>	<u>-</u>
Net change in fund balance	\$ <u>(28)</u>	\$ <u>(2,853)</u>	(487)	\$ <u>2,366</u>
Fund balance, beginning of year, basis of budgeting			<u>2,854</u>	
Fund balance, end of year, basis of budgeting			2,367	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(18)	
Accrued salaries, wages and amounts withheld from employees			<u>(5)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,344</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

CHAP Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget -
				Positive
				(Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 1,259	\$ 1,259	\$ 1,243	\$ (16)
Other taxes	230	230	349	119
Sale of goods and capital assets	-	-	226	226
Leases, rents and royalties	-	-	7	7
Interest and investment earnings	50	50	83	33
Total revenues	<u>1,539</u>	<u>1,539</u>	<u>1,908</u>	<u>369</u>
Expenditures:				
Current:				
Housing and Human Services	<u>1,426</u>	<u>4,022</u>	<u>1,416</u>	<u>2,606</u>
Excess (deficiency) of revenues				
over (under) expenditures	113	(2,483)	492	2,975
Other financing sources (uses):				
Transfers in	23	23	42	19
Transfers out	<u>(136)</u>	<u>(136)</u>	<u>(136)</u>	<u>-</u>
Total other financing sources (uses)	<u>(113)</u>	<u>(113)</u>	<u>(94)</u>	<u>19</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(2,596)</u>	398	\$ <u>2,994</u>
Fund balance, beginning of year, basis of budgeting			<u>2,634</u>	
Fund balance, end of year, basis of budgeting			3,032	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(32)	
Accrued salaries, wages and amounts				
withheld from employees			<u>(7)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,993</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

.15 Cent Sales Tax Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 1,881	\$ 1,881	\$ 2,013	\$ 132
Sale of goods and capital assets	-	-	-	-
Interest and investment earnings	-	40	41	1
Other	-	-	1	1
Total revenues	<u>1,881</u>	<u>1,921</u>	<u>2,055</u>	<u>134</u>
Expenditures:				
Current:				
General Government	251	275	185	90
Culture and Recreation	397	871	393	478
Housing and Human Services	1,505	1,832	1,717	115
Total expenditures	<u>2,153</u>	<u>2,978</u>	<u>2,295</u>	<u>683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(272)</u>	<u>(1,057)</u>	<u>(240)</u>	<u>817</u>
Other financing sources (uses):				
Transfers in	-	336	382	46
Transfers out	<u>(38)</u>	<u>(78)</u>	<u>(79)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>(38)</u>	<u>258</u>	<u>303</u>	<u>45</u>
Net change in fund balance	<u>\$ (310)</u>	<u>\$ (799)</u>	63	<u>\$ 862</u>
Encumbrances, end of year			27	
Fund balance, beginning of year, basis of budgeting			<u>1,865</u>	
Fund balance, end of year, basis of budgeting			1,955	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(14)	
Accrued salaries, wages and amounts withheld from employees			<u>(13)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 1,928</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

.25 Cent Sales Tax Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 5,222	\$ 5,222	\$ 5,591	\$ 369
Licenses, permits and fines	-	-	1	1
Intergovernmental	-	290	198	(92)
Leases, rents and royalties	40	40	12	(28)
Interest and investment earnings	105	105	117	12
Other	40	246	51	(195)
Total revenues	<u>5,407</u>	<u>5,903</u>	<u>5,970</u>	<u>67</u>
Expenditures:				
Current:				
Public Works	412	412	411	1
Culture and Recreation	2,703	5,909	3,922	1,987
Debt service payments:				
Principal	1,420	1,420	1,420	-
Interest	1,009	1,009	1,009	-
Total expenditures	<u>5,544</u>	<u>8,750</u>	<u>6,762</u>	<u>1,988</u>
Excess (deficiency) of revenues over (under) expenditures	(137)	(2,847)	(792)	2,055
Other financing uses - transfers out	<u>(196)</u>	<u>(196)</u>	<u>(196)</u>	<u>-</u>
Net change in fund balance	\$ <u>(333)</u>	\$ <u>(3,043)</u>	(988)	\$ <u>2,055</u>
Encumbrances, end of year			324	
Fund balance, beginning of year, basis of budgeting			<u>3,741</u>	
Fund balance, end of year, basis of budgeting			3,077	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(21)	
Accrued salaries, wages and amounts withheld from employees			<u>(45)</u>	
Fund balance, end of year, GAAP basis			\$ <u>3,011</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Library Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 521	\$ 521	\$ 517	\$ (4)
Charges for services	109	112	140	28
Leases, rents and royalties	6	6	8	2
Interest and investment earnings	8	8	20	12
Other	24	60	53	(7)
Total revenues	<u>668</u>	<u>707</u>	<u>738</u>	<u>31</u>
Expenditures:				
Current:				
Culture and Recreation	<u>5,740</u>	<u>5,995</u>	<u>5,980</u>	<u>15</u>
Excess (deficiency) of revenues over (under) expenditures	(5,072)	(5,288)	(5,242)	46
Other financing sources - transfers in	<u>5,072</u>	<u>5,072</u>	<u>5,072</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(216)</u>	(170)	\$ <u>46</u>
Encumbrances, end of year			196	
Fund balance, beginning of year, basis of budgeting			<u>393</u>	
Fund balance, end of year, basis of budgeting			419	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(3)	
Accrued salaries, wages and amounts withheld from employees			<u>(132)</u>	
Fund balance, end of year, GAAP basis			\$ <u>284</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Recreation Activity Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Charges for services	\$ 6,825	\$ 6,825	\$ 5,656	\$ (1,169)
Sale of goods and capital assets	166	166	231	65
Licenses, permits and fines	-	-	207	207
Leases, rents and royalties	361	361	776	415
Interest and investment earnings	-	16	16	-
Other	75	153	145	(8)
Total revenues	<u>7,427</u>	<u>7,521</u>	<u>7,031</u>	<u>(490)</u>
Expenditures:				
Current:				
Culture and Recreation	<u>9,065</u>	<u>9,250</u>	<u>8,596</u>	<u>654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,638)</u>	<u>(1,729)</u>	<u>(1,565)</u>	<u>164</u>
Other financing sources (uses):				
Transfers in	1,390	1,390	1,390	-
Transfers out	-	(16)	(16)	-
Total other financing sources (uses)	<u>1,390</u>	<u>1,374</u>	<u>1,374</u>	<u>-</u>
Net change in fund balance	\$ <u>(248)</u>	\$ <u>(355)</u>	(191)	\$ <u>164</u>
Fund balance, beginning of year, basis of budgeting			<u>415</u>	
Fund balance, end of year, basis of budgeting			224	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(2)	
Accrued salaries, wages and amounts withheld from employees			<u>(158)</u>	
Fund balance, end of year, GAAP basis			\$ <u>64</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Airport Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Charges for services	\$ 3	\$ 3	\$ 2	\$ (1)
Intergovernmental	6	132	82	(50)
Leases, rents and royalties	376	376	376	-
Interest and investment earnings	<u>13</u>	<u>13</u>	<u>18</u>	<u>5</u>
Total revenues	<u>398</u>	<u>524</u>	<u>478</u>	<u>(46)</u>
Expenditures:				
Current:				
Public Works	<u>329</u>	<u>575</u>	<u>527</u>	<u>48</u>
Excess (deficiency) of revenues over (under) expenditures	69	(51)	(49)	2
Other financing uses - transfers out	<u>(55)</u>	<u>(55)</u>	<u>(55)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>14</u></u>	\$ <u><u>(106)</u></u>	(104)	\$ <u><u>2</u></u>
Encumbrances, end of year			50	
Fund balance, beginning of year, basis of budgeting			<u>700</u>	
Fund balance, end of year, basis of budgeting			646	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>(5)</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>641</u></u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Transportation Development Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
Other taxes	\$ 1,029	\$ 1,029	\$ 1,257	\$ 228
Intergovernmental	2,421	3,783	304	(3,479)
Interest and investment earnings	87	87	128	41
Other	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	<u>3,637</u>	<u>4,999</u>	<u>1,689</u>	<u>(3,310)</u>
Expenditures:				
Current:				
Public Works	<u>4,886</u>	<u>8,241</u>	<u>1,344</u>	<u>6,897</u>
Excess (deficiency) of revenues over (under) expenditures	(1,249)	(3,242)	345	3,587
Other financing uses - transfers out	<u>(12)</u>	<u>(12)</u>	<u>(12)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(1,261)</u></u>	\$ <u><u>(3,254)</u></u>	333	\$ <u><u>3,587</u></u>
Encumbrances, end of year			332	
Fund balance, beginning of year, basis of budgeting			<u>3,912</u>	
Fund balance, end of year, basis of budgeting			4,577	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(43)	
Accrued salaries, wages and amounts withheld from employees			<u>(4)</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>4,530</u></u>	



## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Transit Pass General Improvement District

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 4	\$ 4	\$ 4	\$ -
Expenditures:				
Current:				
Public Works	<u>9</u>	<u>9</u>	<u>9</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(5)	(5)	(5)	-
Other financing sources - transfers in	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Net change in fund balance	\$ <u>(2)</u>	\$ <u>(2)</u>	(2)	\$ <u>-</u>
Fund balance, beginning of year, basis of budgeting			<u>2</u>	
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

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Community Development Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Sale of goods and capital assets	\$ -	\$ 1,000	\$ 1,000	\$ -
Intergovernmental	1,107	2,463	1,044	(1,419)
Interest and investment earnings	23	23	42	19
Other	-	31	31	-
Total revenues	<u>1,130</u>	<u>3,517</u>	<u>2,117</u>	<u>(1,400)</u>
Expenditures:				
Current:				
Housing and Human Services	1,089	2,476	1,057	1,419
Debt service payments:				
Principal	900	900	900	-
Interest	114	114	114	-
Total expenditures	<u>2,103</u>	<u>3,490</u>	<u>2,071</u>	<u>1,419</u>
Excess (deficiency) of revenues over (under) expenditures	(973)	27	46	19
Other financing sources (uses):				
Transfers in	114	114	114	-
Transfers out	(41)	(41)	(60)	(19)
Total other financing sources (uses)	<u>73</u>	<u>73</u>	<u>54</u>	<u>(19)</u>
Net change in fund balance	\$ <u>(900)</u>	\$ <u>100</u>	100	\$ <u>-</u>
Fund balance, beginning of year, basis of budgeting			<u>1,000</u>	
Fund balance, end of year, basis of budgeting			1,100	
Basis of budgeting to GAAP basis reconciliation:				
Change in accrued interest payable			<u>(26)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,074</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

HOME Fund

Year ended December 31, 2005

(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>
Basis of budgeting:				
Revenues:				
Intergovernmental	\$ 870	\$ 1,487	\$ 253	\$ (1,234)
Other	-	88	88	-
Total revenues	<u>870</u>	<u>1,575</u>	<u>341</u>	<u>(1,234)</u>
Expenditures:				
Current:				
Housing and Human Services	<u>866</u>	<u>1,571</u>	<u>337</u>	<u>1,234</u>
Excess (deficiency) of revenues				
over (under) expenditures	4	4	4	-
Other financing uses -				
transfers out	<u>(4)</u>	<u>(4)</u>	<u>(4)</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, 2005

(Amounts in 000's)

<u>Assets</u>	General Obligation Debt Service <u>Fund</u>	.15 Cent Sales Tax Debt Service <u>Fund</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ 2	\$ 2	\$ 4
Investments	69	85	154
Receivables:			
Sales and use taxes	-	153	153
Accrued interest	-	1	1
	<u>-</u>	<u>154</u>	<u>154</u>
Restricted assets - investments for debt service	-	47	47
	<u>-</u>	<u>47</u>	<u>47</u>
Total assets	\$ <u>71</u>	\$ <u>288</u>	\$ <u>359</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts and accrued liabilities - accrued interest	\$ -	\$ 11	\$ 11
Fund equity:			
Fund balances:			
Reserved:			
Debt service	-	47	47
Unreserved:			
Undesignated	71	230	301
Total fund equity	<u>71</u>	<u>277</u>	<u>348</u>
Total liabilities and fund equity	\$ <u>71</u>	\$ <u>288</u>	\$ <u>359</u>

## CITY OF BOULDER, COLORADO

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

Nonmajor Debt Service Funds

Year ended December 31, 2005

(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	\$ -	\$ 1,342	\$ 1,342
Interest and investment earnings	<u>2</u>	<u>19</u>	<u>21</u>
Total revenues	<u>2</u>	<u>1,361</u>	<u>1,363</u>
Expenditures:			
Current:			
Administrative Services	19	-	19
Debt service payments:			
Principal	-	410	410
Interest	<u>-</u>	<u>151</u>	<u>151</u>
Total expenditures	<u>19</u>	<u>561</u>	<u>580</u>
Excess (deficiency) of revenues over (under) expenditures	(17)	800	783
Other financing uses - transfers out	<u>-</u>	<u>(779)</u>	<u>(779)</u>
Net change in fund balances	(17)	21	4
Fund balances, beginning of year	<u>88</u>	<u>256</u>	<u>344</u>
Fund balances, end of year	\$ <u><u>71</u></u>	\$ <u><u>277</u></u>	\$ <u><u>348</u></u>

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Obligation Debt Service Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Interest and investment earnings	\$ -	\$ -	\$ 2	\$ 2
Expenditures:				
Current:				
Administrative Services	<u>25</u>	<u>25</u>	<u>19</u>	<u>6</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(25)</u>	\$ <u>(25)</u>	(17)	\$ <u>8</u>
Fund balance, beginning of year, basis of budgeting			<u>89</u>	
Fund balance, end of year, basis of budgeting			72	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>(1)</u>	
Fund balance, end of year, GAAP basis			\$ <u>71</u>	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

.15 Cent Sales Tax Debt Service Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 1,254	\$ 1,661	\$ 1,342	\$ (319)
Interest and investment earnings	-	20	20	-
Total revenues	<u>1,254</u>	<u>1,681</u>	<u>1,362</u>	<u>(319)</u>
Expenditures:				
Debt service payments:				
Principal	410	410	410	-
Interest	<u>153</u>	<u>153</u>	<u>153</u>	<u>-</u>
Total expenditures	<u>563</u>	<u>563</u>	<u>563</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	691	1,118	799	(319)
Other financing uses - transfers out	<u>(382)</u>	<u>(809)</u>	<u>(779)</u>	<u>30</u>
Net change in fund balance	\$ <u>309</u>	\$ <u>309</u>	20	\$ <u>(289)</u>
Fund balance, beginning of year, basis of budgeting			<u>270</u>	
Fund balance, end of year, basis of budgeting			290	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(1)	
Change in accrued interest payable			<u>(12)</u>	
Fund balance, end of year, GAAP basis			\$ <u>277</u>	

## CITY OF BOULDER, COLORADO

## Combining Balance Sheet

Nonmajor Capital Project Funds

December 31, 2005

(Amounts in 000's)

<u>Assets</u>	1996 Parks Acquisition <u>Bond Fund</u>	Permanent Parks and Recreation <u>Fund</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ -	\$ 127	\$ 127
Investments	-	4,558	4,558
Receivables:			
General property taxes	-	1,427	1,427
Accrued interest	<u>1</u>	<u>30</u>	<u>31</u>
	1	1,457	1,458
Restricted assets:			
Investments for capital projects	<u>117</u>	<u>-</u>	<u>117</u>
Total assets	\$ <u><u>118</u></u>	\$ <u><u>6,142</u></u>	\$ <u><u>6,260</u></u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	\$ -	\$ 17	\$ 17
Accrued salaries, wages and amounts withheld from employees	-	12	12
Accrued interest	42	-	42
Due to other funds	-	2	2
Deferred revenue - general property taxes	<u>-</u>	<u>1,427</u>	<u>1,427</u>
Total liabilities	<u>42</u>	<u>1,458</u>	<u>1,500</u>
Fund equity:			
Fund balances:			
Reserved for:			
Encumbrances	7	761	768
Compensated absences	-	53	53
Capital projects	69	-	69
Unreserved:			
Undesignated	<u>-</u>	<u>3,870</u>	<u>3,870</u>
Total fund equity	<u>76</u>	<u>4,684</u>	<u>4,760</u>
Total liabilities and fund equity	\$ <u><u>118</u></u>	\$ <u><u>6,142</u></u>	\$ <u><u>6,260</u></u>



## CITY OF BOULDER, COLORADO

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

Nonmajor Capital Project Funds

Year ended December 31, 2005

(Amounts in 000's)

	1996 Parks Acquisition <u>Bond Fund</u>	Permanent Parks and Recreation <u>Fund</u>	<u>Total</u>
Revenues:			
Taxes:			
General property taxes	\$ -	\$ 1,399	\$ 1,399
Other taxes	-	598	598
Leases, rents and royalties	-	4	4
Interest and investment earnings	7	100	107
Other	-	4	4
Total revenues	<u>7</u>	<u>2,105</u>	<u>2,112</u>
Expenditures:			
Capital outlay	260	1,130	1,390
Debt service payments:			
Interest	(3)	-	(3)
Base rentals to Boulder Municipal Property Authority Debt Service Fund	-	49	49
Total expenditures	<u>257</u>	<u>1,179</u>	<u>1,436</u>
Excess (deficiency) of revenues over (under) expenditures	(250)	926	676
Other financing uses - transfers out	-	(60)	(60)
Net change in fund balances	(250)	866	616
Fund balances, beginning of year	<u>326</u>	<u>3,818</u>	<u>4,144</u>
Fund balances, end of year	\$ <u>76</u>	\$ <u>4,684</u>	\$ <u>4,760</u>

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

1996 Parks Acquisition Bond Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual amounts	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Interest and investment earnings	\$ -	\$ -	\$ 6	\$ 6
Expenditures:				
Capital outlay	-	267	267	-
Debt service payments:				
Interest	-	-	-	-
Total expenditures	-	267	267	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (267)	(261)	\$ 6
Encumbrances, end of year			7	
Fund balance, beginning of year, basis of budgeting			373	
Fund balance, end of year, basis of budgeting			119	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(1)	
Change in accrued interest payable			(42)	
Fund balance, end of year, GAAP basis			\$ 76	

## CITY OF BOULDER, COLORADO

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Permanent Parks and Recreation Fund

Year ended December 31, 2005

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 1,416	\$ 1,416	\$ 1,399	\$ (17)
Other taxes	145	145	598	453
Charges for services	60	60	-	(60)
Leases, rents and royalties	-	-	4	4
Interest and investment earnings	75	75	129	54
Other	10	12	4	(8)
Total revenues	<u>1,706</u>	<u>1,708</u>	<u>2,134</u>	<u>426</u>
Expenditures:				
Capital outlay	1,428	4,801	1,888	2,913
Debt service payments:				
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	<u>50</u>	<u>50</u>	<u>50</u>	<u>-</u>
Total expenditures	<u>1,478</u>	<u>4,851</u>	<u>1,938</u>	<u>2,913</u>
Excess (deficiency) of revenues				
over (under) expenditures	228	(3,143)	196	3,339
Other financing uses -				
transfers out	<u>(60)</u>	<u>(60)</u>	<u>(60)</u>	<u>-</u>
Net change in fund balance	\$ <u>168</u>	\$ <u>(3,203)</u>	136	\$ <u>3,339</u>
Encumbrances, end of year			761	
Fund balance, beginning of year, basis of budgeting			<u>3,849</u>	
Fund balance, end of year, basis of budgeting			4,746	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(48)	
Accrued salaries, wages and amounts				
withheld from employees			(12)	
Change in accrued interest payable			<u>(2)</u>	
Fund balance, end of year, GAAP basis			\$ <u>4,684</u>	

## 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, 2005

(Amounts in 000's)

	Telecom- munications Fund	Property and Casualty Insurance Fund	Workers Compensation Insurance Fund	Compensated Absences Fund	Fleet Fund	Computer Replacement Fund	Equipment Replacement Fund	Facility Renovation and Replacement Fund	Total
Assets:									
Current assets:									
Equity in pooled cash and cash equivalents	\$ 39	\$ 78	\$ 98	\$ 73	\$ 118	\$ 96	\$ 107	\$ 84	\$ 693
Investments, at cost or amortized cost	1,397	2,800	3,500	2,593	4,249	3,445	3,823	3,007	24,814
Receivables, net:									
Accounts	51	-	8	-	6	-	-	19	84
Accrued interest	9	19	23	17	28	23	25	20	164
	60	19	31	17	34	23	25	39	248
Other assets - prepaid expenses	-	203	-	-	-	-	-	-	203
Total current assets	1,496	3,100	3,629	2,683	4,401	3,564	3,955	3,130	25,958
Noncurrent assets:									
Capital assets:									
Land and easements	-	-	-	-	-	-	-	102	102
Buildings	208	-	-	-	2,393	-	-	58,448	61,049
Improvements other than buildings	-	-	-	-	1,437	-	-	6,807	8,244
Vehicles	-	-	-	-	21,943	-	-	-	21,943
Machinery and equipment	1,575	-	-	-	323	4,040	2,189	7	8,134
	1,783	-	-	-	26,096	4,040	2,189	65,364	99,472
Less accumulated depreciation	(465)	-	-	-	(12,892)	(3,161)	(1,158)	(23,134)	(40,810)
	1,318	-	-	-	13,204	879	1,031	42,230	58,662
Construction in progress	-	-	-	-	-	-	-	1,477	1,477
Total capital assets, net of accumulated depreciation	1,318	-	-	-	13,204	879	1,031	43,707	60,139
Total assets	2,814	3,100	3,629	2,683	17,605	4,443	4,986	46,837	86,097
Liabilities:									
Current liabilities:									
Accounts and accrued liabilities:									
Vouchers and accounts payable	59	-	66	-	154	53	7	58	397
Contracts and retainage payable	5	-	-	-	-	-	-	-	5
Accrued salaries, wages and amounts withheld from employees	-	-	6	45	25	-	1	2	79
Accrued insurance reimbursement	-	911	1,256	-	-	-	-	-	2,167
Total current liabilities	64	911	1,328	45	179	53	8	60	2,648
Non-current liabilities:									
Compensated absences:									
Accrued vacation pay	-	-	-	-	54	-	-	-	54
Accrued sick pay	-	-	-	-	44	-	-	-	44
Accrued appreciation bonus	-	-	-	-	43	-	-	-	43
Total non-current liabilities	-	-	-	-	141	-	-	-	141
Total liabilities	64	911	1,328	45	320	53	8	60	2,789
Net assets:									
Invested in capital assets, net of related debt	1,318	-	-	-	13,204	879	1,031	43,706	60,138
Restricted for - compensated absences	-	-	-	2,638	-	-	-	-	2,638
Unrestricted	1,432	2,189	2,301	-	4,081	3,511	3,947	3,071	20,532
Total net assets	\$ 2,750	\$ 2,189	\$ 2,301	\$ 2,638	\$ 17,285	\$ 4,390	\$ 4,978	\$ 46,777	\$ 83,308

## CITY OF BOULDER, COLORADO

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

Internal Service Funds

Year ended December 31, 2005

(Amounts in 000's)

	Telecom- munications Fund	Property and Casualty Insurance Fund	Workers Compensation Insurance Fund	Compensated Absences Fund	Fleet Fund	Computer Replacement Fund	Equipment Replacement Fund	Facility Renovation and Replacement Fund	Total
Operating revenues:									
Charges for services	\$ 697	\$ 1,539	\$ 1,167	\$ 599	\$ 5,470	\$ 1,571	\$ 626	\$ 1,478	\$ 13,147
Operating expenses:									
Personnel	-	77	196	1,026	919	-	17	26	2,261
Non-personnel	500	1,020	1,491	-	1,414	731	145	247	5,548
Depreciation	121	-	-	-	2,143	285	187	2,998	5,734
Total operating expenses	621	1,097	1,687	1,026	4,476	1,016	349	3,271	13,543
Operating income (loss)	76	442	(520)	(427)	994	555	277	(1,793)	(396)
Nonoperating revenues (expenses):									
Interest and investment earnings	27	62	95	69	89	69	95	61	567
Gain (loss) on sale of property and equipment	-	-	-	-	125	1	-	-	126
Other (net)	-	80	54	-	23	-	-	22	179
Total nonoperating revenues (expenses)	27	142	149	69	237	70	95	83	872
Income (loss) before capital contributions and transfers	103	584	(371)	(358)	1,231	625	372	(1,710)	476
Capital contributions	-	-	-	-	113	29	-	1,560	1,702
Transfers in	-	-	-	-	-	-	-	4,247	4,247
Transfers out	(11)	(73)	(95)	(13)	(553)	(16)	(28)	(66)	(855)
Changes in net assets	92	511	(466)	(371)	791	638	344	4,031	5,570
Total net assets, beginning of year	2,658	1,678	2,767	3,009	16,494	3,752	4,634	42,746	77,738
Total net assets, end of year	\$ 2,750	\$ 2,189	\$ 2,301	\$ 2,638	\$ 17,285	\$ 4,390	\$ 4,978	\$ 46,777	\$ 83,308

## CITY OF BOULDER, COLORADO

## Combining Statement of Cash Flows

Internal Service Funds

Year ended December 31, 2005

(Amount 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>	Fleet <u>Fund</u>	Computer Replacement <u>Fund</u>	Equipment Replacement <u>Fund</u>	Facility Renovation and Replacement <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:									
Receipts from customers and users	\$ 71	\$ 86	\$ 46	\$ -	\$ 297	\$ 17	\$ 2	\$ 3	\$ 522
Receipts from interfund services provided	632	1,539	1,167	599	5,223	1,554	624	1,478	12,816
Payments to suppliers	(446)	(1,049)	(1,336)	-	(1,948)	(703)	(138)	(204)	(5,824)
Payments to employees	<u>-</u>	<u>(77)</u>	<u>(197)</u>	<u>(1,282)</u>	<u>(894)</u>	<u>-</u>	<u>(17)</u>	<u>(25)</u>	<u>(2,492)</u>
Net cash provided (used) by operating activities	<u>257</u>	<u>499</u>	<u>(320)</u>	<u>(683)</u>	<u>2,678</u>	<u>868</u>	<u>471</u>	<u>1,252</u>	<u>5,022</u>
Cash flows from noncapital financing activities:									
Transfers out	<u>(11)</u>	<u>(73)</u>	<u>(95)</u>	<u>(13)</u>	<u>(259)</u>	<u>(16)</u>	<u>(28)</u>	<u>(66)</u>	<u>(561)</u>
Net cash provided (used) by noncapital financing activities	<u>(11)</u>	<u>(73)</u>	<u>(95)</u>	<u>(13)</u>	<u>(259)</u>	<u>(16)</u>	<u>(28)</u>	<u>(66)</u>	<u>(561)</u>
Cash flows from capital and related financing activities:									
Acquisition and construction of capital assets	(64)	-	-	-	(2,627)	(135)	(428)	(906)	(4,160)
Proceeds from sale of property and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>367</u>
Net cash provided (used) for capital and related financing activities	<u>(64)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,261)</u>	<u>(134)</u>	<u>(428)</u>	<u>(906)</u>	<u>(3,793)</u>
Cash flows from investing activities:									
Purchase of investment securities	(2,563)	(5,137)	(6,421)	(4,757)	(7,795)	(6,320)	(7,014)	(5,517)	(45,524)
Proceeds from sale and maturities of investment securities	2,386	4,713	6,809	5,429	7,639	5,615	6,984	5,243	44,818
Interest on investments	<u>25</u>	<u>57</u>	<u>95</u>	<u>71</u>	<u>84</u>	<u>62</u>	<u>92</u>	<u>57</u>	<u>543</u>
Net cash provided (used) in investing activities	<u>(152)</u>	<u>(367)</u>	<u>483</u>	<u>743</u>	<u>(72)</u>	<u>(643)</u>	<u>62</u>	<u>(217)</u>	<u>(163)</u>
Net increase (decrease) in cash and cash equivalents	30	59	68	47	86	75	77	63	505
Equity in pooled cash and cash equivalents, January 1	<u>9</u>	<u>19</u>	<u>30</u>	<u>26</u>	<u>32</u>	<u>21</u>	<u>30</u>	<u>21</u>	<u>188</u>
Equity in pooled cash and cash equivalents, December 31	<u>\$ 39</u>	<u>\$ 78</u>	<u>\$ 98</u>	<u>\$ 73</u>	<u>\$ 118</u>	<u>\$ 96</u>	<u>\$ 107</u>	<u>\$ 84</u>	<u>\$ 693</u>
Reconciliation of cash and cash equivalents to balance sheet amounts:									
Equity in pooled cash and cash equivalents	<u>\$ 39</u>	<u>\$ 78</u>	<u>\$ 98</u>	<u>\$ 73</u>	<u>\$ 118</u>	<u>\$ 96</u>	<u>\$ 107</u>	<u>\$ 84</u>	<u>\$ 693</u>

(continued)

## CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,  
continuedInternal Service Funds

Year ended December 31, 2005

(Amount in 000's)

	Telecom- munications Fund	Property and Casualty Insurance Fund	Workers Compensation Insurance Fund	Compensated Absences Fund	Fleet Fund	Computer Replacement Fund	Equipment Replacement Fund	Facility Renovation and Replacement Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 76	\$ 442	\$ (520)	\$ (427)	\$ 994	\$ 555	\$ 277	\$ (1,793)	\$ (396)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:									
Depreciation	121	-	-	-	2,143	285	187	2,998	5,734
Other nonoperating revenues (expenses)	-	80	54	-	23	-	-	22	179
Change in assets and liabilities:									
(Increase) decrease in assets:									
Accounts receivable	6	6	(8)	-	27	-	-	(19)	12
Other assets - prepaid expenses	-	25	-	-	-	-	-	-	25
Increase (decrease) in liabilities:									
Vouchers and accounts payable	54	(54)	60	-	(534)	28	7	43	(396)
Contracts and retainage payable	-	-	-	-	-	-	-	-	-
Accrued salaries, wages and amounts withheld from employees	-	-	(1)	(256)	(4)	-	-	1	(260)
Accrued insurance reimbursement	-	-	95	-	-	-	-	-	95
Compensated absences	-	-	-	-	29	-	-	-	29
Total adjustments	181	57	200	(256)	1,684	313	194	3,045	5,418
Net cash provided (used) by operating activities	\$ 257	\$ 499	\$ (320)	\$ (683)	\$ 2,678	\$ 868	\$ 471	\$ 1,252	\$ 5,022
Noncash capital activities:									
Assets acquired through:									
Capital contributions - from other funds	-	-	-	-	113	29	-	5,807	5,949
Assets transferred to Enterprise Funds	-	-	-	-	(294)	-	-	-	(294)
	\$ -	\$ -	\$ -	\$ -	\$ (181)	\$ 29	\$ -	\$ 5,807	\$ 5,655



SUPPLEMENTARY SCHEDULE

Supplementary Schedule

Combined Schedule of Long-Term Debt Payable

December 31, 2005

(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 \$	4,895 \$	900
Open Space Acquisition Refunding	3.50 - 5.00	7/06/99	8/15/13	17,485	11,500	1,200
Parks Acquisition Refunding	4.50-5.375	9/07/99	12/15/15	22,385	18,365	1,440
Open Space Acquisition	5.00 - 7.50	4/25/00	8/15/18	20,095	16,655	920
Parks, Recreation, Muni., Cap., Imp., Ref. Premium on Refunding Bonds	4.00 - 4.30	9/11/01	12/1/12	5,255	3,350	425
Refunding Bond Charges				-	13	-
Library Capital Improvement Refunding	3.50 - 4.20	1/08/02	10/01/11	9,250	5,825	910
Premium on Refunding Bonds				-	15	-
Refunding Bond Charges				-	(154)	-
				<u>84,655</u>	<u>60,375</u>	<u>5,795</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>10,850</u>	<u>995</u>
Revenue Notes:						
Open space acquisition: Hogan	8.50	4/02/86	4/02/06	710	69	69
HUD Section 108 Loan				-	1,100	1,100
FNMA Revolving Credit Facility Agreement	variable			3,000	2,400	600
Compensated Absences				<u>-</u>	<u>9,585</u>	<u>1,680</u>
Total Governmental Activities and total supported by sales tax revenues and other financing sources				\$ <u>104,200</u>	\$ <u>84,379</u>	\$ <u>10,239</u>

(continued)

## CITY OF BOULDER, COLORADO

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

December 31, 2005

(Amounts in 000's)

		Interest rates	Dates		Authorized and issued	Outstanding	Current portion
			Issued	Maturity			
Business-type Activities:							
Supported by utility revenues:							
Revenue Bonds:							
Water and Sewer		4.125 - 5.125	5/25/99	12/01/19	15,830	12,445	655
Water and Sewer		5.00 - 5.75	7/06/00	12/01/20	25,365	18,525	1,260
Water and Sewer		4.00 - 5.50	12/19/01	12/01/21	28,830	24,790	1,125
Water and Sewer Revenue Refunding Bonds		3.00 - 3.75	5/01/05	12/01/16	7,900	7,650	585
Refunding Bond Charges					-	(196)	-
Water and Sewer		3.50 - 5.00	11/15/05	12/01/25	45,245	45,245	1,480
Premium on Bonds					-	1,140	-
Water and Sewer Revenue Refunding Bonds		3.00 - 3.50	5/01/05	12/01/12	1,110	1,045	135
Storm Water & Flood Mgmt Rev. Rfdg.		3.65 - 5.10	6/09/98	12/01/18	9,680	6,255	500
					<u>133,960</u>	<u>116,899</u>	<u>5,740</u>
Revenue Notes:							
Crawford		6.00	3/26/03	3/26/06	320	113	113
Compensated Absences							
					<u>-</u>	<u>1,422</u>	<u>249</u>
Total supported by utility revenues					<u>134,280</u>	<u>118,434</u>	<u>6,102</u>
Supported by parking revenues:							
General Obligation General Improvement District Bonds:							
Central Area General Improvement District:							
Parking Facilities		2.50 - 4.20	6/17/03	8/15/23	12,500	12,025	490
Premium on Bonds						137	
Parking Facilities Refunding		3.00 - 3.625	7/08/02	8/15/07	7,355	3,035	1,435
Premium on Refunding Bonds					-	40	-
Refunding Bond Charges					-	(79)	-
Parking Facilities		4.00 - 5.00	6/23/98	6/15/18	13,500	10,485	590
					<u>33,355</u>	<u>25,643</u>	<u>2,515</u>
Compensated Absences							
					<u>-</u>	<u>108</u>	<u>19</u>
Total supported by parking revenues					<u>33,355</u>	<u>25,751</u>	<u>2,534</u>
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	3,485	430
					<u>5,750</u>	<u>3,485</u>	<u>430</u>
Lease Purchase Revenue Notes:							
Boulder Municipal Property Authority:							
Open space acquisition:							
Beech		3.875 - 12.315	3/03/88	3/02/08	1,250	458	135
Autrey	Note 1989B-I	6.50	7/21/89	7/21/07	180	35	17
Autrey	Note 1989B-II	6.50	7/21/89	7/21/07	610	118	57
Autrey	Note 1989B-III	6.50	7/21/89	7/21/07	90	17	8
Autrey	Note 1989B-IV	6.50	7/21/89	7/21/07	90	17	8
K-Investments	Note 1990C	7.00	4/10/90	4/10/10	574	222	39

(continued)

## CITY OF BOULDER, COLORADO

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

December 31, 2005

(Amounts in 000's)

		Interest rates	Dates		Authorized and issued	Outstanding	Current portion
			Issued	Maturity			
Lease Purchase Revenue Notes (continued):							
Boulder Municipal Property Authority:							
Open space acquisition:							
H. Bixler	Note 1991C	6.50	10/04/91	10/04/06	800	80	80
R. Bixler	Note 1991D	6.50	10/04/91	10/04/06	500	50	50
Mardick	Note 1991G	7.00	10/03/91	10/03/11	225	101	14
Anderson	Note 1992B	7.00	1/17/92	1/17/07	784	156	75
Johnson	Note 1992E	6.00	5/22/92	5/22/07	1,236	233	113
Schneider	Note 1992N	6.00	11/01/92	11/01/07	963	182	88
Stepanek	Note 1995A	6.00	6/07/95	6/07/10	249	108	19
Joder	Note 1996A	6.00	4/22/96	4/22/11	1,400	709	102
Lousberg	Note 1996B	6.00	5/30/96	6/01/11	850	430	62
Henrikson	Note 1997C	6.00	6/25/97	6/25/12	383	220	26
Hartnagle	Note 1997E	6.00	6/01/97	6/01/07	1,283	320	155
Foothills	Note 1997G	7.00	7/16/97	7/16/17	1,095	821	46
Marshall	Note 1997H-1	6.00	9/17/97	9/17/07	250	62	30
Marshall	Note 1997H-2	6.00	9/17/97	9/17/07	300	75	36
Degge	Note 1998A	6.00	11/12/98	11/12/08	440	160	50
Van Vleet	Note 1999B	6.00	3/5/99	3/5/14	2,500	1,751	152
Steele	Note 2000A	6.00	2/01/00	2/08/08	300	129	41
Wright	Note 2000B	6.00	2/18/00	2/18/10	450	258	46
Dexter	Note 2000C	6.00	2/01/00	2/01/10	750	429	76
Johnson, Family	Note 2001A-R1	6.00	1/10/01	1/10/11	245	164	23
Johnson, Wife	Note 2001A-R2	6.00	1/10/01	1/10/11	300	200	29
Hester	Note 2001B	6.00	6/01/01	6/01/11	580	388	56
Suitts	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	329	29
William & Assoc.	Note 2001E-R1	6.00	11/21/01	11/21/11	230	230	-
Suitts, 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	183	22
John B. Kolb	Note 2002A-R2	6.00	8/15/02	8/15/12	242	183	22
Frederick M. Kolb	Note 2002A-R3	6.00	8/15/02	8/15/12	242	183	22
Helayne B. Jones	Note 2003A	6.00	6/20/03	6/20/13	715	603	61
Dagle	Note 2004A	4.75	12/1/2004	12/1/2014	770	708	65
Gisle	Note 2005A	4.75	2/18/05	2/18/17	1,180	1,180	75
Hill	Note 2005B	4.75	4/05/05	4/05/15	910	910	73
Luchetta	Note 2005C	5.00	8/05/05	8/05/20	720	720	33
					26,453	15,216	2,034
Parks Land acquisition:							
Church of Christ	Note 1991B	8.00	7/10/91	7/10/06	450	47	47
26th and Violet	Note 1997A	6.00	1/07/97	1/07/07	990	247	120
Degge	Note 1998B	6.00	11/12/98	11/12/08	1,250	454	143
					2,690	748	310
Boulder Transit Villiage acquisition:							
30th & Pearl, LLC	Note 2004B	6.50	10/14/04	11/01/14	2,600	1,812	245
					31,743	17,776	2,589
Total supported by base rentals					37,493	21,261	3,019
Total Business-type Activities					\$ 205,128	\$ 165,446	\$ 11,655

## STATISTICAL TABLES

Statistical tables are presented to provide an historical financial review of and additional information about the City of Boulder. The various tables provide information useful in analyzing the existing financial position of the City as well as in identifying trends.

The source of the statistical information in the following tables is taken from the City's records unless otherwise noted.

# CITY OF BOULDER, COLORADO

## Statistical Data

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December 31, 2005

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CITY OF BOULDER, COLORADO

Statistical Data

Government-wide Revenues

Last Ten Years

(Amounts in 000's)

<u>Revenue Type</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	(1) <u>2002</u>	<u>2001</u>
Primary government:					
Program Revenues:					
Charges for Services	\$ 62,638	\$ 56,512	\$ 56,680	\$ 51,699	\$ 52,538
Operating Grants and Contributions	4,083	4,953	4,556	4,810	12,956
Capital Grants and Contributions	16,729	11,991	14,976	16,122	14,197
General Revenues:					
Taxes:					
Sales and use taxes	76,624	71,688	67,891	71,624	72,374
Sales and use tax increment	46	-	-	-	-
Property taxes	20,230	20,080	19,195	18,259	17,186
Property tax increment	44	-	-	-	-
Other taxes	16,119	13,867	13,287	12,720	13,498
Interest and investment earnings	3,900	2,515	2,947	6,177	12,053
Miscellaneous	4,735	2,425	7,116	5,151	5,387
Special item:					
Rebate of B.U.R.A. bond reserve	-	-	-	2,942	-
Total primary government	\$ <u>205,148</u>	\$ <u>184,031</u>	\$ <u>186,648</u>	\$ <u>189,504</u>	\$ <u>200,189</u>

(1) The City of Boulder implemented GASB 34 as of December 31, 2002, however, December 31, 2001, amounts were recalculated using GASB 34 to allow for comparison.

CITY OF BOULDER, COLORADO

Statistical Data

Government-wide Expenses by Function (2)

Last Ten Years

(Amounts in 000's)

<u>Function</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	(1) <u>2002</u>	<u>2001</u>
Primary government:					
Governmental activities:					
General Government	\$ 7,632	\$ 7,803	\$ 8,073	\$ 10,271	\$ 7,705
Administrative Services	2,708	2,541	3,907	4,072	3,222
Public Safety	38,091	37,941	35,741	35,127	32,384
Public Works	28,773	19,156	19,073	18,720	22,658
Planning & Development Services	7,180	7,021	7,345	7,688	7,660
Culture and Recreation	24,357	24,170	25,113	22,231	21,625
Open Space and Mountain Parks	11,023	10,425	9,135	10,724	11,752
Housing and Human Services	11,692	10,926	10,452	10,344	12,351
(3) Interest on long-term debt	4,016	4,496	4,666	4,732	5,126
Total governmental activities	<u>135,472</u>	<u>124,479</u>	<u>123,505</u>	<u>123,909</u>	<u>124,483</u>
Business-type activities:					
Water utility	20,657	19,058	18,923	18,370	16,835
Wastewater utility	9,043	8,352	8,165	8,607	7,075
Stormwater and flood management	3,891	4,162	3,722	2,823	2,867
Parking facilities and services	5,223	4,478	4,212	4,224	4,571
Property and facility acquisition	1,460	1,559	1,701	1,852	1,884
Total business-type activities	<u>40,274</u>	<u>37,609</u>	<u>36,723</u>	<u>35,876</u>	<u>33,232</u>
Total primary government	\$ <u>175,746</u>	\$ <u>162,088</u>	\$ <u>160,228</u>	\$ <u>159,785</u>	\$ <u>157,715</u>

(1) The City of Boulder implemented GASB 34 as of December 31, 2002, however, December 31, 2001, amounts were recalculated using GASB 34 to allow for comparison.

(2) Expenses include indirect expense allocations.

(3) In 2004, expenses for prior year governmental activities were restated to reflect all "interest on long-term debt" in a separate function in accordance with GASB 34.



CITY OF BOULDER, COLORADO

Statistical Data

General Revenues and Other Financing Sources - by Source

General Government Functions (1)

Last Ten Years

(Amounts in 000's)

<u>Source</u>	<u>2005</u>	<u>2004</u>	(3) <u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	(2) <u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Sales and use taxes	\$ 76,624	\$ 71,688	\$ 67,891	\$ 71,624	\$ 72,374	\$ 73,592	\$ 69,429	\$ 63,171	\$ 58,091	\$ 54,775
General property taxes	17,992	17,891	17,116	16,289	15,255	14,695	14,110	13,387	10,682	11,177
Other taxes	15,088	13,401	12,999	12,295	13,274	13,808	13,704	12,156	10,991	10,761
Charges for services	10,493	10,229	9,560	7,825	8,390	7,642	7,209	7,759	6,151	5,631
Sale of goods and capital assets	1,635	5,598	1,816	1,017	1,235	1,229	453	724	985	606
Licenses, permits and fines	9,337	8,884	8,916	7,375	7,149	7,081	7,276	6,019	5,381	5,434
Intergovernmental	9,956	8,788	13,882	10,710	18,339	16,594	16,562	15,773	15,487	13,750
Interest, lease and rents	-	-	-	-	-	-	-	-	-	3,974
Leases, rents and royalties	1,989	2,178	1,572	1,483	1,463	7,483	6,773	6,639	5,174	-
Interest and investment earnings	1,641	1,016	1,519	2,520	5,585	5,807	1,858	3,308	2,872	-
Other	1,644	957	2,453	4,950	2,722	1,821	2,178	861	1,704	682
Long-term bonds issued	-	-	-	-	-	20,095	-	-	-	-
Long-term refunding bonds issued	-	-	-	9,250	5,276	-	55,810	15,930	4,041	-
Premium on long-term refunding bonds issued	-	-	-	25	-	-	-	-	-	-
Long-term notes payable issued	-	-	1,340	-	-	1,600	2,800	1,690	8,051	2,250
Long-term loans payable issued	-	2,520	600	-	-	-	-	4,201	-	-
Long-term capitalized lease obligations issued	-	-	-	-	-	-	-	-	31	455
Sale of advance from other funds	-	-	-	-	-	-	-	-	300	-
Transfers in	18,188	18,805	24,729	18,845	18,805	9,925	10,207	9,483	8,469	19,603
Transfers from component unit	-	-	-	-	-	43	42	31	68	43
	<u>\$ 164,587</u>	<u>\$ 161,955</u>	<u>\$ 164,393</u>	<u>\$ 164,208</u>	<u>\$ 169,867</u>	<u>\$ 181,415</u>	<u>\$ 208,411</u>	<u>\$ 161,132</u>	<u>\$ 138,478</u>	<u>\$ 129,141</u>

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Changes in fund structure were made in 1997. The amounts shown for 1997 reflect the new fund structure, whereas the amounts shown for prior years reflect the old fund structure.

(3) In 2001, the Boulder Municipal Property Authority Debt Service Fund was converted into the Boulder Municipal Property Authority Enterprise Fund and therefore is no longer reflected in this schedule.

CITY OF BOULDER, COLORADO

Statistical Data

General Expenditures and Other Financing Uses - by Function

General Government Functions (1)

Last Ten Years

(Amounts in 000's)

<u>Function</u>	<u>2005</u>	<u>2004</u>	(3) <u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	(2) <u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Current:										
General Government	\$ 9,291	\$ 9,206	\$ 9,767	\$ 11,505	\$ 8,894	\$ 9,113	\$ 7,854	\$ 7,015	\$ 6,989	\$ 6,045
Administrative Services	8,021	7,981	9,358	9,235	8,535	7,917	8,512	7,484	7,246	6,759
Public Safety	35,105	34,599	33,837	32,441	31,212	30,198	26,950	24,090	21,822	20,981
Public Works	23,374	23,234	29,952	27,347	28,083	24,150	23,466	22,862	26,316	24,147
Planning & Development Services	6,057	5,825	6,329	6,728	6,246	1,971	1,882	2,290	2,155	2,034
Culture and Recreation	22,977	21,509	24,425	28,765	23,823	23,310	23,413	23,665	21,731	19,970
Open Space and Real Estate	11,726	9,809	7,121	11,534	23,371	17,934	19,635	10,401	15,725	12,490
Housing and Human Services	9,925	14,362	12,738	9,477	11,408	9,531	7,951	7,726	12,679	7,414
Rebate of charges for services	-	-	-	(801)	-	(795)	-	-	-	2,520
Capital outlay	-	-	-	-	-	-	-	-	-	4,950
Debt service payments	17,327	17,905	15,451	13,803	13,396	19,274	17,639	20,214	18,050	11,828
Payment to refunded bond escrow agent	-	-	-	9,194	5,190	-	55,574	16,335	3,892	-
Assumption of advance from other fund	-	-	-	-	-	-	113	-	150	-
Transfers out	<u>15,992</u>	<u>16,624</u>	<u>22,233</u>	<u>16,618</u>	<u>17,185</u>	<u>10,116</u>	<u>10,051</u>	<u>9,497</u>	<u>8,205</u>	<u>17,432</u>
	\$ <u>159,795</u>	\$ <u>161,054</u>	\$ <u>171,211</u>	\$ <u>175,846</u>	\$ <u>177,343</u>	\$ <u>152,719</u>	\$ <u>203,040</u>	\$ <u>151,579</u>	\$ <u>144,960</u>	\$ <u>136,570</u>

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Changes in fund structure were made in 1997. The amounts shown for 1997 reflect the new fund structure, whereas the amounts shown for prior years reflect the old fund structure.

(3) In 2001, the Boulder Municipal Property Authority Debt Service Fund was converted into the Boulder Municipal Property Authority Enterprise Fund and therefore is no longer reflected in this schedule.

CITY OF BOULDER, COLORADO

Statistical Data

Property Tax Rates in Mills  
All Direct and Overlapping Governments

Last Ten Years

Revenue year	Tax roll	City	Schools	County	Northern Colorado Water Conservancy District	Urban Drainage and Flood Control District	Subtotal	Boulder Central Area General Improvement District(1)	University Hill General Improvement District(1)
1996	1995	9.981	45.640	22.245	1.000	0.696	79.562	9.990	4.984
1997	1996	9.981	46.743	22.245	1.000	0.696	80.665	9.990	4.984
1998	1997	11.981	45.344	22.245	1.000	0.696	81.266	9.990	4.984
1999	1998	11.981	50.356	22.245	1.000	0.696	86.278	9.990	4.984
2000	1999	11.981	44.000	22.245	1.000	0.696	79.922	9.990	4.984
2001	2000	11.981	42.890	22.245	1.000	0.696	78.812	9.990	4.984
2002	2001	11.981	34.807	22.245	1.000	0.696	70.729	9.990	4.984
2003	2002	11.981	38.524	23.745	1.000	0.696	75.946	9.990	4.984
2004	2003	11.981	38.255	23.745	1.000	0.696	75.677	9.990	4.984
2005	2004	11.981	37.423	23.745	1.000	0.696	74.845	9.990	4.984

Property Tax Levies  
All Direct and Overlapping Governments

Last Ten Years

(Amounts in 000's)

Revenue year	Tax roll	City	Schools	County	Northern Colorado Water Conservancy District	Urban Drainage and Flood Control District	Subtotal	Boulder Central Area General Improvement District(1)(2)	University Hill General Improvement District(1)(2)
1996	1995	\$ 11,228	\$ 94,485	\$ 56,519	\$ 2,121	\$ 1,404	\$ 165,757	581	20
1997	1996	12,048	100,214	60,432	2,197	1,455	176,346	619	21
1998	1997	15,082	103,465	64,275	2,589	1,482	186,893	707	20
1999	1998	15,477	119,612	68,872	2,702	1,567	208,230	567	21
2000	1999	15,842	122,176	72,751	3,137	1,578	215,484	687	22
2001	2000	16,689	126,009	78,054	3,330	1,707	225,789	710	22
2002	2001	17,787	111,930	78,183	3,680	1,642	213,222	724	22
2003	2002	18,601	125,400	90,859	3,762	1,696	240,318	756	23
2004	2003	19,434	127,738	94,356	4,036	1,747	247,311	796	24
2005	2004	19,716	125,759	100,897	4,352	1,777	252,501	831	25

Source: Abstract of Assessment and Summary of Levies (Boulder County Assessor's Office).

(1) Unlike the levies of the other entities shown in this table, these Districts' mill levies do not apply to all parcels of land in the City, and these Districts have no common boundaries. Thus, a parcel of land in the City may be subject to the levy of one or neither, but not both of these Districts.

(2) See Footnote K.

# CITY OF BOULDER, COLORADO

## Statistical Data

### Assessed and Actual Property Values

#### Last Ten Years

(Amounts in 000's)

Revenue <u>year</u>	Assessment year <u>(tax roll)</u>	<u>Assessed value</u>	<u>Estimated market value</u>
1996	1995	\$ 1,221,857	\$ 7,855,594
1997	1996	1,246,433	7,980,686
1998	1997	1,319,748	8,616,559
1999	1998	1,353,113	8,808,855
2000	1999	1,508,482	9,746,376
2001	2000	1,529,977	9,888,073
2002	2001	1,912,398	13,111,076
2003	2002	1,929,525	13,178,606
2004	2003	1,970,952	15,002,072
2005	2004	1,970,654	15,071,496

Note: Explanation of appraisal method. The Colorado Legislature sets the assessment rate for residential property.

### Assessment Information

#### Last Ten Years

Assessment <u>year</u>	Value <u>year</u>	<u>Assessment Percent</u>	
		<u>Residential</u>	<u>Commercial</u>
1996	1995	10.36 %	29.00 %
1997	1996	9.71	29.00
1998	1997	9.74	29.00
1999	1998	9.74	29.00
2000	1999	9.74	29.00
2001	2000	9.74	29.00
2002	2001	9.15	29.00
2003	2002	9.15	29.00
2004	2003	7.96	29.00
2005	2004	7.96	29.00

Source: Abstract of Assessment and Summary of Levies (Boulder County Assessor's Office).

CITY OF BOULDER, COLORADO

Statistical Data

Property Tax Levies and Collections

Last Ten Years

(Amounts in 000's)

<u>Year</u>	Net tax <u>levy</u>	Amount of current taxes collected <u>or accrued</u>	Percent of current taxes collected <u>or accrued</u>
1996	\$ 11,115	\$ 11,177	100.6 %
1997	11,928	11,740	98.4
1998	14,931	14,787	99.0
1999	15,322	15,244	99.5
2000	15,684	15,558	99.2
2001	16,522	16,460	99.6
2002	17,609	17,511	99.4
2003	18,415	18,415	100.0
2004	19,239	19,255	100.1
2005	19,519	19,387	99.3

CITY OF BOULDER, COLORADO

Statistical Data

Allocation of City Property Tax Rates in Mills

Last Ten Years

Revenue year	Tax roll	General Fund	CHAP Fund (1)	Library Fund	Permanent Parks and Recreation Fund	Public Safety Property and Sales Tax Fund	Total	Temporary Tax Credit (2)	Net Mill Levy Total
1996	1995	8.748	-	0.333	0.900	-	9.981	(0.792)	9.189
1997	1996	7.948	0.800	0.333	0.900	-	9.981	(0.315)	9.666
1998	1997	7.948	0.800	0.333	0.900	2.000	11.981	(0.553)	11.428
1999	1998	7.948	0.800	0.333	0.900	2.000	11.981	(0.543)	11.438
2000	1999	7.948	0.800	0.333	0.900	2.000	11.981	(1.479)	10.502
2001	2000	7.948	0.800	0.333	0.900	2.000	11.981	(1.073)	10.908
2002	2001	7.948	0.800	0.333	0.900	2.000	11.981	(2.680)	9.301
2003	2002	7.948	0.800	0.333	0.900	2.000	11.981	(2.341)	9.640
2004	2003	7.948	0.800	0.333	0.900	2.000	11.981	(2.121)	9.860
2005	2004	7.948	0.800	0.333	0.900	2.000	11.981	(1.976)	10.005

Actual City Property Tax Collections by Fund

Last Ten Years

(Amounts in 000's)

Revenue year	Tax roll	General Fund	CHAP Fund (1)	Library Fund	Permanent Parks and Recreation Fund	Public Safety Property and Sales Tax Fund (3)	Total (4)
1996	1995	\$ 9,802	\$ -	\$ 369	\$ 1,006	\$ -	\$ 11,177
1997	1996	9,349	940	392	1,059	-	11,740
1998	1997	9,715	977	407	1,100	2,588	14,787
1999	1998	10,016	1,008	420	1,134	2,666	15,244
2000	1999	10,265	1,033	430	1,162	2,668	15,558
2001	2000	10,704	1,077	449	1,212	3,018	16,460
2002	2001	10,946	1,102	459	1,239	3,765	17,511
2003	2002	11,619	1,170	487	1,317	3,822	18,415
2004	2003	16,130	1,230	512	1,383	-	19,255
2005	2004	16,228	1,243	517	1,399	-	19,387

- (1) Changes in fund structure were made in 1997. The amounts shown for 1997 reflect the new fund structure, whereas the amounts shown for prior years reflect the old fund structure.
- (2) See Footnote D for explanation of Amendment One property tax calculation. In order to comply with Amendment One and avoid a ratcheting down of the property tax base, a temporary tax credit was certified to Boulder County in those years where the increase in assessed value would result in the City's mill levy needing to be reduced.
- (3) During the 2004-2005 budget process, City Council approved combination of the General and Public Safety Property and Sales tax Funds to use cash more efficiently.
- (4) See Footnote K for information regarding overcollected property tax in certain years.

CITY OF BOULDER, COLORADO

Statistical Data

Sales and Use Tax Collections

Last Ten Years

(Amounts in 000's)

Year	General Fund			Special Revenue Funds					Subtotal - General and Special Revenue Funds	Debt Service Fund		Boulder Urban Renewal Authority increment	Total	Total - net of food service and food tax refunds	Percent increase over prior year (net of food service and food tax refunds)	
	Net of food service	Food service	Total	.15 Cent Sales Tax Fund	.25 Cent Sales Tax Fund	Public Safety Property and Sales Tax Fund	Open Space Fund	Transpor- tation Fund		.15 Cent Sales Tax Debt Service Fund	Tax refund reserve					
1996 (1)	\$ 30,333	\$ 306	\$ 30,639	\$ -	\$ -	\$ -	\$ 14,542	\$ 9,594	\$ 54,775	\$ 1,195	\$ -	\$ 6,289	\$ 62,259	\$ 61,953	10.538	%
1997 (2)	24,545	321	24,866	1,863	5,175	-	15,112	10,007	57,023	1,242	-	6,437	64,702	64,381	3.919	
1998 (3)	25,295	348	25,643	1,927	5,352	3,211	15,629	10,295	62,057	1,285	-	6,800	70,142	69,794	8.408	
1999	27,784	360	28,144	2,121	5,893	3,536	17,207	11,296	68,197	1,414	-	7,591	77,202	76,842	10.098	
2000	29,525	390	29,915	2,380	6,197	3,719	18,096	12,063	72,370	1,339	-	7,494	81,203	80,813	5.168	
2001	29,214	386	29,600	2,168	6,028	3,616	17,600	12,031	71,043	1,449	-	6,492	78,984	78,598	(2.741)	
2002	30,196	377	30,573	1,969	5,470	3,282	15,973	13,129	70,396	1,313	-	-	71,709	71,332	(9.245)	
2003	28,620	371	28,991	1,991	5,185	3,111	15,140	12,443	66,861	1,120	-	-	67,981	67,610	(5.218)	
2004 (4) (5)	31,998	388	32,386	1,879	5,225	-	18,400	12,541	70,431	1,257	-	-	71,688	71,406	5.615	
2005 (6)	34,185	414	34,599	2,013	5,591	-	19,679	13,400	75,282	1,342	-	46	76,670	76,341	6.911	

- (1) Includes a sales tax rate increase of .25% for Parks Acquisition and recreation purposes, (Expires 01/01/2016).
- (2) Changes in fund structure were made in 1997. The amounts shown for 1997 reflect the new fund structure, whereas the amounts shown for prior years reflect the old fund structure.
- (3) Includes a sales tax rate increase of .15% for Public Safety purposes (Expired 12/31/2004 and extended as a General Fund tax through 12/31/2024).
- (4) Includes a sales tax rate increase of .15% for Open Space purposes. (Expires 12/31/2024). Underlying taxable sales increased by only 1.01%.
- (5) Beginning in 2004, food tax refunds are included in these statistics.
- (6) Beginning in 2005, revenues from the 10th Walnut Street Urban Renewal Area have been assigned to the Central Area General Improvement District

Note: Sales and use tax rates are displayed in the following schedule.

# CITY OF BOULDER, COLORADO

## Statistical Data

### Sales and Use Tax Rates

December 31, 2005

<u>Fund</u>	<u>Rate</u>	<u>Start date</u>	<u>Expiration date</u>
General	1.00 %	1-01-64	none
Open Space	0.40	1-01-67	none
Transportation	0.60	1-01-67	none
General	0.38	1-01-88	12-31-11
Parks and Recreation and General Municipal Purposes	0.15	1-01-93	12-31-12
Parks Acquisition and Recreation Purposes	0.25	1-01-96	12-31-15
Open Space	0.33	1-01-90	12-31-18
Open Space	0.15	1-01-04	12-31-19
General	0.15	1-01-05 (1)	12-31-24
Subtotal	3.41		
Food service establishments	0.15		
Total	3.56 %		

Note: The current City of Boulder sales and use tax rate is made up of several components. The first column is the fund where the revenues are deposited. The second column is the rate shown as a percent. The third column is the date the tax began and the fourth is the date the tax expires, if any.

Food service 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.

Residents of the City of Boulder are also required to pay the following sales and use taxes:

State of Colorado	2.90 %	
Regional Transportation District	1.00	
Cultural District	0.10	
Football Stadium District	0.10	
Boulder County Open Space	0.25	12-31-19
Boulder County Open Space	0.10	12-31-09
Boulder County Open Space	0.10	12-31-24
(.05% remains for perpetuity)		
Boulder County Non-profit Human Services Agencies	0.05	12-31-08
Boulder County Transportation Improvements	0.10	06-30-09
Boulder County Jail Improvement & Operation	0.05	
Total rate to residents of the City of Boulder without food service establishments	8.16 %	
Total rate to residents of the City of Boulder with food service establishments	8.31 %	

(1) Approved in November 2004 by City of Boulder electorate.



CITY OF BOULDER, COLORADO

Statistical Data

Computation of Legal Debt Margin

December 31, 2005

(Amounts in 000's)

Total assessed value	\$	<u>1,970,654</u>
Debt limit - 3% of total assessed value	\$	<u>59,120</u>
Amount of debt applicable to debt margin:		
Total bonded debt		60,375
Less deductions allowed by law:		
Self-supporting General Obligation bonds	\$	60,375
Total deductions		<u>60,375</u>
Amount of debt applicable to debt margin		<u>-</u>
Legal debt margin	\$	<u>59,120</u>

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.)

# CITY OF BOULDER, COLORADO

## Statistical Data

### Computation of Overlapping Debt

December 31, 2005

(Amounts in 000's)

<u>Jurisdiction</u>	<u>Par value of net General Obligation debt out-standing (1)</u>	<u>Percentage applicable to City of Boulder (2)</u>	<u>Amount applicable to City of Boulder</u>
Boulder Valley School District RE-2	\$ 133,250	49.48 %	\$ 65,931
Boulder Central Area General Improvement District	25,643	100.00	25,643
Northern Colorado Water Conservancy District (NCWCD)	4,692	18.20	854
Boulder County	-	41.54	-
Urban Drainage and Flood Control District	-	6.40	-
			<u>\$ 92,428</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: 2004 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 2004, each jurisdiction had the following valuations (in 000's):

The City of Boulder	\$ 1,970,653
Boulder Valley School District	3,982,774
NCWCD	10,825,171
Boulder County	4,744,298
Urban Drainage & Flood Control	30,790,006

# CITY OF BOULDER, COLORADO

## Statistical Data

### General Bonded Debt as a Percentage of Assessed Value and General Bonded Debt Per Capita

Last Ten Years

(Amounts in 000's)

<u>Year</u>	<u>Assessed value(1)</u>	<u>General bonded debt</u>	<u>Population(2)</u>	<u>General bonded debt as a percentage of assessed value</u>
1996	\$ 1,221,857	-	95	- %
1997	1,246,433	-	94	-
1998	1,319,748	-	94	-
1999	1,353,113	-	95	-
2000	1,508,482	-	99	-
2001	1,529,977	-	99	-
2002	1,912,398	-	100	-
2003	1,929,525	-	102	-
2004	1,970,952	-	103	-
2005	1,970,654	-	103	-

(1) Source: Abstract of Assessment and Summary of Levies (Boulder County Assessor's Office)

(2) 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. The City of Boulder currently estimates the population to be 102,806 as of December 31, 2005.

CITY OF BOULDER, COLORADO

Statistical Data

Ratio of Annual Debt Service Expenditures  
for General Bonded Debt to  
Total General Government Expenditures

Last Ten Years

(Amounts in 000's)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total General Government expenditures</u>	<u>Debt service as a percentage of expenditures</u>
1996	\$ -	\$ -	\$ -	\$ 129,100	- %
1997	-	-	-	144,960 (1)	-
1998	-	-	-	151,579	-
1999	-	-	-	203,040	-
2000	-	-	-	152,719	-
2001	-	-	-	177,343 (2)	-
2002	-	-	-	175,846	-
2003	-	-	-	171,211	-
2004	-	-	-	161,054	-
2005	-	-	-	159,795	-

(1) Changes in fund structure were made in 1997. The amounts shown for 1997 reflect the new fund structure, whereas the amounts shown for prior years reflect the old fund structure.

(2) In 2001, the Boulder Municipal Property Authority Debt Service Fund was converted into the Boulder Municipal Property Authority Enterprise Fund and therefore is no longer reflected in this schedule.

CITY OF BOULDER, COLORADO

Statistical Data

Revenue Bond Coverage

Cross - Pledged Water and Sewer Bonds

Last Ten Years

(Amounts in 000's)

<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>
1996	\$ 20,673	\$ 13,504	\$ 7,169	\$ 1,606	4.46
1997	23,087	13,517	9,570	1,606	5.96
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

- (1) Gross revenue as defined by applicable bond ordinances includes gross Operating and Nonoperating Revenues, and 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

Revenue Bond Coverage

Stormwater and Flood Management Bonds

Last Ten Years

(Amounts in 000's)

<u>Fiscal year</u>	<u>Gross income(1)</u>	<u>Operating and Maintenance expense(2)</u>	<u>Net revenue available for debt service</u>	<u>Average annual debt service requirement total</u>	<u>Coverage (3)</u>
1996	\$ 3,270	\$ 2,039	\$ 1,231	\$ 363	3.39
1997	3,564	953	2,611	365	7.15
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

- (1) 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.
- (2) 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.
- (3) 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

Total Annual Payroll

Last Ten Years

<u>Fiscal</u> <u>year</u>	<u>Total</u>
1996	\$ 49,962,153
1997	51,781,095
1998	51,689,615
1999	55,505,711
2000	59,700,176
2001	67,261,316
2002	71,501,768
2003	74,691,130
2004	73,483,594 (1)
2005	75,096,500

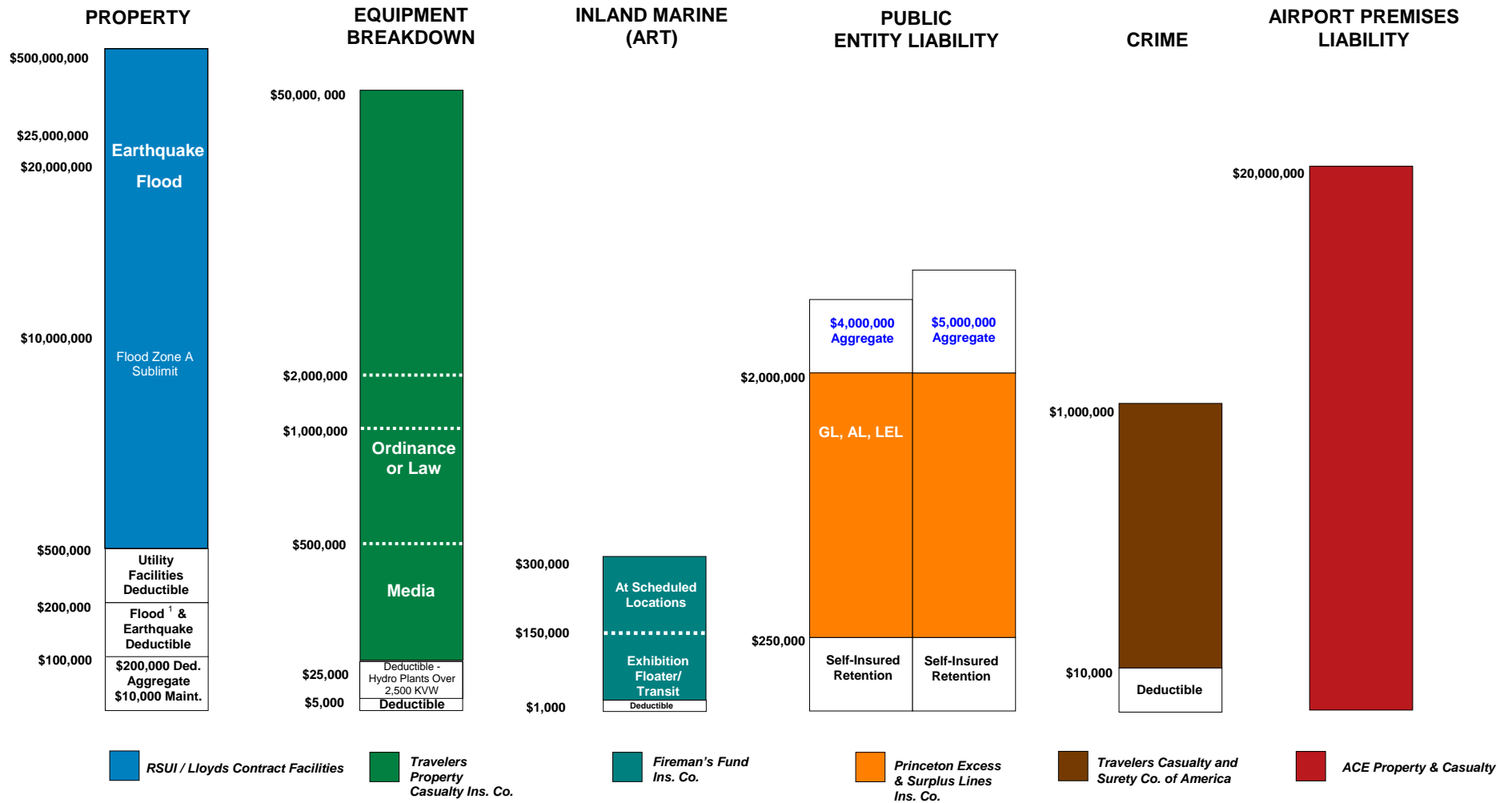
- (1) Beginning in 2004, the salaries of the Boulder Housing Partners (BHP) have been eliminated from the Total Annual Payroll statistic. BHP uses the city's payroll system, but is not part of the city's reporting entity.

City of Boulder

Statistical Data

Insurance Coverage

December 31, 2005



Except NFIP on Locations 1 and 9.



CITY OF BOULDER, COLORADO

Statistical Data

Property Value, Construction and Bank Deposits

Last Ten Years

<u>Fiscal year</u>	<u>Non-Residential Construction</u>		<u>Residential Construction</u>		<u>Bank deposits (1) (2)</u>
	<u>Number of permits</u>	<u>Value (2)</u>	<u>Number of permits</u>	<u>Value (2)</u>	
1996	35	31,208	211	22,200	n/a
1997	20	21,093	220	24,674	n/a
1998	40	33,990	383	39,490	n/a
1999	52	41,167	159	22,160	n/a
2000	51	54,086	390	47,381	n/a
2001	32	27,845	432	81,774	n/a
2002	37	82,207	370	72,129	n/a
2003	37	75,504	472	112,976	n/a
2004	30	48,365	465	141,701	n/a
2005	29	81,304	337	95,555	n/a

(1) Source: Bank financial statements. In 1991, with the establishment of branch banking in Colorado, deposits for banks within the geographic boundaries of the City of Boulder are no longer available.

(2) Amounts in 000's.

Note: Prior to 2000, non-residential construction statistics were limited to commercial construction.

CITY OF BOULDER, COLORADO

Statistical Data

Principal Taxpayers

December 31, 2005

(Amounts in 000's)

<u>Taxpayer</u>	<u>Type of business</u>	2004 assessed <u>valuation</u>	Percentage of total assessed <u>valuation</u>
IBM Corporation	Electronics	\$ 27,134	1.38 %
Roche Colorado Corporation	Chemical manufacturer	18,515	0.94
Qwest Corporation	Telecommunications	16,840	0.85
Public Service Company of Colorado	Gas and electric utility	12,972	0.66
International Business Machines	Electronics	12,956	0.66
Connecticut National Bank,	Office buildings	9,219	0.47
GR Village LLC	Office buildings	8,980	0.46
Amgen Inc.	Biotechnology	8,037	0.41
Tebo, Stephen D	Office buildings	7,576	0.38
Tierra Buildings LLC	Office buildings	<u>7,274</u>	<u>0.37</u>
		<u>\$ 129,503</u>	<u>6.58 %</u>

Source: Boulder County Assessor's Office.

CITY OF BOULDER, COLORADO

Statistical Data

Assessed Valuation by Property Classification

December 31, 2005

(Amounts in 000's)

<u>Property Class</u>	2004 assessed <u>valuation</u>	Percentage of total assessed <u>valuation</u>
Vacant Residential	\$ 37,182	1.89 %
Residential	908,056	46.08
Commercial	705,726	35.81
Industrial	279,459	14.18
Agricultural	13	0.00
Natural Resources	-	0.00
State Assessed Real	<u>40,218</u>	<u>2.04</u>
	<u>\$ 1,970,654</u>	<u>100.00 %</u>

Source: Boulder County Assessor's Office.

# CITY OF BOULDER, COLORADO

## Statistical Data

### Demographic Statistics

#### Last Ten Years

(Amounts in 000's)

<u>Fiscal year</u>	<u>Popula- tion (1)</u>	<u>Per capita income</u>	<u>Median age</u>	<u>Education level in years of formal schooling</u>	<u>School enrollment (2)</u>	<u>Unemployment rate (3)</u>
1996	95				12	4.1
1997	94				12	3.0
1998	94				12	3.6
1999	95				14	2.9
2000	99				13	2.6
2001	99				13	3.0
2002	100				13	6.1
2003	102				13	6.1
2004	102				13	5.7
2005	103				13	5.1

- (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. The City of Boulder currently estimates the population to be 102,806 as of December 31, 2005.

- (2) Source: Boulder Valley School District, Superintendent's Office (Fall counts). Enrollment figures represent totals for those Boulder Valley School District (BVSD) schools located within the city limits of Boulder.

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

Note: Those columns left blank have been left blank intentionally as the information required is not available.

# CITY OF BOULDER, COLORADO

## Statistical Data

### Miscellaneous Statistics

December 31, 2005

Date of incorporation	November 4, 1871
Form of government	Council - Manager
Area	25.46 square miles
Miles of streets	285
Number of street lights	4,525
Fire protection:	
Number of stations	7
Number of firefighters	95
Police protection:	
Number of stations	1 (plus 2 annexes)
Number of police officers	171
Municipal water department:	
Number of accounts	28,426
Average daily consumption	17,326,000
Water mains	441 miles (estimated)
Sewers:	
Sanitary sewers	348 miles (estimated)
Storm sewers	138 miles (estimated)
Recreation and culture:	
Acres of urban parks	1,880
Acres of mountain parks and open space	43,221
Number of libraries	4
Number of library items	418,417
Non-uniformed employees (full-time equivalents):	
Boulder Municipal Employees Association	449
Management	504

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

**INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the City of Boulder as of and for the year ended December 31, 2005, and have issued our report thereon dated May 12, 2006. 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, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boulder's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The information in this schedule 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.

*Swanhorst & Company LLC*

May 12, 2006

## CITY OF BOULDER, COLORADO

## Schedule of Expenditures of Federal Awards

For the year ended December 31, 2005

(Amounts in 000's)

<u>Agency/Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>2005 Expenditures</u>
Department of Agriculture:		
Passed through Colorado State Forest Service:		
Cooperative Forestry Assistance	10.664	\$ <u>9</u>
		9
Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grant	14.218	1,043
HOME Investment Partnerships Program	14.239	<u>253</u>
		1,296
Department of Interior:		
Direct Program:		
Cooperative Endangered Species Conservation Fund:		
Prebles BOCO	15.615	5
Historic Preservation Fund Grants-In-Aid:		
2004	15.904	14
2005	15.904	<u>5</u>
		24
Department of Justice:		
Direct Program:		
Bulletproof Vest Partnership Program	16.607	13
Edward Byrne Memorial Justice Assistance Grant Program	16.738	66
Passed through Colorado Department of Public Safety:		
Juvenile Accountability Incentive Block Grant	16.523	<u>30</u>
		109
Department of Transportation:		
Direct Programs:		
Airport Improvement Program	20.106	74
Passed through Colorado Department of Transportation:		
Highway Planning and Construction	20.205	<u>3,311</u>
		3,385
Environmental Protection Agency:		
Passed through Colorado Department of Health & Environment:		
Nonpoint Source Implementation Grant:		
Neighborhood Stewardship Grant	66.460	<u>15</u>
		15
Department of Health and Human Services:		
Direct Programs:		
Early Learning Fund	93.577	1
Passed through Colorado Department of Human Services:		
Child Care & Development Block Grant		
Quality Expansion	93.575	24
School Readiness Grant - ECEC	93.575	129
Passed through Qualistar Early Learning:		
Child Care Mandatory & Matching Funds of the		
Child Care & Development Fund	93.596	<u>44</u>
		198
Department of Homeland Security:		
Passed through Colorado Department of Local Affairs:		
Buffer Zone Protection Plan	97.078	<u>4</u>
		4
		<u>\$ 5,040</u>

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

**INDEPENDENT AUDITORS' 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***

We have audited the financial statements of the City of Boulder as of and for the year ended December 31, 2005, and have issued our report thereon dated May 12, 2006. 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 Financial Reporting**

In planning and performing our audit, we considered the City of Boulder's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Boulder'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*.

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

*Swanhorst & Company LLC*

May 12, 2006





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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

**Compliance**

We have audited the compliance of the City of Boulder 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 its major federal programs for the year ended December 31, 2005. The City of Boulder's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Boulder's management. Our responsibility is to express an opinion on the City of Boulder'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 Non-Profit 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'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 on the City of Boulder's compliance with those requirements.

In our opinion, the City of Boulder complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005.

**Internal Control Over Compliance**

The management of the City of Boulder is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Boulder's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the 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.

*Shanklin & Company, LLC*

May 12, 2006

CITY OF BOULDER, COLORADO

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2005

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes ☒ no
- Reportable conditions 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 weaknesses identified? \_\_\_\_\_ yes ☒ no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes ☒ none reported

Type of auditors' 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 OMB Circular A-133?

\_\_\_\_\_ yes ☒ no

Identification of major programs:

14.218 Community Development Block Grant  
20.205 Highway Planning and Construction

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

Auditee qualified as low-risk auditee?

☒ yes \_\_\_\_\_ no

**Financial Statement Findings**

The audit of the financial statements did not disclose reportable conditions in internal control that would be considered material weaknesses, and did not disclose fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

**Federal Awards Findings and Questioned Costs**

The audit of federal awards did not disclose reportable conditions in the internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>			City or County: <b>Boulder</b>		
			YEAR ENDING : <b>December 2005</b>		
This Information From The Records Of: City of Boulder			Prepared By: Melody Agruso, Sr. Financial Manager Phone: 303-441-3252		
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>					
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					
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>			
ITEM	AMOUNT	ITEM	AMOUNT		
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>			
1. Local highway-user taxes		1. Capital outlay (from page 2)	5,345,633		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,669,328		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	1,887,089		
2. General fund appropriations	2,843,544	b. Snow and ice removal	658,185		
3. Other local imposts (from page 2)	10,467,449	c. Other	1,564,070		
4. Miscellaneous local receipts (from page 2)	555,170	d. Total (a. through c.)	4,109,344		
5. Transfers from toll facilities	0	4. General administration & miscellaneous	2,171,185		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,502,921		
a. Bonds - Original Issues	0	6. Total (1 through 5)	15,798,410		
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	0		
7. Total (1 through 6)	13,866,163	b. Redemption	0		
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	0		
<b>C. Receipts from State government</b>		2. Notes:			
(from page 2)	2,263,514	a. Interest	0		
<b>D. Receipts from Federal Government</b>		b. Redemption	0		
(from page 2)	5,209,660	c. Total (a. + b.)	0		
<b>E. Total receipts (A.7 + B + C + D)</b>	21,339,337	3. Total (1.c + 2.c)	0		
		<b>C. Payments to State for highways</b>	0		
		<b>D. Payments to toll facilities</b>	0		
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	15,798,410		
<b>IV. LOCAL HIGHWAY DEBT STATUS</b>					
(Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
<b>A. Bonds (Total)</b>				0	
1. Bonds (Refunding Portion)					
<b>B. Notes (Total)</b>				0	
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
Transportation Funds	11,167,465	18,495,793	13,307,322	16,355,936	0
General Fund	(796,666)	2,843,544	2,491,088	(444,210)	0
<b>Total All Funds</b>	<b>10,370,799</b>	<b>21,339,337</b>	<b>15,798,410</b>	<b>15,911,726</b>	<b>0</b>

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: <b>Colorado</b> YEAR ENDING (mm/yy): <b>December 2005</b>	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	125,239	a. Interest on investments	356,681
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	8,881,608	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,257,122	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other (County R&B)	203,480	g. Other Misc. Receipts	198,489
6. Total (1. through 5.)	10,342,210	h. Other	
c. Total (a. + b.)	10,467,449	i. Total (a. through h.)	555,170
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	2,027,386	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	
b. Project Match		c. HUD	
c. Motor Vehicle	236,128	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	5,209,660
f. Total (a. through e.)	236,128	g. Total (a. through f.)	5,209,660
4. Total (1. + 2. + 3.f)	2,263,514	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	37,993	65,480	103,472
b. Engineering Costs	207,772	390,497	598,269
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	562,559	249,655	812,214
(3). System Preservation	1,440,807	1,412,447	2,853,254
(4). System Enhancement & Operation	978,424	0	978,424
(5). Total Construction (1) + (2) + (3) + (4)	2,981,790	1,662,101	4,643,892
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	3,227,555	2,118,078	5,345,633
			(Carry forward to page 1)
<b>Notes and Comments:</b>			