



City of Boulder, Colorado

Popular Annual Financial Report



Fiscal Year
Ending December 31

2017



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 2017. This is a summary of information reported in the city's 2017 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 includes 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.

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

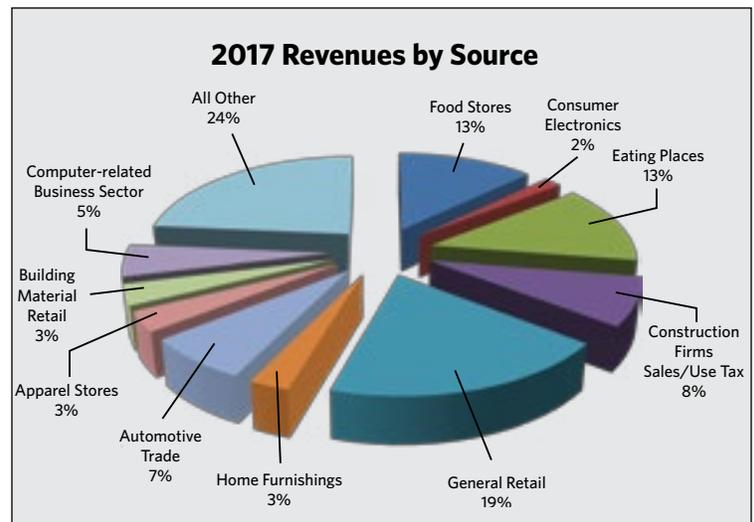
Population	109,000
Unemployment rate	2.5%
Sales and use tax rate	3.86%
City employees	1,400
City operating budget	\$261 million
City capital budget	\$61 million

Top 5 City of Boulder Employers

Over 1,800 employees: University of Colorado, St. Vrain Valley School District, Boulder Valley School District, Boulder County and IBM Corporation.

Other Major Employers

Seagate Technology LLC, Ball Corporation, National Center for Atmospheric Research, Boulder Community Hospital, and City of Boulder.



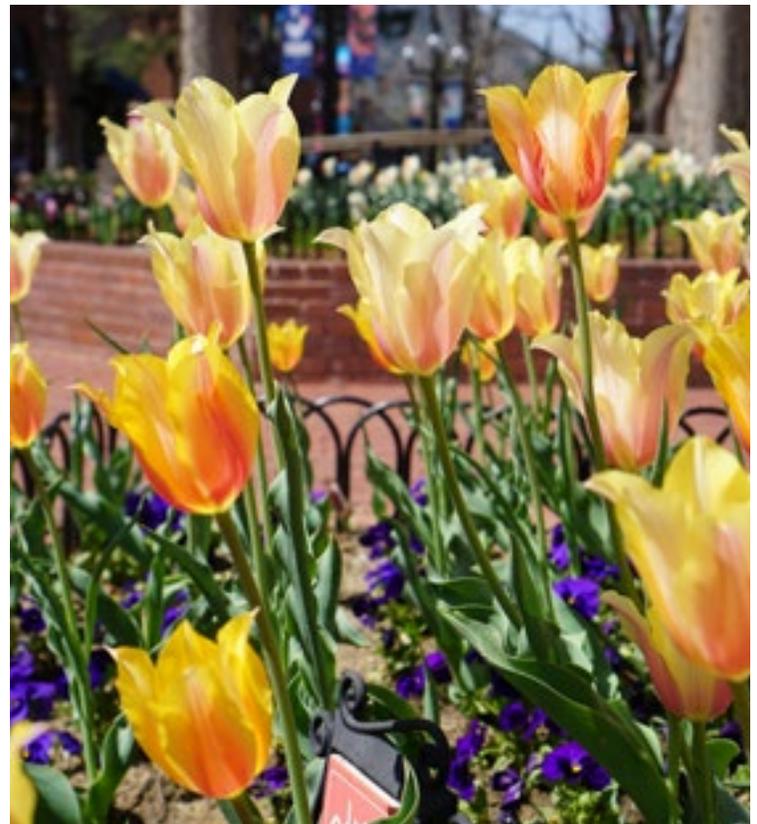
Significant 2017 Events

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

- In May, the city implemented the Chautauqua Access Management Plan summer 2017 pilot, providing nearly 23,000 free shuttle rides to Chautauqua Park and decreasing parking by 20 percent on neighborhood streets during summer weekends.
- Open Space and Mountain Parks continued efforts to repair damages from the 2013 flood. In 2017, the department completed repairs along the NCAR-Bear Canyon, Amphitheatre, and Chautauqua trails. These projects were supported by federal and local funds.
- The University Hill Event Street and Civic Area projects were completed with funding from the Community, Culture and Safety Tax, approved by voters in November 2014.
- The city formed an Advisory Committee to make grant recommendations from the Sugar Sweetened Beverage Tax fund in accordance with the purposes described in the ballot language to community agencies. In 2017, \$938,000 of community grants were allocated.
- The construction of the Baseline underpass and 28th Street corridor, Diagonal Highway reconstruction, and intersection improvements at 29th Street and Valmont Road were all completed in 2017. These projects were funded using local, state, and federal transportation funds.
- The city continued to make progress toward zero waste goals. The enforcement of Universal Zero Waste regulations is the most recent effort to move the city forward on these goals. The universal zero waste requirements make sure compost and recycling services are offered at all single-family, multi-family and commercial properties.
- The city completed the cultural grants cycle in support of the Boulder Arts Commission, granting \$675,000 to more than 40 artists, presenters, and venues.
- The city continued Toward Vision Zero initiatives to reduce traffic collisions, including traffic signal modifications, green pavement markings for bicyclists in high crash areas, and Heads Up and Lighten Up campaigns to increase safety awareness for pedestrians, cyclists, and motorists.
- 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 2017, the city received a favorable ruling at the Colorado Public Utilities Commission (PUC). This ruling clarified the path forward for municipalization and marked a significant milestone for the project.

Operating Indicators and Statistics

	2017	2016
Public Works		
Daily vehicle miles in Boulder Valley	2.5 mil	2.5mil
Utilities		
Water accounts	29,502	29,140
Gallons of water consumed daily	16.2mil	15.6 mil
Public Safety		
Police officers	181	181
Traffic accidents	3,491	3,691
Police calls for service	121,570	111,349
Firefighters	100	96
Fire responses	11,977	11,818
Fire responses within 6 minutes	75%	69%
Parks and Recreation		
Acres of Open Space & Mountain Parks	45,570	45,540
Acres of urban parks	1,800	1,800
Recreation center attendance	609,129	414,366
Reservoir attendance	176,747	163,155
Library		
Circulation of books, videos, and tapes	1.53ml	1.36mil
Planning and Development Services		
Building permit applications	6,253	6,289
Zoning enforcement actions	1,547	1,371
Municipal Court		
Traffic violations	5,926	9,361



Tulips on Pearl St.

2017 Best of Boulder

- **The Happiest Cities in America (#1)** – National Geographic, October 2017
- **The Fittest U.S. Cities** – FitBit, May 2017
- **The Best Green Cities for Families (#9)** – SmartAsset, April 2017
- **The Best Cities for Small Business Owners (#1)** – ValuePenguin, January 2017
- **Community Well-Being Rankings (#10)** – Gallup-Healthways State of American Well-Being, March 2017
- **The Best Places to Live in Colorado** – Livability, May 2017
- **Least-Stressed Cities in America (#4)** – SmartAsset, September 2017
- **The Best City to Raise a Family in Colorado (#10)** – WalletHub, September 2017

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.



In 2017, construction of the Baseline Underpass was completed.

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 2017, 2016 and 2015. The city's assets exceeded its liabilities by \$1.15 billion at Dec. 31, 2017. The largest portion of the city's net position, \$965.7 million (84 percent) reflects its investment in capital assets (i.e., 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, \$94.9 million (8 percent), denotes resources that are subject to usage restrictions. The remaining unrestricted balance of net position, \$89.6 million (8 percent), may be used to meet the city's ongoing obligations.

Net Position at December 31, over the last three years (in thousands)			
Assets	2017	2016	2015
Current and Other Assets	\$430,008	\$458,479	\$403,041
Capital Assets	1,167,524	1,095,038	1,049,750
Total Assets	1,597,532	1,553,517	1,452,791
Deferred Outflows of Resources	46,705	42,025	19,178
Liabilities			
Noncurrent Liabilities	279,542	405,508	249,918
Other Liabilities	168,298	33,604	138,551
Total Liabilities	447,840	439,112	388,469
Deferred Inflows of Resources	45,855	41,315	38,915
Net Position			
Invested in Capital Assets	965,721	921,454	864,957
Restricted	94,934	77,671	65,963
Unrestricted	89,627	115,990	113,665
Total Net Position	\$1,150,282	\$1,115,115	\$1,044,585



The Volunteer Cooperative booth at the What's Up Boulder event.

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 \$356 thousand decrease in 2017 compared to 2016 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 \$464 thousand increase in 2017 compared to 2016 was mainly due to development in 2017.

Other Taxes include accommodation, franchise, specific ownership, tobacco and excise taxes. Other taxes increased \$4.7 million during 2017, primarily due to an increase in specific ownership taxes and the new 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 2017, charges for services increased \$9.8 million mainly due to large increases in payments from developers in lieu of constructing affordable housing.

Operating Grants are resources received from external entities and are generally restricted to finance one or more specific projects. In 2017, operating grants exceeded 2016 by \$4.0 million primarily due to a Community and Development Block Grant (CBDG) awarded to the city for the acquisition of the Ponderosa Mobile Home Park.

Capital Grants received by the city are used to purchase, construct or renovate specific capital assets. Capital grants decreased \$11.4 million when compared to 2016 due to a large number of grants received in 2016 for transportation projects completed in 2016 and not carried over into 2017.

Interest Revenues are earned on the city's fixed income investments. In 2017, interest revenues decreased \$673 thousand from 2016. This decrease was the result of unrealized portfolio losses recognized at year-end 2017 for reporting purposes. Actual realized investment gains or losses are recognized at the time of sale.

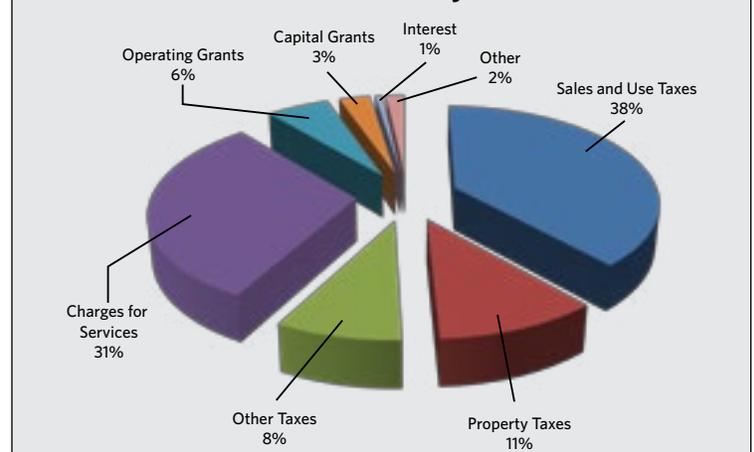
Other Revenues are derived from a variety of sources including insurance proceeds, legal settlements and gains on sales of capital assets. Other revenues increased \$3.0 million in 2017 due to litigation settlements received in 2017.



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

	2017	2016	2015
Sales, Use and Other Taxes	\$135,913	\$136,269	\$131,323
Property Taxes	38,654	38,190	32,024
Other Taxes	29,859	25,207	26,427
Charges for Services	109,615	99,823	103,930
Operating Grants	20,564	16,520	13,331
Capital Grants	10,217	21,619	11,840
Interest	2,376	3,049	1,583
Other	6,195	3,189	3,928
Total Revenues	\$353,393	\$343,866	\$324,386

2017 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 primarily consists of personnel and operating expenses. These costs increased by \$12.7 million from 2016 to 2017 mainly due to increased lease expense related to the 2015 Certificate of Participation, energy strategy, capital and personnel expenses. In addition, \$7.3 million in capital expenditures were transferred out of General Government expenses during 2016 while minimal capital expenditures were transferred in 2017.

Public Safety constitutes the city's largest functional expense and includes both the police and fire departments. In 2017, Public Safety expenses increased \$0.2 million. These expenses remained relatively constant in 2017.

Public Works comprises of costs associated with the repair, construction, acquisition and maintenance of public roads, bike paths and other city assets. Public Works expenses decreased \$3.5 million in 2017 primarily due to the completion of various major capital projects in 2016.

Culture and Recreation includes the operating costs of parks, libraries and senior services. Costs associated with these services increased \$1.1 million in 2017 due to an increase in personnel, pension and other miscellaneous expenses.

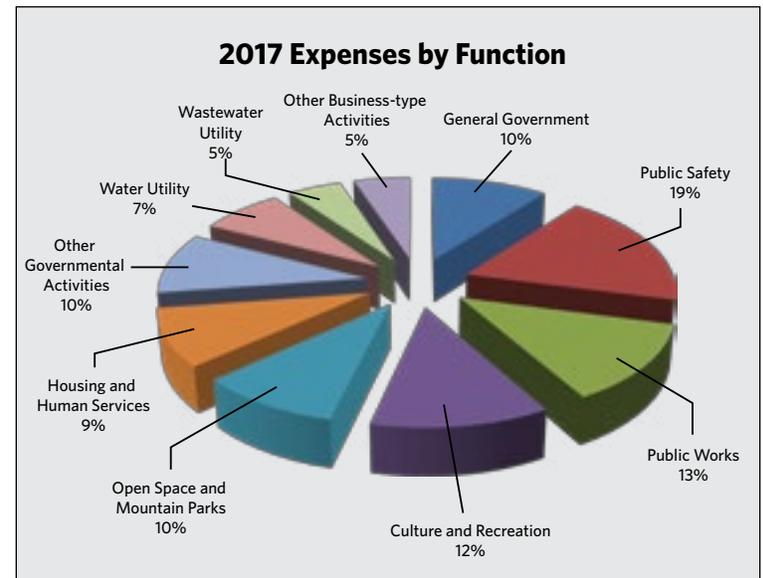
Open Space and Mountain Parks represents the cost of land acquisition, land restoration and trails management. Costs associated with these services increased \$8.1 million in 2017, largely due to various property acquisitions.

Housing and Human Services provides affordable housing and community services. Expenses increased \$16.1 million due to large increases in affordable housing projects during 2017.

Other Governmental Activities includes planning and development services, administrative services and interest on long-term debt. In 2017, expenses increased \$2.9 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)			
	2017	2016	2015
General Government	\$32,773	\$20,073	\$13,436
Public Safety	58,350	58,151	50,190
Public Works	39,571	43,112	39,117
Culture and Recreation	37,359	36,216	32,247
Open Space and Mountain Parks	30,110	22,010	20,922
Housing and Human Services	29,214	13,085	23,400
Other Governmental Activities	31,080	28,165	30,525
Water Utility	23,431	23,540	22,546
Wastewater Utility	15,125	14,309	13,550
Other Business-type Activities	15,978	14,675	14,074
Total Expenses	\$312,991	\$273,336	\$260,007



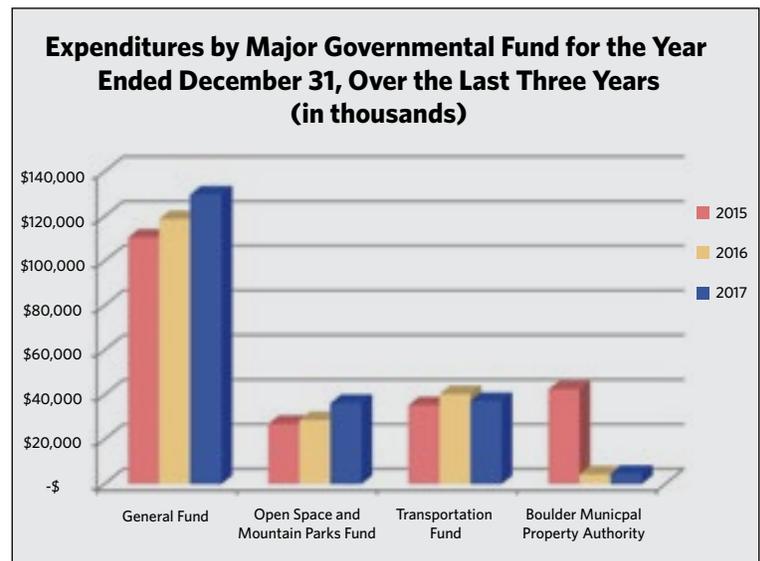
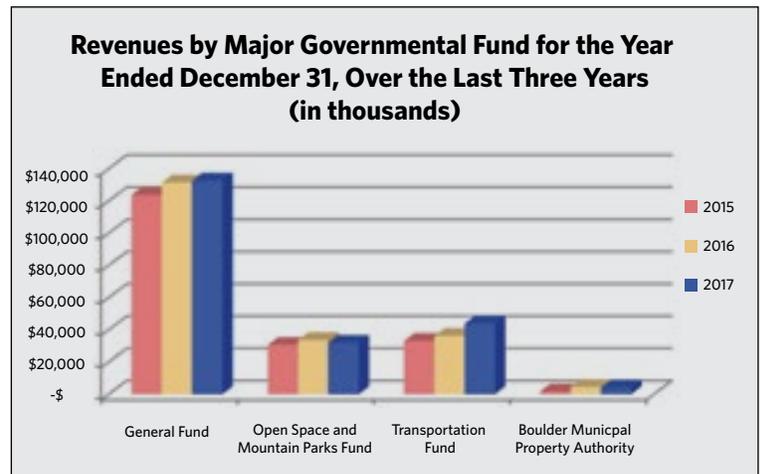
Other Business-type Activities consists of flood management, parking facilities, and property and facility acquisition services. These expenses remained relatively constant in 2017.



Civic area renovations were completed in 2017.

Governmental Fund Highlights

- The General Fund is the primary operating fund of the city. The fund balance of the General Fund was \$52.5 million at Dec. 31, 2017, a \$6.1 million decrease from 2016.
- The unrestricted fund balance of the General Fund was \$46.9 million. This includes the fund balance committed by City Council, the fund balance assigned by city management and any remaining unassigned fund balance. In 2017, General Fund revenues increased a modest \$1.2 million. General Fund expenditures increased \$11.0 million due to capital, energy strategy, administrative and personnel expenses.
- 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 \$39.0 million at Dec. 31, 2017, a decrease of \$3.2 million from 2016. Revenues fell \$1.8 million due to a decrease in operating grant revenues. Expenditures increased \$7.6 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 \$6.2 million to \$17.3 million at Dec. 31, 2017, while revenues increased \$7.6 million and expenditures decreased \$3.2 million. The increase in revenues was attributable to more intergovernmental grants received from CDOT in 2017 for projects completed in 2016. Expenditures decreased due to the completion of several major capital projects in 2016.
- 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 fell to \$434 thousand as was expected due to budgeted capital expenditures.



2017 Capital Asset Highlights

Governmental Activities

- Acquisition of the Ponderosa Mobile Home Park. *\$4.2 million*
- Completion of the 29th/Valmont Safety Project. *\$4.5 million*
- Completion of Diagonal to 28th St to East of 30th St Reconstruction. *\$11.0 million*
- 25-acre land acquisition by Open Space. *\$1.7 million*
- Completion of New Wildland Fire Station. *\$3.9 million*
- Recreation Center indoor aquatics facilities renovations. *\$2.3 million*
- New vehicle purchases. *\$5.7 million*

Business-type Activities

- Began construction of Carter Lake Pipeline supply to the Boulder Reservoir. *\$1.8 million*
- Construction in Progress for Betasso Water Treatment Facility. *\$19.4 million*
- Completion of IBM Lift Station Improvements. *\$2.6 million*
- Flood mitigation projects for Wonderland Creek and Fourmile Canyon Creek. *\$11.8 million*
- Completion of major improvements to five parking garages. *\$1.2 million*

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

Assets	2017	2016	2015
Land and Easements	\$388,779	\$380,826	\$350,347
Buildings	89,598	91,783	82,897
Improvements Other than Buildings	55,915	58,320	53,535
Infrastructure	145,027	124,202	108,827
Utility Plant in Service and Undergrounds	327,149	315,278	313,570
Machinery, Equipment, and Vehicles	29,601	26,874	25,988
Construction in Progress	122,934	91,324	114,586
Intangibles	1,950	-	-
Software and Licensing	6,571	6,431	-
Total Capital Assets	\$1,167,524	\$1,095,038	\$1,049,750



Children learning from firefighters at a community event.

Cash and Investments

The primary objective of the city's cash and investment strategy is the preservation and protection of investment principal. All investments held in 2017 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).

At Dec. 31, 2017, the fair market value of the city's cash and investments was \$341.4 million with an average market yield to maturity of 1.12 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

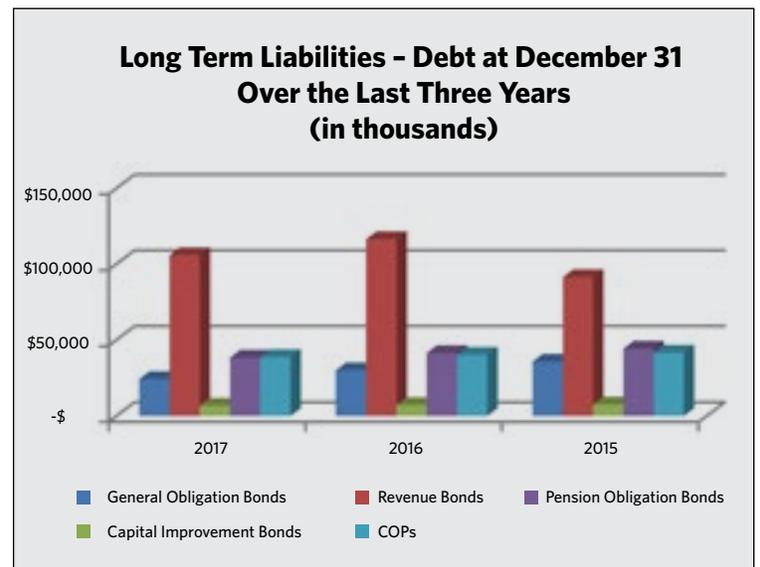
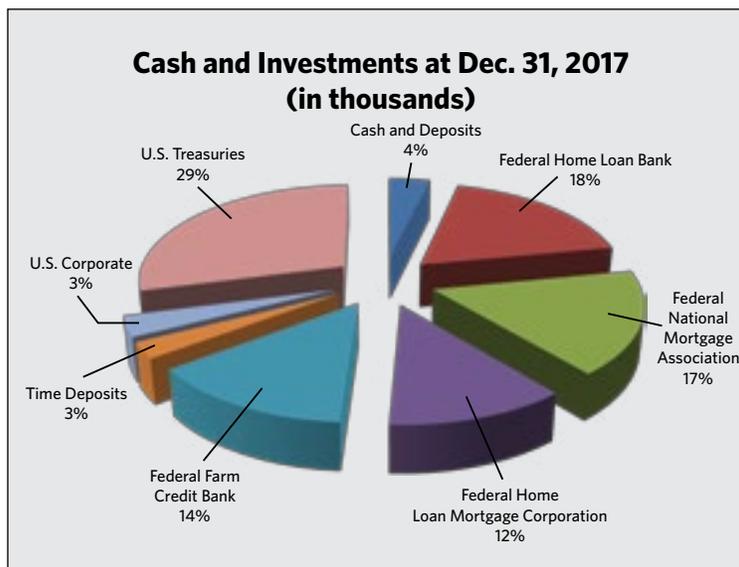
The city's general obligation bond credit rating was AAA by Standard & Poor's and Aaa by Moody's Investors Service at Dec. 31, 2017. These highly favorable investment ratings allow the city to pay less interest on its bond issuances.

According to the City Charter, the city's general obligation debt is subject to a legal limitation of three percent of total assessed real and personal property value. At Dec. 31, 2017, 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, 2017, the city had total bonded debt of \$174.9 million. Of this amount, \$24.1 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$105.7 million represented bonds secured by specified revenue sources (revenue bonds). An additional \$38.4 million consisted of capital improvement bonds. The remaining \$6.7 million pertained to pension obligation bonds, which are not backed by either specified revenue sources or taxes. Certificates of Participation (COPs) totaled \$38.7 million at Dec. 31, 2017. Additional details can be found in Note O of the CAFR's basic financial statements.



Dog swimming at annual Dog Dayz event.



Meet Your Council Members



City Council top row: Aaron Brockett (*Mayor Pro Tem*), Sam Weaver, Suzanne Jones (*Mayor*), Jill Alder Grano 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, by phone at 303-441-1812, or by mail at Finance Department, City of Boulder, P.O. Box 791, Boulder, CO 80306.

Mail to:

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council@bouldercolorado.gov

Mail to:

City Manager's Office
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Email:

brautigamj@bouldercolorado.gov

and City Manager



Jane S. Brautigam





Contact Information

www.BoulderColorado.gov

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