



City of Boulder, Colorado

# Popular Annual Financial Report



*Photo credit: Dan Baumbach*

**Fiscal Year**  
Ending December 31

# 2018



## About the Popular Annual Financial Report

As a part of an ongoing commitment to transparency and helping ensure community access to information about its local government the City of Boulder provides this Popular Annual Financial Report (PAFR), which describes the city's financial activities and position in 2018. This is a summary of information reported in the city's 2018 Comprehensive Annual Financial Report (CAFR).

While the CAFR is prepared in accordance with generally accepted accounting principles, the PAFR is not. The CAFR is a more detailed, audited document of record, and it presents information in a format consistent with this standard to ensure it contains detailed information including the city's component units, presents individual funds in detail, and fully discloses all material events, both financial and non-financial. By contrast, the purpose of the PAFR is to increase public awareness about the city's financial condition by presenting information in a more user-friendly format and is unaudited and not presented in accordance with general accepted accounting principles.

**Both documents are available on the City of Boulder Finance Department's webpage at [www.bouldercolorado.gov/Finance](http://www.bouldercolorado.gov/Finance).**

The city's website also includes a wealth of information about the activities of city departments; job opportunities; budgets; council members, agendas and meetings; community events; and much more.

## Quick Facts about Boulder

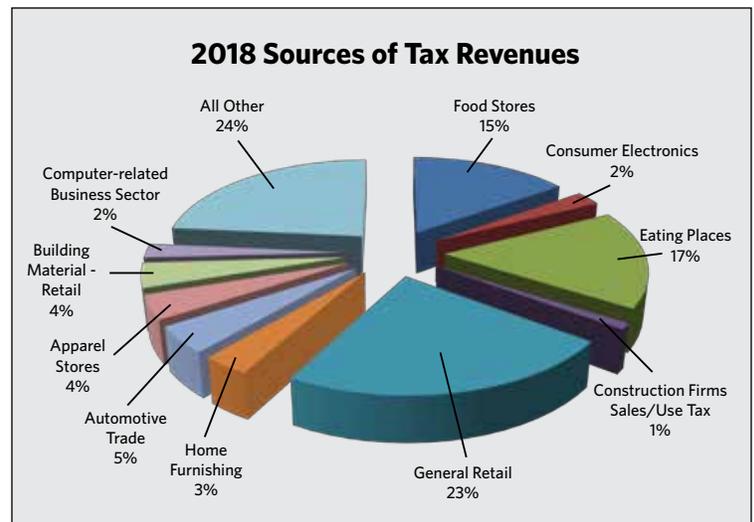
Population . . . . .	107,000
Unemployment rate . . . . .	3.3%
Sales and use tax rate . . . . .	3.86%
City employees . . . . .	1,451
City operating budget . . . . .	\$278 million
City capital budget . . . . .	\$112 million

## Top 5 City of Boulder Employers

Over 1,600 employees: University of Colorado, St. Vrain Valley School District, Boulder Valley School District, Boulder County and Ball Corporation.

## Other Major Employers

Seagate Technology LLC, IBM Corporation, National Center for Atmospheric Research and City of Boulder.



## Significant 2018 Events

The following is a summary of significant events during the year that affected the City of Boulder's financial position.

- Added 99 new permanently affordable homes to the city's inventory, moving the city to 7.5 percent of the 10 percent affordable housing goal.
- Substantial completion of the Betasso Water Treatment Plant Improvements project, which supplies more of the city's treated water. This project was a major rehabilitation of critical process equipment that was more than 60 years old.
- Completed five significant acquisitions in 2018 that will help preserve wildlife and plant habitat, provide passive recreation opportunities and sustain local agriculture. With these five acquisitions – which included 1,203 acres of land, along with water and mineral rights – the city now conserves more than 46,580 acres of open space.
- Reopened Boulder Falls, an iconic destination, after completing repairs to the popular area.
- Implemented 2018 funding rounds – totaling \$2,273,000 – for the Health Equity, Human Services and Youth Opportunity programs.
- Completed the Wonderland Creek Greenways Improvement project. This provided reduced flood risk, extended multi-use paths from Foothills Parkway to 30th Street and built three new bicycle and pedestrian underpasses.
- Launched a communications and marketing plan for the Transportation Division's Vision Zero traffic safety initiative to highlight what the city is doing, and what community members can do, to help reach the community's goal of reducing the number of traffic-related fatalities and serious injuries to zero.
- Piloted a new online platform, know as Be Heard Boulder, to allow the public to provide feedback on city projects 24/7. More than 10,000 people visited the site and 1,500+ provided feedback in 2018.
- Implemented the Chautauqua Access Management Plan (CAMP) in its first year following the pilot project.
- Became the second municipal government in the nation to obtain national Service Enterprise Certification. The application was supported by the completion of the 2018 Volunteer Cooperative Strategic Plan and the city's first Volunteer Impact Report.
- The city continued to explore options to provide the community with clean, reliable, low-cost and local energy, including the creation of a municipal utility. During 2018, the city began the process to acquire assets from Xcel Energy. This process will determine the cost to the city prior to a future community decision.

## Operating Indicators and Statistics

<b>Public Works</b> . . . . .	<b>2018</b>	<b>2017</b>
Daily vehicle miles in Boulder Valley . . . . .	2.5 mil	2.5 mil
<b>Utilities</b>		
Water accounts . . . . .	29,092	29,502
Gallons of water consumed daily . . . . .	16.2 mil	16.2 mil
<b>Public Safety</b>		
Police officers . . . . .	181	181
Traffic accidents . . . . .	3,624	3,491
Police calls for service . . . . .	117,666	121,570
Firefighters . . . . .	99	100
Fire responses . . . . .	11,776	11,977
Fire responses within 6 minutes . . . . .	59%	75%
<b>Parks and Recreation</b>		
Acres of Open Space & Mountain Parks . . . . .	46,599	45,570
Acres of urban parks . . . . .	1,800	1,800
Recreation center attendance . . . . .	1,239,784	609,129
Reservoir attendance . . . . .	165,874	176,747
<b>Library</b>		
Circulation of books, videos, and tapes . . . . .	1.56 mil	1.53 mil
<b>Planning and Development Services</b>		
Building permit applications . . . . .	7,582	6,253
Zoning enforcement actions . . . . .	1,065	1,547
<b>Municipal Court</b>		
Traffic violations . . . . .	6,949	5,926



*City staff working to mitigate wildfires*

## 2018 Best of Boulder

- **Best Small Cities in the U.S.** – National Geographic Traveler, January 2018
- **Top Destinations on the Rise** – TripAdvisor, January 2018
- **America's Most Artistic Towns** – Expedia, February 2018
- **Top 13 Cycling Cities in the U.S.** – Travel Channel, July 2018
- **The Ultimate Destination for an Outdoor Adventure** – Travel and Leisure, August 2018
- **Top 20 Tech Towns** – CompTIA, October 2018
- **America's Best Bike Cities** – People For Bikes, May 2018
- **Greenest Cities Awards, Colorado (No. 1)** – Insurify, March 2018

## Financial Statements

Within the CAFR, the city presents two different types of financial statements.

**1. The government-wide financial statements** are designed to provide readers with a **long-term overview** of the city's finances. These statements include the Statement of Net Position and the Statement of Activities. 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 encompass general government, administrative, public safety, public works including streets and transportation, planning and development, culture and recreation, open space and mountain parks, housing and human services and property and facility acquisition services. The business-type activities of the city include the water and wastewater utilities, stormwater and flood management and parking facilities.

**2. The fund financial statements** provide a **short-term perspective** of individual funds.



*Sunrise Amphitheater photo by David Barry*

## Component Units

From a financial perspective the City of Boulder must report on the activities of two component units or areas of financial health: 1) primary government, which consists of all the funds and departments legally included within the city organization and 2) component units, which are legally separate organizations from the city, but for which the city is still financially accountable. The financial information of the city's component units is blended with the primary government and reported in the same manner as any other city operation.

### City of Boulder Component Units:

#### 1. Downtown Commercial District and University Hill

**Commercial District** — These districts provide parking facilities and services and are administered by the City Council.

**2. Boulder Municipal Property Authority** — The authority is a nonprofit organization responsible for the acquisition and construction of certain city properties and facilities and is administered by the City Council.

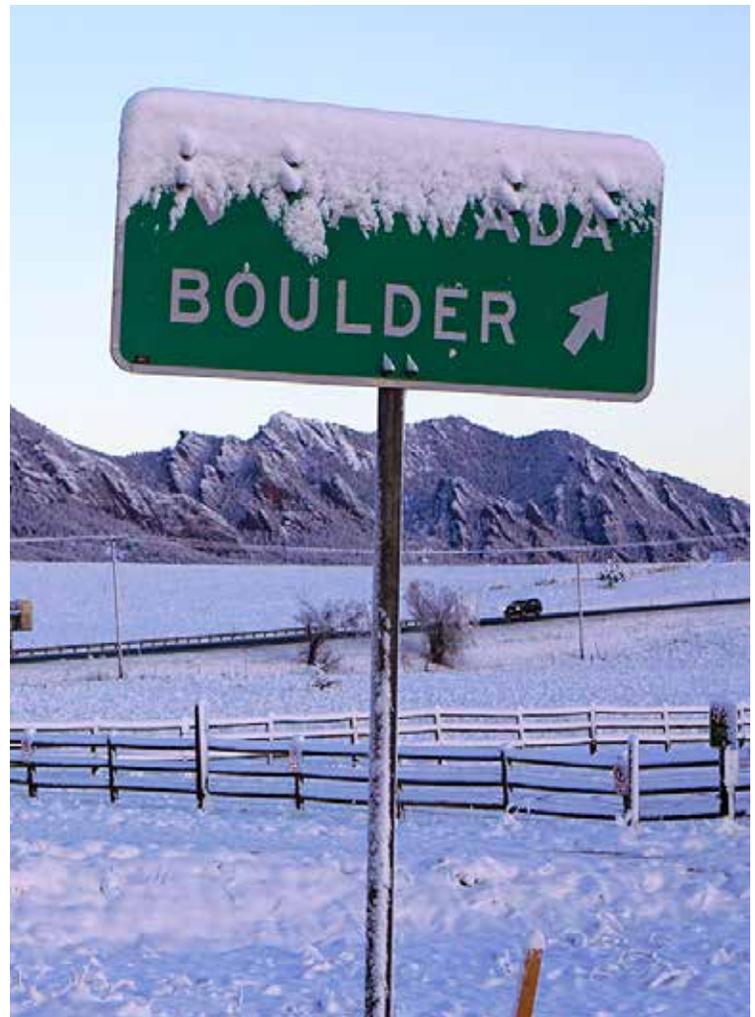
**3. Boulder Junction Access General Improvement District** — This district is tasked with implementation of the transit-oriented development goals of shared, unbundled parking and travel demand management programs.

## Statement of Net Position — Government-wide

**The Government-wide Balance Sheet**, known as the Statement of Net Position, presents information about the city's assets and deferred outflows of resources as well as its liabilities and deferred inflows of resources, with the difference reported as net position. Deferred outflows and inflows of resources represent expenses and revenues that will be recognized in a future period. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The accompanying table of net position presents a summary of the city's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of 2018, 2017 and 2016. The city's assets exceeded its liabilities by \$1.17 billion at Dec. 31, 2018. The largest portion of the city's net position, \$1,018.3 million (87 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, utility plants, and underground drainage facilities), net of related debt. The city uses these capital assets to provide services to the public; consequently, these assets are not available to fund current operations. An additional portion of the city's net position, \$91.1 million (8 percent), denotes resources that are subject to usage restrictions. The remaining unrestricted balance of net position, \$65.3 million (5 percent), may be used to meet the city's ongoing obligations.

Net Position at December 31, over the last three years (in thousands)			
Assets	2018	2017	2016
Current and Other Assets	\$433,098	\$430,008	\$458,479
Capital Assets	1,253,413	1,167,524	1,095,038
<b>Total Assets</b>	<b>1,686,511</b>	<b>1,597,532</b>	<b>1,553,517</b>
Deferred Outflows of Resources	28,976	46,705	42,025
Liabilities			
Noncurrent Liabilities	435,261	279,542	405,508
Other Liabilities	32,224	168,298	33,604
<b>Total Liabilities</b>	<b>467,485</b>	<b>447,840</b>	<b>439,112</b>
Deferred Inflows of Resources	73,322	45,855	41,315
Net Position			
Invested in Capital Assets	1,018,331	965,721	921,454
Restricted	91,066	94,934	77,671
Unrestricted	65,283	89,627	11,590
<b>Total Net Position</b>	<b>\$1,174,680</b>	<b>\$1,150,282</b>	<b>\$1,044,585</b>



## Statement of Activities — Government-wide

The **Government-wide Income Statement**, known as the Statement of Activities, details the money received and spent by the city during the fiscal year.

### Revenues — Where the money comes from . . .

The City of Boulder receives revenue from a variety of sources, described below.

**Sales, Use and Other Taxes** are the city's largest source of revenues and are collected on retail sales and other business activity. The \$6.4 million increase in 2018 compared to 2017 was mainly due to changing economic conditions throughout the region.

**Property Taxes** are collected by Boulder County and remitted to the city, less county fees. The \$6.6 million increase in 2018 compared to 2017 was mainly due to development in 2018.

**Other Taxes** include accommodations, franchise, occupation, specific ownership, tobacco and excise taxes. Other taxes increased \$6.7 million during 2018, primarily due to an increase in the accommodation tax and the sugar sweetened beverage tax. The sugar sweetened tax, which took effect July 1, 2017, places a two cent per ounce excise tax on the distribution of beverages with added sugar and other sweeteners.

**Charges for Services** are payments received directly by the city for services performed. These revenues include parking charges, utility service charges and licensing fees. In 2018, charges for services increased \$7.1 million mainly due to an increase in building permits issued and development fees.

**Operating Grants** are resources received from external entities and are generally restricted to finance one or more specific projects. In 2018, operating grants decreased by \$7.9 million primarily due to a decrease in active grants across all funds.

**Capital Grants** received by the city are used to purchase, construct or renovate specific capital assets. Capital grants decreased \$4.3 million when compared to 2017 due to a decrease in public works project spending in 2018.

**Interest Revenues** are earned on the city's fixed income investments. In 2018, interest revenues increased \$2.9 million from 2017.

**Other Revenues** are derived from a variety of sources including insurance proceeds, legal settlements and gains on sales of capital assets. Other revenues decreased \$5.2 million due to a decrease in sales of capital assets as compared to 2017.

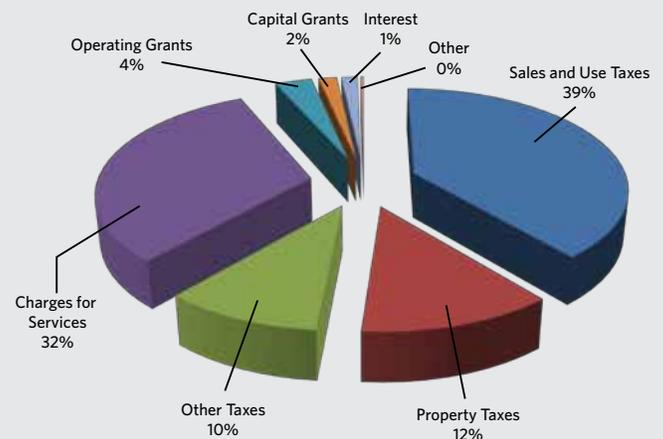


Solar houses providing local energy

Revenues by Source at December 31 over the last three years (in thousands)

	2018	2017	2016
Sales, Use and Other Taxes	\$142,344	\$135,913	\$136,269
Property Taxes	45,254	38,654	38,190
Other Taxes	36,672	29,950	25,207
Charges for Services	116,723	109,615	99,823
Operating Grants	12,645	20,564	16,520
Capital Grants	5,921	10,217	21,619
Interest	5,310	2,376	3,049
Other	1,027	6,195	3,189
<b>Total Revenues</b>	<b>\$365,896</b>	<b>\$353,393</b>	<b>\$343,866</b>

2018 Revenues by Source



## Expenses — Where the money goes . . .

The city uses the revenue it receives to provide a variety of services to the community. A description of the city's expenses by function is provided below.

The **General Government** function decreased by \$397 thousand from 2017 to 2018 mainly due to a decrease in capital expenditures.

**Public Safety** constitutes the city's largest functional expense and includes both the police and fire departments. In 2018, Public Safety expenses increased \$2.6 million. This increase was primarily due to increased personnel costs and the purchase of materials and equipment.

**Public Works** comprises costs associated with the repair, construction, acquisition and maintenance of public roads, bike paths and other city assets. Public Works expenses increased \$4.7 million in 2018 primarily due to a larger amount of capital expenditures transferred out of expenses in 2017 compared to 2018.

**Culture and Recreation** includes the operating costs of parks, libraries and senior services. Costs associated with these services increased \$3.8 million in 2018 due to a larger amount of capital expenditures transferred out of expenses in 2017 compared to 2018.

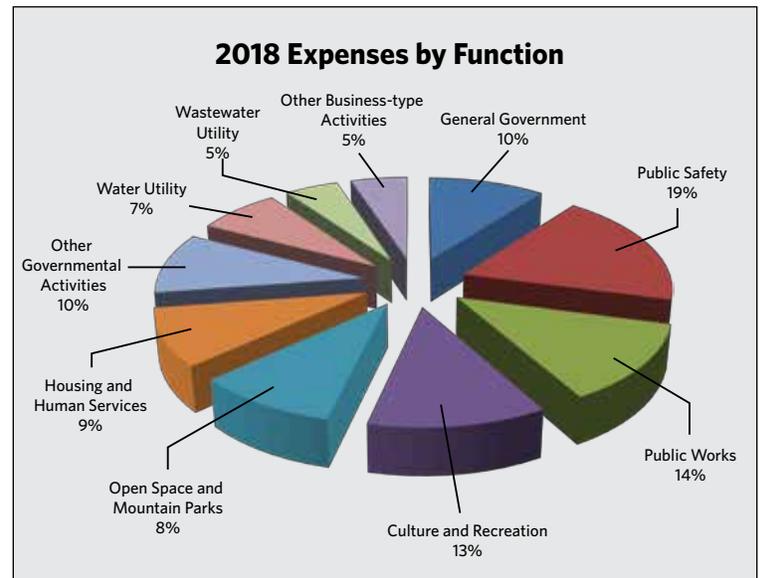
**Open Space and Mountain Parks** represents the cost of land acquisition, land restoration and trails management. Costs associated with these services decreased \$3.9 million in 2018, largely due to a significant increase in capitalized expenditures in 2018 compared to 2017.

**Housing and Human Services** provides affordable housing and community services. Expenses increased \$864 thousand due to ongoing operating expenses.

**Other Governmental Activities** includes planning and development services, administrative services and interest on long-term debt. In 2018, expenses increased \$2.0 million due to capital and personnel expenditures in planning and development services.

**Water and Wastewater Utility** mainly comprises the operating costs of these utilities, including annual upgrades and maintenance of water, wastewater, sewer lines and treatment plants.

Expenses by Function at December 31 over the last three years (in thousands)			
	2018	2017	2016
General Government	\$32,376	\$32,773	\$20,073
Public Safety	60,970	58,350	58,151
Public Works	44,305	39,571	43,112
Culture and Recreation	41,175	37,359	36,216
Open Space and Mountain Parks	26,200	30,110	22,010
Housing and Human Services	30,078	29,214	13,085
Other Governmental Activities	33,067	31,080	28,165
Water Utility	24,118	23,431	23,540
Wastewater Utility	16,270	15,125	14,309
Other Business-type Activities	18,425	15,978	14,675
<b>Total Expenses</b>	<b>\$326,984</b>	<b>\$312,991</b>	<b>\$273,336</b>



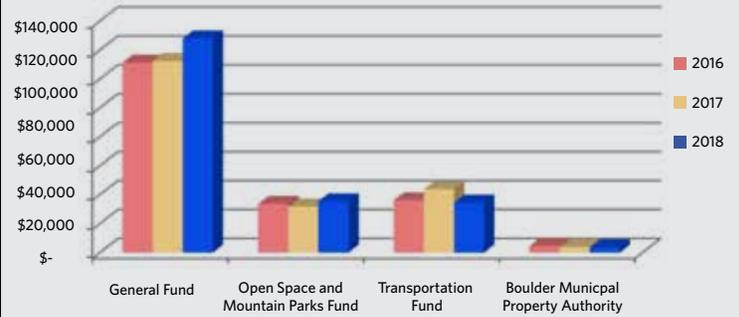
**Other Business-type Activities** consists of flood management, parking facilities, and property and facility acquisition services. These expenses remained relatively constant in 2018.



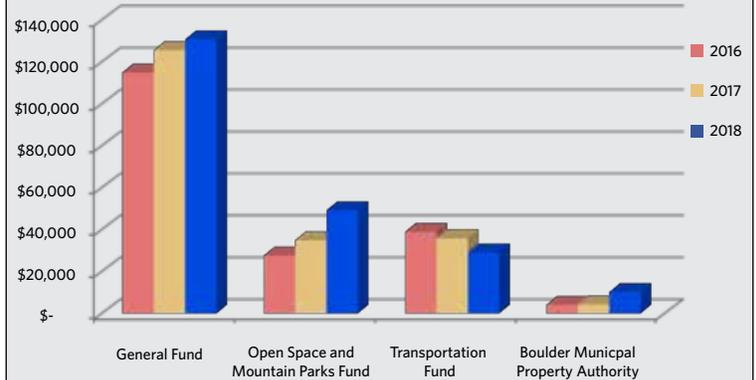
## Governmental Fund Highlights

- The General Fund is the primary operating fund of the city. The fund balance of the General Fund was \$60.6 million at Dec. 31, 2018, an \$8.1 million increase from 2017.
- The unrestricted fund balance of the General Fund was \$55.4 million. This includes the fund balance committed by City Council, the fund balance assigned by city management and any remaining unassigned fund balance. In 2018, General Fund revenues increased \$15.6 million. General Fund expenditures increased by \$5.3 million due to expansion of services and the Hogan-Pancost land acquisition.
- The Open Space and Mountain Parks Fund is a major special revenue fund with fund balance restricted for special purposes. The fund balance of the Open Space and Mountain Parks Fund was \$24.6 million at Dec. 31, 2018, a decrease of \$14.4 million from 2017. Revenues rose \$3.7 million due to an increase in tax revenue. Expenditures increased \$14.7 million due to various property acquisitions.
- The Transportation Fund is another major special revenue fund with fund balance restricted for special purposes. Its fund balance grew \$4 million to \$21.3 million at Dec. 31, 2018, while revenues decreased \$9.2 million and expenditures decreased \$7 million. The decrease in expenditures is due to the completion of various capital projects during 2017 not carried over to 2018. Many new projects were in the early design stage during 2018.
- The Boulder Municipal Property Authority Fund was reclassified as a Special Revenue Major Governmental fund in 2015. This fund's balance is restricted to certain capital projects by bond covenants. The Boulder Municipal Property Authority's fund balance remained \$434 thousand as was expected due to budgeted capital expenditures.

**Revenues by Major Governmental Fund for the Year Ended December 31, Over the Last Three Years (in thousands)**



**Expenditures by Major Governmental Fund for the Year Ended December 31, Over the Last Three Years (in thousands)**



*Community members volunteering with Open Space and Mountain Parks*

## 2018 Capital Asset Highlights

### Governmental Activities

- Completion of the renovation of the Brenton Building at Alpine-Balsam site. *\$7 million*
- Renovation of the OSMP Hub. *\$2 million*
- Acquisition of Boulder Valley Farm. *\$8.9 million*
- Radio communication system project upgrade. *\$3 million*
- Began construction on Boulder Creek-Arapahoe Underpass. *\$4.2 million*
- New vehicle purchases. *\$4.1 million*

### Business-type Activities

- Continued construction of Carter Lake Pipeline supply to the Boulder Reservoir. *\$32 million*
- Construction in Progress for Betasso Water Treatment Facility. *\$6 million*
- Completion of Flood mitigation projects for Wonderland Creek and Fourmile Canyon Creek. *\$25.9 million*

### Capital Assets at December 31 Over the Last Three Years (net of depreciation, in thousands)

Assets	2018	2017	2016
Land and Easements	\$417,102	\$388,779	\$380,826
Buildings	102,813	89,598	91,783
Improvements Other than Buildings	67,439	55,915	58,320
Infrastructure	147,617	145,027	124,202
Utility Plant in Service and Undergrounds	359,386	327,149	315,278
Machinery, Equipment, and Vehicles	29,603	29,601	26,874
Construction in Progress	118,952	122,934	91,324
Intangibles	1,850	1,950	-
Software and Licensing	8,651	6,571	6,431
<b>Total Capital Assets</b>	<b>\$1,253,413</b>	<b>\$1,167,524</b>	<b>\$1,095,038</b>



The Boulder Fire-Rescue booth at the What's Up Boulder event

The primary objective of the city's cash and investment strategy is the preservation and protection of investment principal. All investments held in 2018 met city code standards. For detailed investment requirements, see Boulder Revised Code Title 2, Chapter 10 ([https://www.municode.com/library/co/boulder/codes/municipal\\_code](https://www.municode.com/library/co/boulder/codes/municipal_code)).

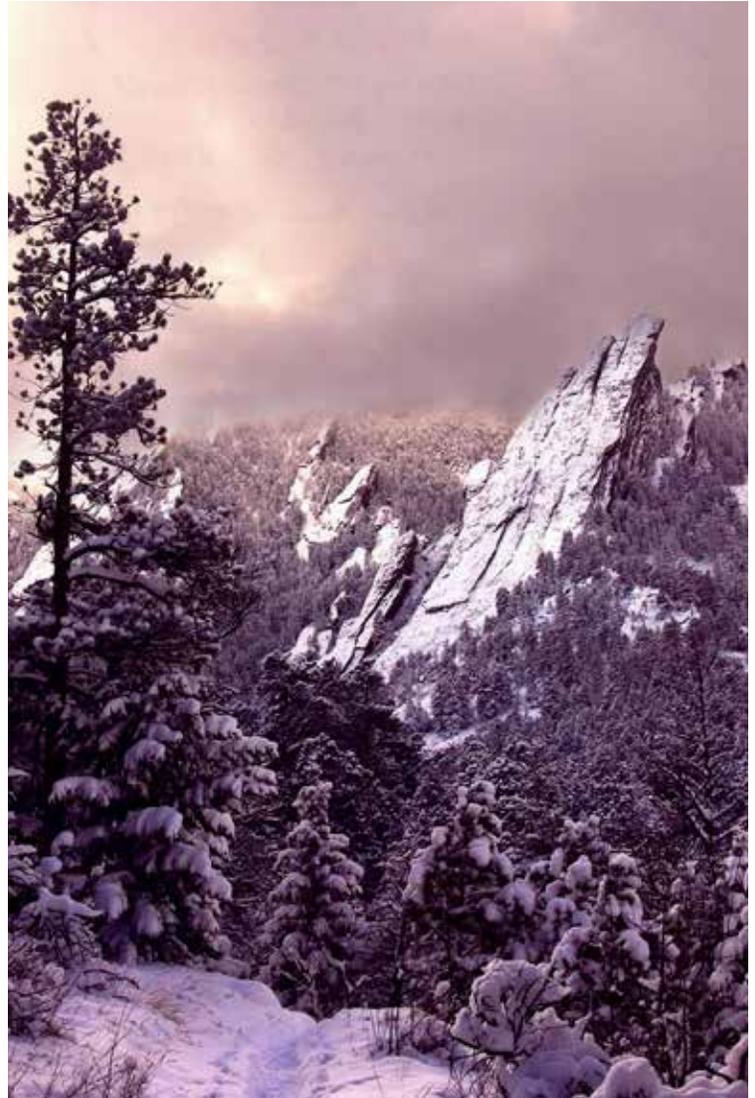
At Dec. 31, 2018, the fair market value of the city's cash and investments was \$349.8 million with an average market yield to maturity of 1.91 percent. Cash and investments include bond proceeds that are invested separately because of the short-term nature of the bond project funds.

### Long Term Liabilities - Debt

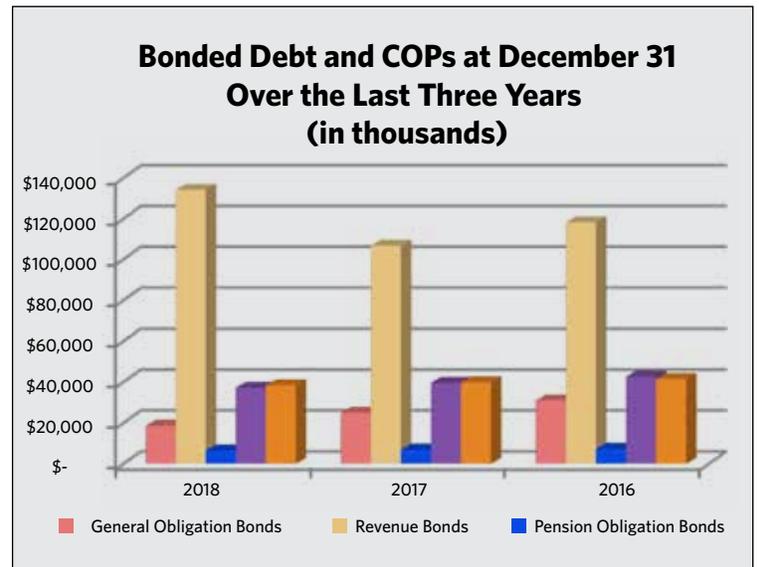
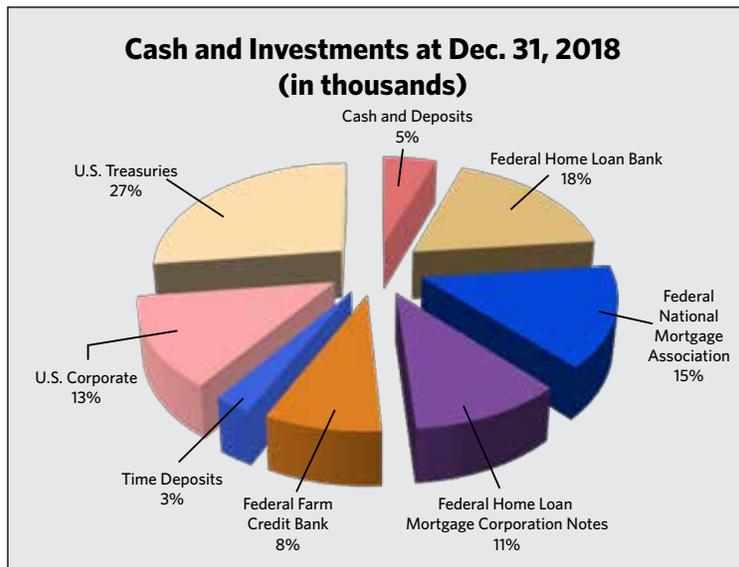
The city's general obligation bond credit rating was AAA by Standard & Poor's and Aaa by Moody's Investors Service at Dec. 31, 2018. These highly favorable investment ratings allow the city to pay less interest on its bond issuances.

According to the City Charter, the city's general obligation debt is subject to a legal limitation of 3 percent of total assessed real and personal property value. At Dec. 31, 2018, all of the city's bonded debt was self-supporting, meaning that the ratio of general obligation debt to assessed property value was zero.

At Dec. 31, 2018, the city had total bonded debt of \$194 million. Of this amount, \$18.1 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$133.6 million represented bonds secured by specified revenue sources (revenue bonds). An additional \$36 million consisted of capital improvement bonds. The remaining \$6.3 million pertained to pension obligation bonds, which are not backed by either specified revenue sources or taxes. Certificates of Participation (COPs) totaled \$37.2 million at Dec. 31, 2018. Additional details can be found in Note O of the CAFR's basic financial statements.



© Dan Fogelberg



## Meet Your Council Members



**City Council top row:** Aaron Brockett, Sam Weaver (Mayor Pro Tem), Suzanne Jones (Mayor), Jill Alder Grano (resigned) and Bob Yates.  
**Bottom row:** Lisa Morzel, Cindy Carlisle, Mirabai Kuk Nagle and Mary Young

## City Government

The City of Boulder is governed by nine City Council members who are elected at-large. The council appoints a full-time city manager to oversee operations (Jane Brautigam), a city attorney (Tom Carr) and a municipal judge (Linda Cooke).

If you have questions about this report or need additional financial information, please contact the Finance Department of the City of Boulder by email at [accounting@bouldercolorado.gov](mailto:accounting@bouldercolorado.gov), by phone at 303-441-1812, or by mail at Finance Department, City of Boulder, P.O. Box 791, Boulder, CO 80306.

**Mail to:**  
Office of City Council  
P.O. Box 791  
Boulder, CO 80306

**Email:**  
[council@bouldercolorado.gov](mailto:council@bouldercolorado.gov)

**Mail to:**  
City Manager's Office  
P.O. Box 791  
Boulder, CO 80306

**Email:**  
[brautigamj@bouldercolorado.gov](mailto:brautigamj@bouldercolorado.gov)

## and City Manager



*Jane S. Brautigam*



© Doug Goodin



## Contact Information

[www.BoulderColorado.gov](http://www.BoulderColorado.gov)

City Information Desk . . . . .	303-441-3040	Human Resources . . . . .	303-441-3070
Non-Emergency Police . . . . .	303-441-3333	Library - Main Branch . . . . .	303-441-4107
Non-Emergency Fire . . . . .	303-441-3350	Municipal Court . . . . .	303-441-1843
Office of Emergency Mgmt. . . . .	303-441-3390	Open Space & Mtn. Parks . . . . .	303-441-3440
Animal Protection . . . . .	303-442-4030	Building Inspections & Permits. . . . .	303-441-1880
Boulder Public Library . . . . .	303-441-3100	Public Works . . . . .	303-441-3200
City Council Office. . . . .	303-441-3002	Taxes & Licensing . . . . .	303-441-3051
Sales Tax & License Division . . . . .	303-441-4192	Senior Services . . . . .	303-441-4150
City Manager's Office. . . . .	303-441-3090	Special Events Permit . . . . .	303-441-3315
Finance & Budget Office . . . . .	303-441-3040		
Housing . . . . .	303-441-3157	<b>Connect with the City:</b>	
		<a href="https://bouldercolorado.gov/communications/social-media">https://bouldercolorado.gov/communications/social-media</a>	