



City of Boulder, Colorado

Popular Annual Financial Report



Fiscal Year
Ending December 31

2016



This Popular Annual Financial Report (PAFR) is a summary of the financial activities of the city's funds as reported in the 2016 Comprehensive Annual Financial Report (CAFR). The CAFR is an audited document prepared in accordance with generally accepted accounting principles (GAAP). To conform to GAAP, the CAFR must include the city's component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

Unlike the CAFR, the PAFR is not an audited document and does not include details by fund or other disclosures required by GAAP. Therefore, the PAFR is not intended to present a complete financial picture of the city in accordance with GAAP. This report is a reflection of our effort to keep you informed about how your tax dollars are being spent in a simple, non-technical format.

For more in-depth information, the CAFR is available online at www.bouldercolorado.gov under the Finance Department's Financial Reporting tab. The PAFR is available online at the same location.

The city's website also includes information about: • department activities • job opportunities • budgets • council members, council agendas and meetings • community events • flood safety information • City of Boulder capital improvement plan

Short History of Boulder:

Originally, Boulder was the home of Native Americans. In 1858, gold seekers established the first non-native settlement. City government was formalized in November 1871. On Oct. 30, 1917, the city became 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.

Quick Facts about Boulder

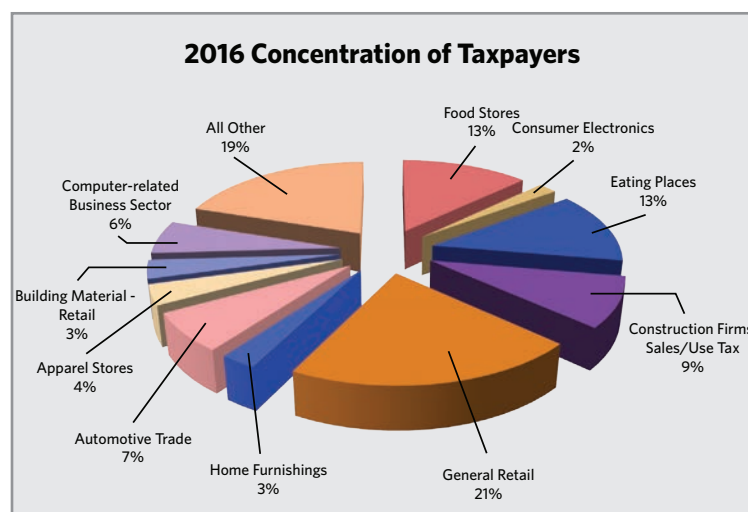
Population	107,000
Unemployment rate	2.2%
Sales and use tax rate	3.86%
City employees	1,400
City operating budget	\$255 million
City capital budget	\$73 million

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

Medtronic Surgical Technologies, Ball Corporation, National Center for Atmospheric Research, Boulder Community Hospital, and City of Boulder.



Significant Events

- In April 2016, the city won the prestigious Knight Cities Challenge Grant. The grant funded a program that addresses a variety of community challenges, including Emerald Ash Borer (EAB) infestation and homelessness. The TreeOpp program repurposes EAB-Impacted wood for community benefit. The wood is then used in woodworking training programs for the city's homeless population. More information can be found on the city's website at:
<https://bouldercolorado.gov/forestry/tree-debris-to-opportunity>
- During 2016, the city continued to invite community involvement in the planning for the Alpine-Balsam site. The community was asked to share stories and memories of the site through various "storytelling" events. The project has now moved into a visioning phase that will involve extensive public engagement as the community considers how to use the site and how it will integrate with the rest of the city. More information can be found on the city's website at:
<https://bouldercolorado.gov/planning/alpinebalsam>.
- In May 2016, the Eben G. Fine Park Stream Bank Restoration Project was completed. This is the first project to be completed with funding from the Community, Culture and Safety Tax, approved by voters in November 2014. This project used an estimated total of \$700,000 of this tax revenue.
- The Boulder Public Library was named Colorado Library of the Year for 2016 by the Colorado Association of Libraries (CAL). The library was cited for successfully reinventing itself as "The Place to Be" through extensive facility renovations, staff restructuring, and impactful community partnerships. The library has continued to collaborate with others such as the Jaipur Literature Festival, which is billed as the largest free literary festival. Renovations were also completed at branch libraries during 2016.
- The Diagonal Highway Transportation Improvements Project was completed and the construction of the Baseline underpass was started in 2016. These projects were funded with local, state, and federal transportation funds.
- During 2016, the city continued to make progress toward zero waste goals. The Universal Zero Waste Ordinance is the most recent effort to move the city forward on its goals. The universal zero waste requirements make sure compost and recycling services are offered at all single-family, multi-family and commercial properties.
- Throughout 2016, 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. In December 2016, City Council unanimously approved a new set of climate and energy goals. The city will now aim for an 80 percent reduction in greenhouse gas emissions below 2005 levels by 2050, as well as 100 percent renewable electricity by 2030.

Operating Indicators and Statistics

	2016	2015
Public Works		
Daily vehicle miles in Boulder Valley.	2.5 mil	2.5mil
Utilities		
Water accounts	29,140	28,944
Gallons of water consumed daily.	15.6mil	15.8 mil
Public Safety		
Police officers.	181	179
Traffic accidents.	3,691	3,593
Police calls for service	111,349	105,315
Firefighters	96	96
Fire responses	11,818	10,669
Fire responses within 6 minutes.	69%	66%
Parks and Recreation		
Acres of Open Space & Mountain Parks	45,540	45,606
Acres of urban parks	1,800	1,800
Recreation center attendance.	414,366	488,707
Reservoir attendance	63,155	139,396
Library		
Circulation of books, videos, and tapes	1.36ml	1.35mil
Planning and Development Services		
Building permit applications	6,289	6,170
Zoning enforcement actions	1,371	1,178
Municipal Court		
Traffic violations	9,361	8,273



Component Units

The City of Boulder's financial reporting entity is comprised of the primary government and its component units. The primary government consists of all funds and departments that are not legally separate from the city, while component units are legally separate organizations for which the city is 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 Blended 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 2016, 2015 and 2014. The city's assets exceeded its liabilities by \$1,115.1 million at Dec. 31, 2016. The largest portion of the city's net position, \$921.5 million (83 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, \$77.7 million (7 percent), denotes resources that are subject to usage restrictions. The remaining unrestricted balance of net position, \$115.9 million (10 percent), may be used to meet the city's ongoing obligations.

Net Position at December 31, 20XX (in thousands)

Assets	2016	2015	2014*
Current and Other Assets	\$458,479	\$403,041	\$342,833
Capital Assets	1,095,038	1,049,750	998,264
Total Assets	1,553,517	1,452,791	1,341,097
Deferred Outflows of Resources	42,025	19,178	3,393
Liabilities			
Noncurrent Liabilities	405,508	249,918	199,138
Other Liabilities	33,604	138,551	26,681
Total Liabilities	439,112	388,469	225,819
Deferred Inflows of Resources	41,315	38,915	32,227
Net Position			
Invested in Capital Assets	921,454	864,957	839,358
Restricted	77,671	65,963	61,679
Unrestricted	115,990	113,665	185,407
Total Net Position	\$1,115,115	\$1,044,585	\$1,086,444

* 2014 amounts were not restated due to information not being available for all components. See note A15 in the 2015 CAFR for further detail.



Eben G. Fine Park Stream Restoration Project

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.

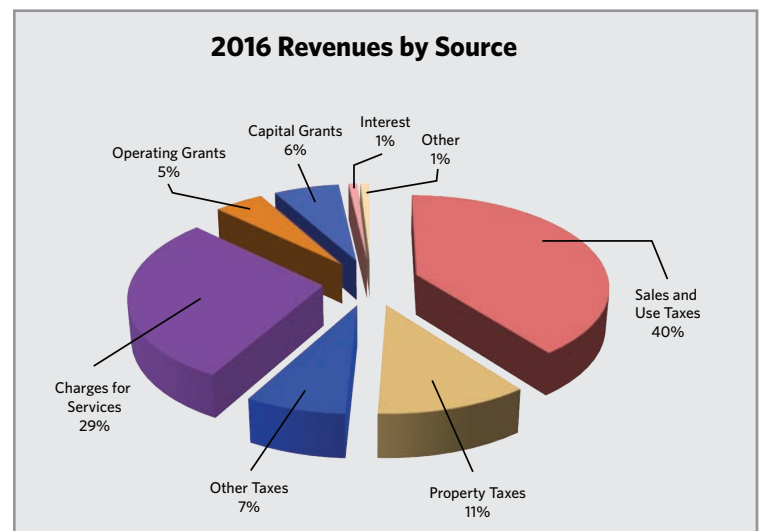
Revenues — Where the money comes from . . .

- Sales and use taxes are the city's largest source of revenues and are collected on retail sales and other business activity. The \$5 million increase in 2016 compared to 2015 was mainly due to recreational marijuana revenue and an overall increase in consumer spending.
- Property taxes are collected by Boulder County and remitted to the city net of county fees. The \$6 million increase in 2016 compared to 2015 was mainly due to higher property valuations from 2015.
- Other taxes include accommodation, franchise, specific ownership, tobacco and excise taxes. Other taxes decreased \$1.2 million during 2016 primarily due to decreased development excise taxes collected on construction.
- 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 2016, charges for services revenues decreased \$4.1 million due to a decrease in fees received for development projects completed in 2015.
- Operating grants and contributions are resources received from external entities and are generally restricted to finance one or more specific projects. In 2016, operating grants exceeded 2015 by \$3.2 million.
- Capital grants and contributions received by the city are used to purchase, construct or renovate specific capital assets. Capital grants and contributions increased \$9.8 million when compared to 2015 due to transportation projects completed during 2016.
- Interest revenues are earned on the city's fixed income investments. In 2016, interest revenues increased \$1.5 million due to an increase in funds available for investment and higher yields on the investment portfolio.

Revenues by Source for the Year Ended December 31, 20XX (in thousands)

	2016	2015	2014
Sales and Use Taxes	\$136,269	\$131,323	\$116,316
Property Taxes	38,190	32,024	32,366
Other Taxes	25,207	26,427	23,924
Charges for Services	99,823	103,930	89,748
Operating Grants	16,520	13,331	12,213
Capital Grants	21,619	11,840	26,889
Interest	3,049	1,583	1,230
Other	3,189	3,928	1,601
Total Revenues	\$343,866	\$324,386	\$304,287

2016 Revenues by Source



- Other revenues are derived from a variety of sources including insurance proceeds and gains on sales of capital assets. Other revenues decreased \$0.7 million in 2016.



As part of the TreeOpp program, woodworking training is provided to the city's homeless population.

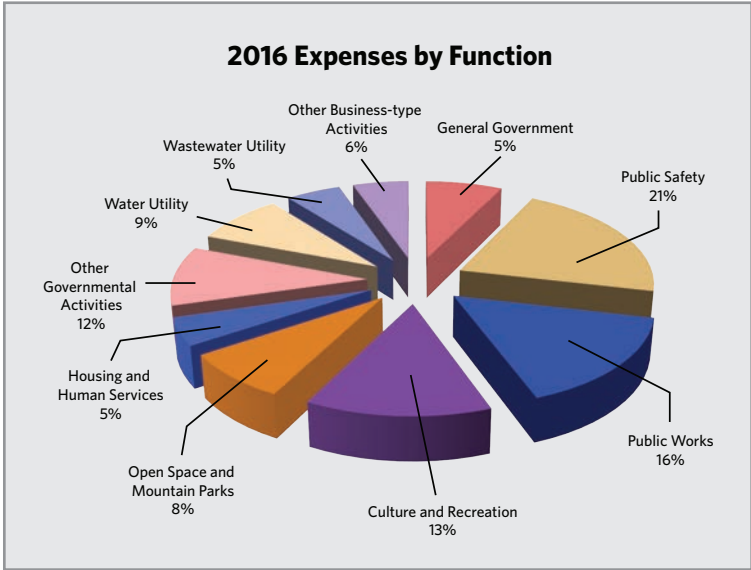
Expenses — Where the money goes . . .

- General Government expenses are primarily made up of personnel and operating expenses. These costs increased by \$6.6 million from 2015 to 2016 primarily due to increased lease expense from the 2015 Certificate of Participation and increased energy strategy expenses.
- Public Safety constitutes the city’s largest expense and includes both the police and fire departments. In 2016, Public Safety expenses increased \$8 million. This increase is primarily due to lowering the rate of return assumption for both the Boulder Old Hire Police and Fire pension plans and changing the calculation for compensated absences. The rate of return assumption was changed from 7.5% to 6.5% for these plans.
- Public Works is composed of costs associated with the repair, construction, acquisition, and maintenance of public roads, bike paths, and other city assets. Public Works expenses increased \$4 million in 2016 primarily due the implementation of various capital projects.
- Culture and Recreation embodies the operating costs of parks, libraries and senior services. Costs associated with these services increased \$4 million in 2016 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 \$1.1 million in 2016.
- Housing and Human Services expenses decreased \$10.3 million due to a decrease in affordable housing projects between 2015 and 2016.
- Other Governmental Activities include planning and development services, administrative services and interest on long-term debt. In 2016, expenses decreased \$2.4 million.
- Water and Wastewater denotes the operating costs of these utilities, including annual upgrades and maintenance of water, wastewater, and sewer lines and treatment plants. Water and Wastewater expenses have remained relatively constant over the past several years.

• Other Business-type Activities consist of flood management, parking facilities, and property and facility acquisition services. These expenses remained relatively constant in 2016.



The Diagonal Highway Improvements Project was completed in 2016.

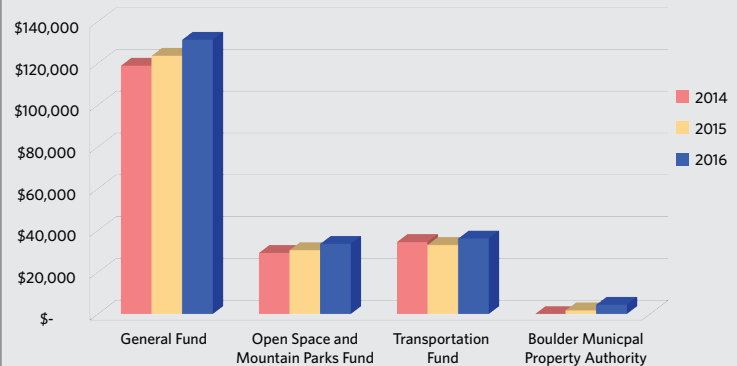


Expenses by Function for the Year Ended December 31, 20XX (in thousands)			
	2016	2015	2014
General Government	\$20,073	\$13,436	\$22,406
Public Safety	58,151	50,190	50,662
Public Works	43,112	39,117	37,406
Culture and Recreation	36,216	32,247	30,819
Open Space and Mountain Parks	22,010	20,922	16,774
Housing and Human Services	13,085	23,400	19,795
Other Governmental Activities	28,165	30,525	16,375
Water Utility	23,540	22,546	22,644
Wastewater Utility	14,309	13,550	14,703
Other Business-type Activities	14,675	14,074	14,167
Total Expenses	\$273,336	\$260,007	\$245,751

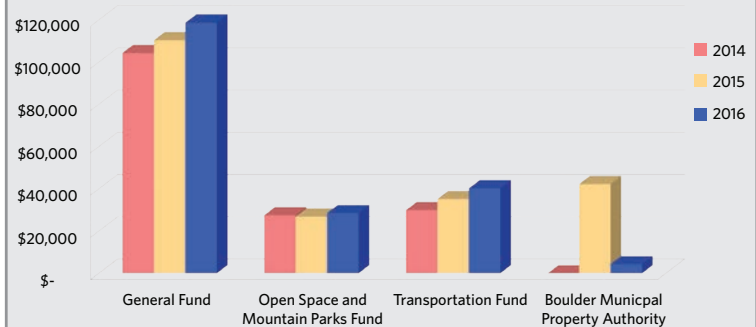
Governmental Fund Highlights

- The General Fund is the primary operating fund of the city. The General Fund balance grew \$4 million to \$58.6 million, with an unrestricted fund balance of \$56.1 million at Dec. 31, 2016. Unrestricted fund balance includes the fund balance committed by City Council, fund balance assigned by city management and unassigned fund balance. In 2016, General Fund revenues increased \$7.7 million due to increased consumer spending and increased property valuations. General Fund expenditures increased \$8.2 million primarily due to increased lease expense from the 2015 Certificate of Participation and increased energy strategy 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 \$42.2 million at Dec. 31, 2016, an increase of \$6.4 million from 2015. Revenues grew \$3 million due to an increase in sales and use tax revenue and an increase in grant revenues. Expenditures increased \$1.7 million due to increased operational costs.
- The Transportation Fund is another major special revenue fund with its fund balance restricted for special purposes. Its fund balance fell \$4.2 million to \$11.1 million at Dec. 31, 2016, while revenues increased \$3.1 million and expenditures increased \$5.1 million. The increase in revenues is attributable to more intergovernmental grants received from CDOT. Expenditures increased \$5.1 million due to a variety of capital improvement projects.
- 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 at \$1.1 million.

Revenues by Major Governmental Fund for the Year Ended December 31, 20XX (in thousands)



Expenditures by Major Governmental Fund for the Year Ended December 31, 20XX (in thousands)



City residents using the Neighborhood Block Party trailer for some summer fun

Capital Asset Highlights

Governmental Activities

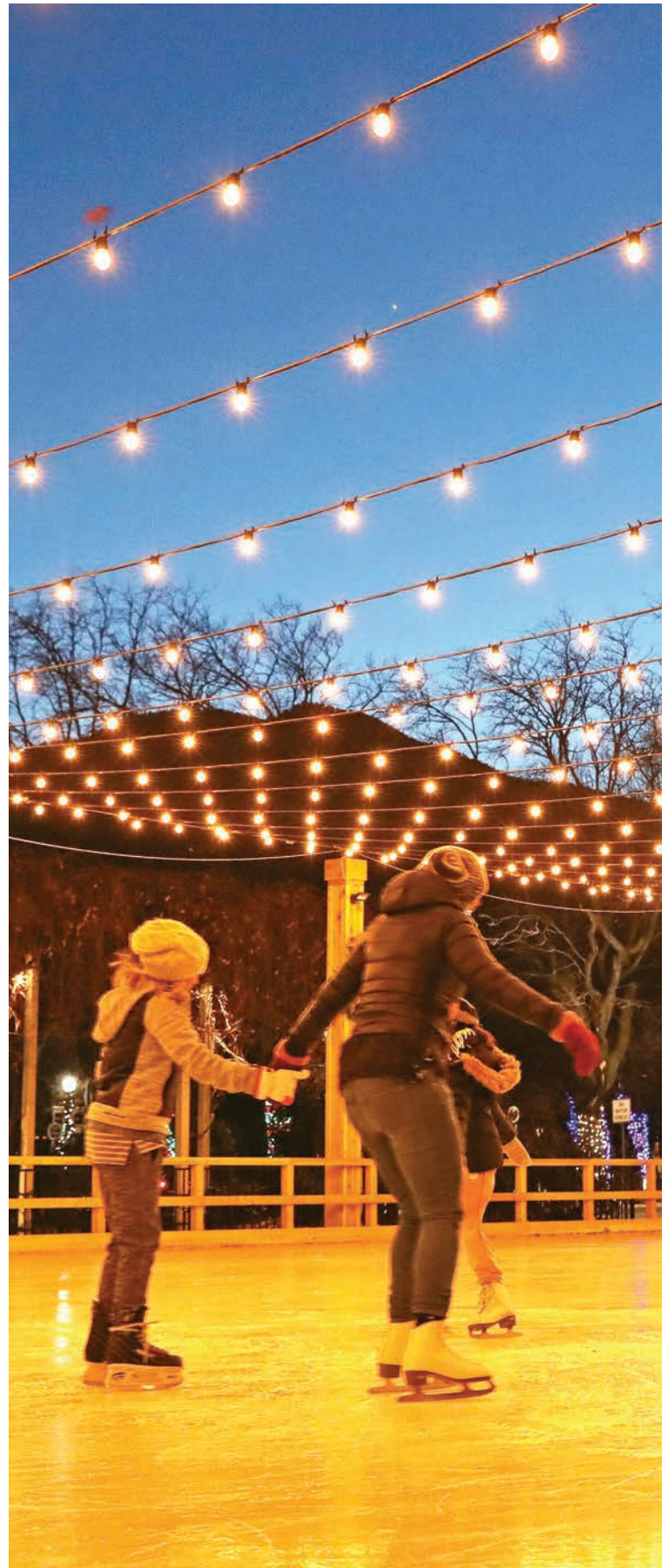
- Construction of several transportation infrastructure projects including: Broadway reconstruction (Violet to US 36), Diagonal 28th - 30th reconstruction and the Pearl Parkway multi-use path. *\$4.8 million*
- Acquired the Boulder Community Health hospital campus with the issuance of Certificates of Participation (COPs). *\$40 million*
- Construction began on Dairy Center renovation. *\$1.3 million*
- Main Library renovation project completed. *\$4.8 million*
- Completion and replacement of substandard bridges, structures and signs. *\$2.4 million*
- Completion of transportation transit system and pedestrian enhancements. *\$1.8 million*
- Several land acquisitions by Open Space and Mountain Parks and Transportation. *\$4.3 million*
- Completion of park shelter replacement and improvements. *\$2.3 million*
- Boulder Reservoir infrastructure improvements. *\$3.3 million*
- Completion of Flatirons Golf Course irrigation replacement. *\$3.5 million*
- New vehicle purchases. *\$2 million*

Business-type Activities

- Land acquisition. *\$1.5 million*
- Wastewater utility construction projects in progress including: WWTF Nitrogen Upgrade project and IBM Lift Station improvements. *\$1 million*
- Water utility construction projects in progress including: Betasso WTF project, the city's distribution waterline replacement and the Sunshine transmission pipeline replacement. *\$5.8 million*
- Flood mitigation projects have begun for Wonderland Creek and Fourmile Canyon Creek. *\$1.2 million*
- Kossler Reservoir Concrete Facing rehabilitation. *\$1 million*

Capital Assets at December 31, 20XX (net of depreciation, in thousands)

Assets	2016	2015	2014
Land and Easements	\$380,826	\$350,347	\$345,486
Buildings	91,783	82,897	80,697
Improvements Other than Buildings	58,320	53,535	45,877
Infrastructure	124,202	108,827	108,620
Utility Plant in Service and Undergrounds	315,278	313,570	315,890
Machinery, Equipment, and Vehicles	33,305	25,988	27,606
Construction in Progress	91,324	114,586	74,088
Total Capital Assets	\$1,095,038	\$1,049,750	\$998,264



WinterSkate in the downtown civic area

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 2016 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, 2016, the fair market value of the city’s cash and investments was \$352.6 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

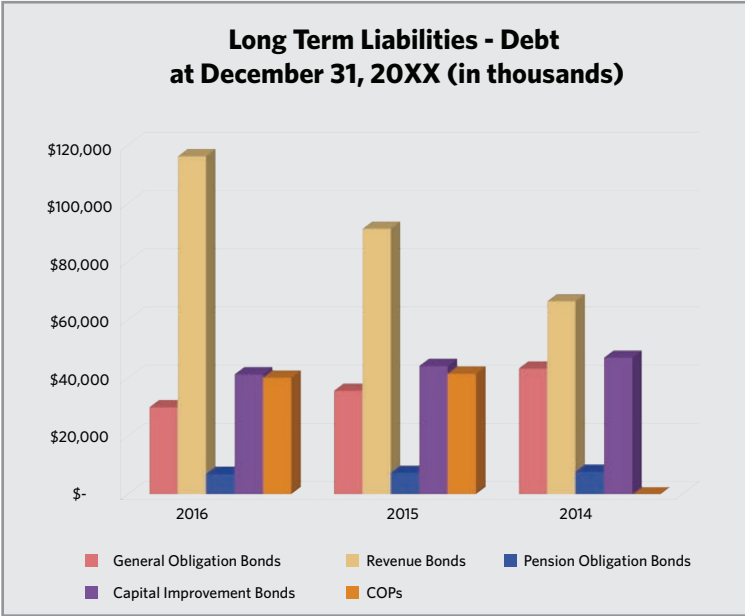
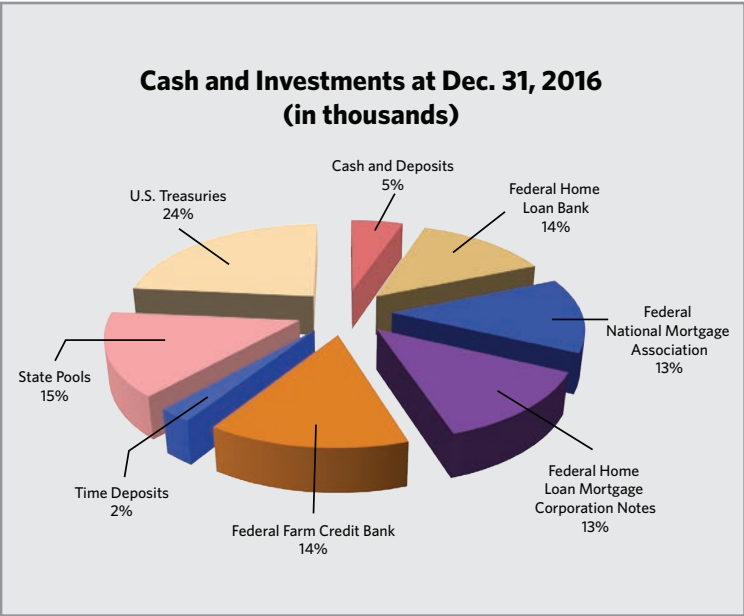
The city’s bond credit rating was AA+ by Standard & Poor’s and Aa1 by Moody’s Investors Service at Dec. 31, 2016. These highly favorable investment ratings allow the city to pay less interest on its bond issuances.

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, 2016, 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, 2016, the city had total bonded debt of \$194.6 million. Of this amount, \$30 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$116.2 million represented bonds secured by specified revenue sources (revenue bonds). An additional \$41.3 million consisted of capital improvement bonds. The remaining \$7.1 million pertained to pension obligation bonds, which are not backed by either specified revenue sources or taxes. Certificates of Participation (COPs) totaled \$40.2 million at Dec. 31, 2016. Additional details can be found in Note O of the CAFR’s basic financial statements.



Finished product from TreeOpp Program



Meet Your Council Members



City Council from left to right: Sam Weaver; Lisa Morzel; Matthew Appelbaum; Jan Burton; Aaron Brockett; Suzanne Jones, mayor; Bob Yates; Mary Young and Andrew Shoemaker, mayor pro tem.

City Government

The City of Boulder is governed by nine City Council members who are elected at-large and are non-partisan. 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 penneya@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

Mail to:

City Manager's Office
P.O. Box 791
Boulder, CO 80306

Email:

brautigamj@bouldercolorado.gov

and City Manager



Jane S. Brautigam



Reflecting the Vision of
the City of Boulder:

“Service excellence for
an inspired future”





Contact Information

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 Care & Control	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		

Social Networking:

Twitter, Facebook, Instagram, Vimeo & YouTube