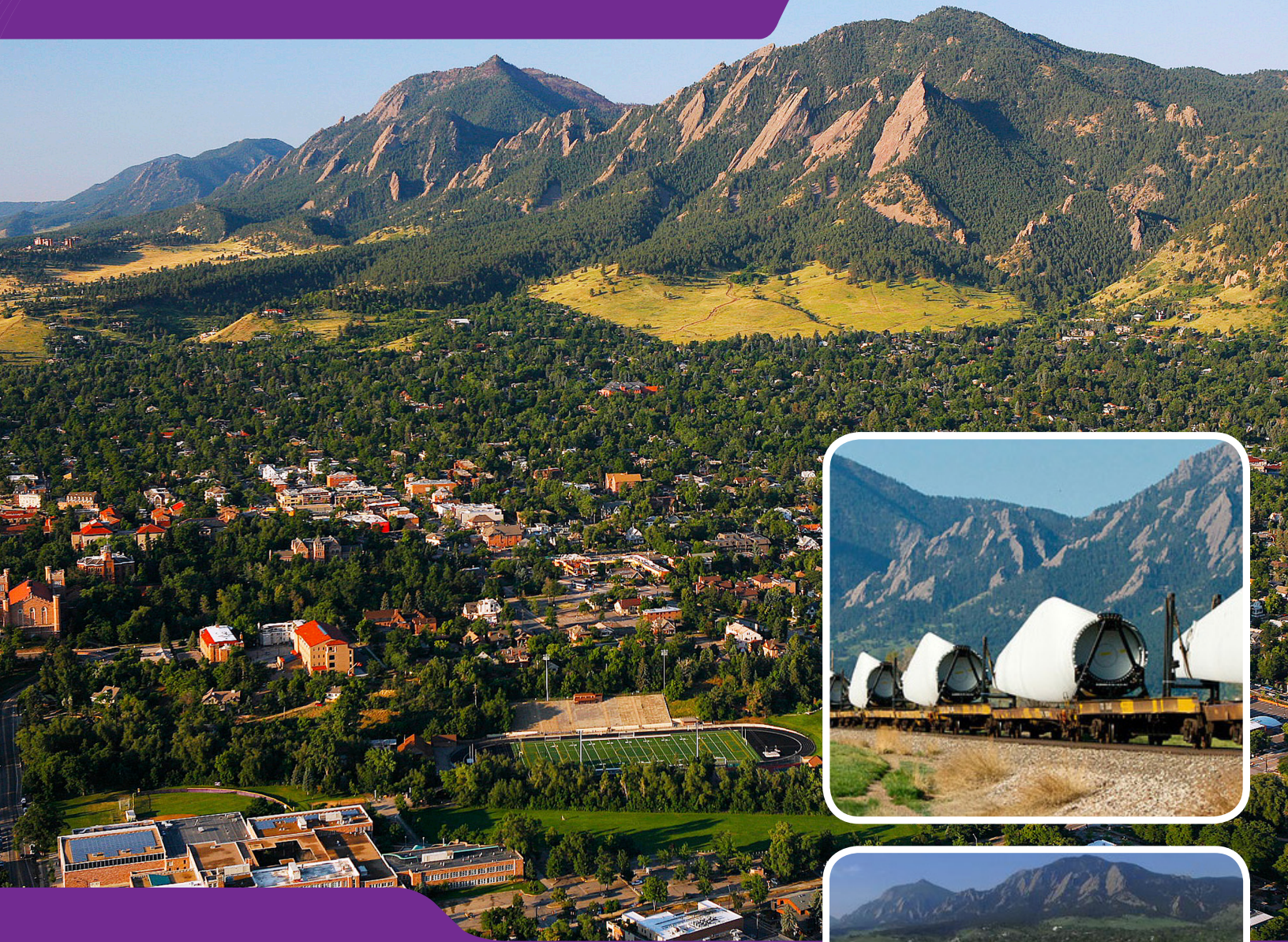




City of Boulder, Colorado

Popular Annual Financial Report



Fiscal Year
Ending December 31

2013



The Pearl Street Mall, a four block pedestrian mall is a popular destination for tourists visiting Boulder and hosts a blend of businesses and restaurants.

This Popular Annual Financial Report (PAFR) is a summary of the financial activities of the city's funds as reported in the 2013 Comprehensive Annual Financial Report (CAFR). The CAFR is an audited document and is prepared in conformance with generally accepted accounting principles (GAAP). To conform to GAAP, the CAFR must include the city's component units and the presentation of individual funds in much more detail, as well as full disclosure of all material events, financial and non-financial.

Unlike the CAFR, the PAFR is not an audited document and it does not include details by fund nor does it include the 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 Financial Reporting tab. The PAFR is also available online at the same location.

In 2013, the city website was completely updated becoming more user-friendly. In addition to the many added features, it also includes information about:

- Each department's activities
- Job opportunities
- Budgets
- Council members, agenda and meetings
- Community
- Flood safety information
- City of Boulder Capital Improvement Plan

Short History of Boulder:

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

2013 Quick Facts about Boulder

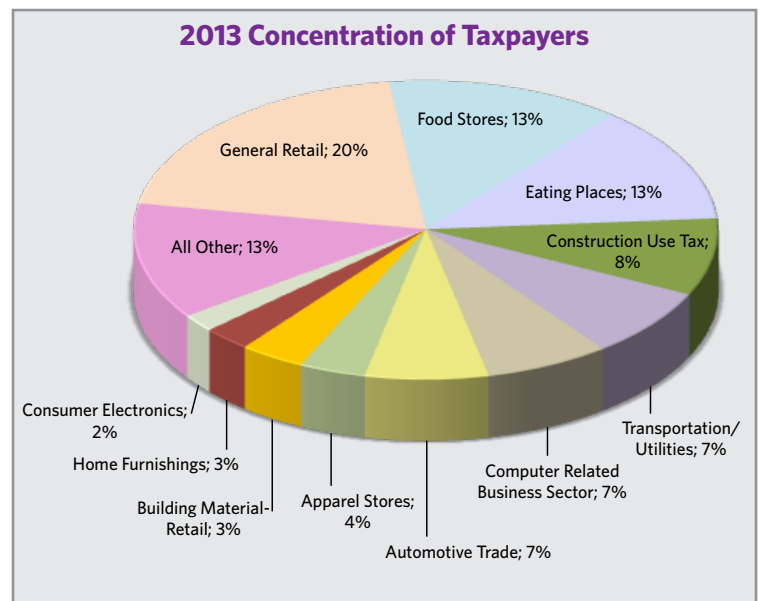
Population.....	101,824
Unemployment Rate.....	4.9%
Sales and Use Tax Rate:.....	3.41%
City of Boulder Employees:.....	1,261
2013 Operating Budget	\$221 million
2013 Capital Budget.....	\$33 million

2013 Top 5 City of Boulder Employers

Over 2,500 employees: University of Colorado, Boulder Valley School District, St. Vrain Valley School District, IBM Corporation and Level 3 Communications Inc.

Other Major Employers

Boulder Community Hospital, Ball Corporation and Boulder County.



2013 Significant Events

- In February 2013 Boulder hosted the 9th Annual Boulder International Film Festival. With over 21,000 people attending, the festival was a huge success with another record-setting audience turnout. Award winning films, celebrity guests and increased attendance continue to establish the Boulder International Film Festival as one of the premier international film festivals.
- In May 2013 Boulder, along with Denver and Golden, was selected to host the final stage seven of the 2014 USA Pro Cycling Challenge, Colorado’s largest professional bike race. Starting in Boulder, this stage is anticipated to break any single day’s previous attendance record.
- On September 11th through September 14th, 2013 an epic flood impacted cities across the Front Range of Colorado, including the City of Boulder. The significant damage and displacement from these historic rains have challenged the city’s functions, residents and businesses at unprecedented levels. Estimated damage to city infrastructure totals \$43 million. The city has adequate reserves to fund the necessary repairs; however, it is expected that much of the repair costs will be reimbursed through insurance, FEMA Public Assistance reimbursements and other federal and state grants. While full recovery is likely to take years, affected critical services have been restored.
- In November 2013 the voters approved an increase in the recreational marijuana tax. Proceeds from this tax will be used to provide additional funding for public safety, enforcement and administrative purposes, comprehensive substance abuse programs including without limitation prevention, treatment, education, responsible use, intervention and monitoring with an emphasis on youth. In addition, voters approved three tax measures that will provide critical funding for Transportation Operations and Maintenance, Open Space and Mountain Parks and general city services.
- In December 2013 the City of Boulder was selected with 33 other cities to be the first to join the Rockefeller Foundation 100 Resilient Cities Challenge. Nearly 400 cities across six continents applied to be among the 100 cities to be selected to receive technical support and resources to improve their urban resilience over three years. Building resilience is about making people, communities and systems better prepared to withstand catastrophic events, both natural and man-made, and being able to bounce back quicker and stronger.
- During 2013, all city departments together began implementation of the Transform Boulder Business Initiative (TBBI). TBBI will replace the city’s outdated financial, human resource and payroll systems with an integrated, more modern and comprehensive software solution. The new software system is expected to be fully implemented by the second quarter of 2015 and is the city’s top internal initiative.
- During 2013, work continued to explore different options that could deliver the community clean, reliable, low-cost, local energy. In 2011 voters approved a \$1.9 million Utility Occupation Tax, expiring in 2017, that will be used to fund part of this effort. One of the options being investigated is the feasibility of creating a municipal utility. This project is the city’s top external initiative.



Before September 2013 flood



After September 2013 flood

Operating Indicators & Statistics

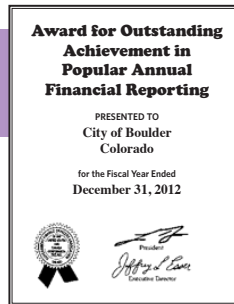
Public Works	
Transportation - Vehicle Daily travel . . .	
2.4 million miles	
Utilities	
Water Accounts	28,747
Avg. Daily Water Consumption .	15.7 million
Public Safety	
Number of Police officers	173
Total traffic accidents.	3,598
Total calls for service	107,519
Number of Firefighters	96
Total annual responses.	11,203
% of responses within 6 minutes. .	78%
Parks & Recreation	
Open Space/Mountain Parks.	46,632 acres
Acres of Urban Parks	1,800
Recreation Center attendance	736,138
Reservoir attendance	227,935
Library	
Circulation of books, videos, tapes . . .	
1.4 million	
Planning & Development Services	
Building Permit Applications.	7,727
Zoning Enforcement Actions	809
Municipal Court	
Traffic Violations.	12,464



Post-flood volunteer restoration project at North Boulder Park.

2013 Best of Boulder

- Award for Outstanding Achievement for the 2012 Popular Annual Financial Reporting (PAFR)
- Award for Certificate of Achievement for Excellence in Financial Reporting for the 2012 Comprehensive Annual Financial Report (CAFR)
- The 20 Most Innovative Cities in the U.S. (#5) - *Business Insider*, Feb. 1, 2013
- Broadway Improvement Project Receives Awards for Collaboration and Innovation - Feb. 4, 2013
- The 2013 Best Cities for Job Growth (#1 Medium-sized City and #7 Overall) - *New Geography*, May 6, 2013
- 2013 eCity Award: Colorado's Digital Capital - *Google*, Aug. 13, 2013
- Most Popular City for Tech Startups - *The Wall Street Journal*, Aug. 14, 2013.
- Best Urban Green Spaces in North America - *USA Today*, Aug. 18, 2013
- Pinnacle Award and Member's Choice Award for bouldercolorado.gov - *National Association of Government Web Professionals*, Sept. 26, 2013
- Top 100 Best Places to Live (#2) - *Livability.com*, Oct. 15, 2013
- City of Boulder Wins Both of the NAGW's Top Honors for Web Redesign and Earns Spot in Top 10 List for Effective Digital Governance - Nov. 13, 2013
- Volunteering and Civic Life in America 2013 (#3 volunteer rate for mid-size cities) - *Corporation for National and Community Service*, Dec. 16, 2013



Financial Statements

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

1. The government-wide 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 of the city include general government, administrative services, public safety, public works including streets and transportation, 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 the utilities, Downtown Commercial District, University Hill Commercial District and Boulder Junction GID parking services (component units) and the Boulder Municipal Property Authority's acquisition of open space and parks property (component unit).

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



Boulder was voted one of the best cities for technology startup businesses and job growth.

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. Component units are legally separate organizations for which the city is considered to be financially accountable. Blended component units data are combined with the primary government data and reported like a regular city operation.

City of Boulder Blended Component Units:

1. Downtown Commercial District and University Hill

Commercial District - These Districts provide parking services and facilities, administered by the City Council.

2. Boulder Municipal Property Authority - The Authority is a nonprofit corporation responsible for the acquisition and construction of certain city properties and facilities, administered by the City Council.

3. Boulder Junction Access GIDs - In November 2011 two new General Improvement Districts (GID) were established in order to implement the transit-oriented development goals for shared, unbundled parking and for travel demand management programs.

Statement of Net Position - Government Wide

The Government-wide Balance Sheet, known as the Statement of Net Position, presents information on all of the city's assets along with deferred outflows of resources and liabilities along with deferred inflows of resources with the difference reported as net position. 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.

This table presents a summary of the city's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of December 31, 2013, 2012 and 2011. The city's assets exceeded its liabilities by \$1,027.0 million at the close of 2013. By far the largest portion of the city's net position, \$811.4 million (79%) reflects its investment in capital assets (i.e., land, buildings, transportation infrastructure, machinery and equipment, utility plant in service 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, \$34.1 million (3%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position, \$181.5 million (18%), may be used to meet the city's on-going obligations to the public and creditors.

Net Position at 12/31/20XX (in 000's)

Assets	2013	2012	2011
Current & Other Assets	\$327,955	\$333,080	\$268,074
Capital Assets	963,982	939,929	907,142
Total Assets	1,291,937	1,266,009	1,175,216
Deferred outflows of resources	4,081	-	-
Liabilities			
Noncurrent Liabilities	208,921	222,451	185,824
Other Liabilities	27,682	59,848	60,725
Total Liabilities	236,603	282,299	246,549
Deferred inflows of resources	32,463	-	-
Net Position			
Invested In Capital Assets	811,417	727,155	744,552
Restricted	34,087	81,581	30,510
Unrestricted	181,448	174,974	153,605
Total Net Position	\$1,026,952	\$983,710	\$928,667



Aerial view of Boulder Junction



Proposed rendition of Boulder Junction

Depot Square, a portion of the 160-acre Boulder Junction development, will include an RTD transit station, hotel, parking structure, affordable housing and the renovation and use of Boulder's historic train depot.



Shopping, dining, and views abound at Boulder's outdoor Twenty-Ninth Street shopping district.

Statement of Activities - Government Wide

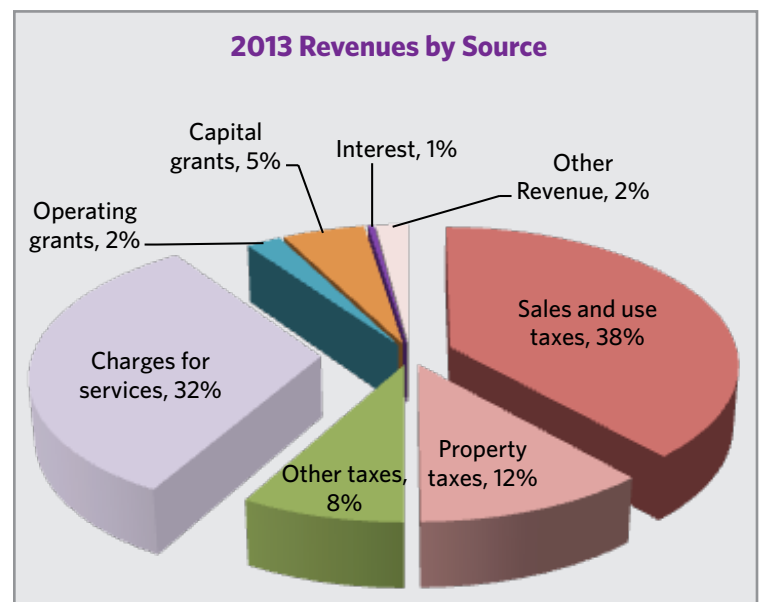
The **Government-Wide Income Statement** is known as the *Statement of Activities* which provides a report on the money received and spent by the city during the fiscal year.

Revenues - Where the money comes from . . .

- Sales and use taxes are the largest single source of revenue collected on retail sales and business activity within the city's limits. The \$6.7 million increase in 2013 was mostly due to an increase in general retail sales activity resulting from the continued economic recovery.
- Property taxes are collected by Boulder County and allocated to the city net of county fees. In 2013, property taxes remained relatively flat.
- Other taxes increased by \$1.0 million during 2013 as compared to 2012 primarily resulting from a \$0.5 million rise in franchise taxes. Other Taxes also include liquor licenses, medical marijuana licenses, trash/recycling, telephone/cable, tobacco and excise taxes.
- Charges for services are payments received directly by the city for services performed. These revenues include parking charges, utility service charges and repair and maintenance fees. In 2013, charges for services decreased \$4.4 million primarily due to a reduction in payments received in lieu of building affordable housing during 2013.

- Operating grants and contributions are funds received from outside entities and are generally restricted to pay for one or more specific projects. In 2013, the City of Boulder received \$6.0 million in operating grants and contributions, a \$1.0 million decrease from 2012. Of the \$6.0 million received, \$3.1 million came in the form of federal, county and school district grants. The \$1.0 million decrease during 2013 resulted from less grant funding from the Regional Transportation District and the Colorado Department of Transportation for highway maintenance.
- Capital grants received by the city are used to purchase, construct, or renovate specific capital assets. The city received slightly less in capital contributions in 2013 compared to 2012 resulting in a minimal decrease in revenue.
- Interest revenue is earned from fixed income investments being managed in the city's investment portfolio. In 2013, the interest earned was less than 2012 due to lower interest rates.
- Other revenue includes a variety of sources including healthcare rebates and insurance claims received due to the September flood. Other revenue decreased by \$0.8 million in 2013 because less one-time revenue was recognized in 2013 than 2012.

Revenues by Source	2013 (in 000's)	2012 (in 000's)	2011 (in 000's)
Sales and use taxes	\$104,254	\$97,516	\$92,721
Property taxes	31,410	31,426	29,244
Other taxes	22,088	21,115	19,221
Charges for services	87,041	91,414	73,347
Operating grants	5,962	7,092	6,305
Capital grants	14,128	14,435	16,090
Interest	1,056	1,436	3,051
Other	5,647	4,792	6,938
Total Revenues	\$271,586	\$269,226	\$246,917

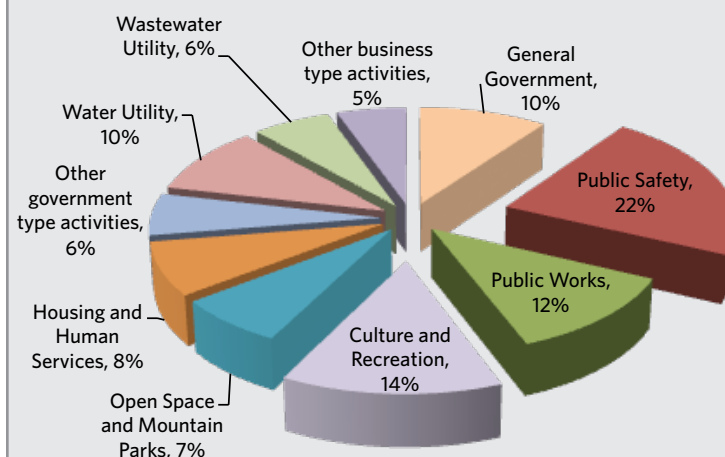


Expenses - Where the money goes . . .

- General Government expenses, which include personnel and operating expenses, increased by \$6.2 million because of flood recovery, consulting services related to energy strategy development and new business software implementation.
- Public Safety is our largest expense and includes both the Police and Fire Departments. In 2013, Public Safety expenses increased by \$0.8 million as a result of various operating costs and increases in overtime due to the flood.
- Public Works reflects expenses associated with the repair, construction, acquisition and maintenance of public roads, bike paths, etc. Public Works expenses decreased by \$5.6 million during 2013, primarily due to large development projects completed in 2012.
- Culture and Recreation reflects the costs of operating Parks and Recreation, the Libraries and Senior Services. In 2013, expenses increased by \$2.6 million over 2012. Architectural consulting work done on the Main Library Renovation contributed to this increase.
- Open Space and Mountain Parks reflects the cost of land acquisition, land restoration and trails management. Parcel purchases that met the Open Space Master Plan charter led to the \$3.0 increase in 2013.
- Housing and Human Services expenses increased by \$3.5 million compared to 2012 mainly due to large development projects such as the Depot Square and the Lee Hill Affordable housing project.
- Other government activities includes planning and development services and administrative services. In 2013, expenses increased by \$2.8 million compared to 2012. Interest on long-term debt and personnel expenses were the main contributors to this increase during 2013.
- Water and Wastewater activities include the general operating cost of these utilities, including annual upgrade and maintenance of water, wastewater and sewer lines and treatment plants. Expenses, in total, grew by \$0.8 million in 2013 compared to 2012. Facility replacement and repair and maintenance charges were the primary contributors to this increase during 2013.
- Other business-type activities include flood management, parking facilities and property and facility acquisition. These expenses remained relatively flat during 2013.

Expenses by Function	2013 (in 000's)	2012 (in 000's)	2011 (in 000's)
General Government	\$22,851	\$16,625	\$19,509
Public Safety	50,468	49,693	47,391
Public Works	27,558	33,110	30,844
Culture and Recreation	30,749	28,112	28,140
Open Space and Mountain Parks	16,023	13,040	14,863
Housing and Human Services	17,937	14,431	13,060
Other government type activities	14,006	11,166	9,847
Water Utility	22,605	21,925	21,223
Wastewater Utility	13,916	13,776	13,948
Other business type activities	12,432	12,305	12,084
Total Expenses	\$228,545	\$214,183	\$210,909

2013 Expenses by Function



A police officer escorts elementary school students after being airlifted from an environmental educational camp near Jamestown. Students were stranded after floodwaters destroyed road access to the area.



Oct. 5, 2013 – The Boulder Transit Center reopened to bus, bike and pedestrian traffic, thanks to funding from the 2011 voter-approved Boulder Capital Improvement Bond, a Colorado Department of Transportation (CDOT) FASTER grant, and the Regional Transportation District (RTD).

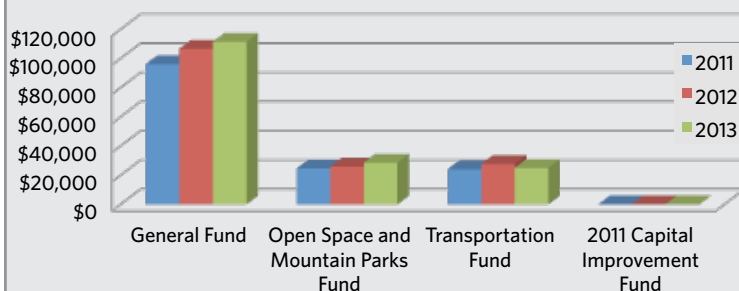
Governmental Fund Highlights

- The General Fund is the primary operating fund of the city. The General Fund balance increased by \$4.2 million to \$42.4 million at December 31, 2013. The unrestricted fund balance of the General Fund was \$39.1 million at December 31, 2013. Unrestricted fund balance includes fund balance committed by city council, assigned by city management and unassigned fund balance. In 2013, General Fund revenues grew by \$4.7 million, primarily because of overall improvements in the economy. Increased consumer and business spending led to a \$5.1 million rise in sales and use taxes. Retail sales tax was up 4.81% mainly due to increased business to business sales and audit revenue collected during the year. The 2013 flood recovery efforts led to the \$7.6 million rise in General Fund expenditures during 2013.
- The Open Space and Mountain Parks Fund is a major special revenue fund with 100% of the fund balance legally restricted for special purposes. The fund balance of Open Space and Mountain Parks Fund was \$16.9 million at December 31, 2013, a decrease of \$1.7 million from 2012. Revenues grew by \$2.7 million largely due to a grant for the purchase of the Granite Investors parcel while expenditures increased by \$10.0 million because of real estate acquisitions in 2013 totaling \$9.4 million. Real estate acquisitions change from year to year based on the availability of parcels meeting the charter.
- The Transportation Fund is another major special revenue fund with the majority of the fund balance legally restricted for special purposes. The fund balance of the Transportation Fund rose by \$2.5 million to \$12.3 million at December 31, 2013. During 2013, revenues decreased \$2.7 million, while expenditures fell by \$4.4 million as compared to 2012. Transportation receives funding from CDOT for infrastructure projects as they are completed. Due to the 2013 flood, Transportation was unable to complete all of its planned projects. Revenue was also impacted as many of the planned projects not completed were expected to receive reimbursement from CDOT.

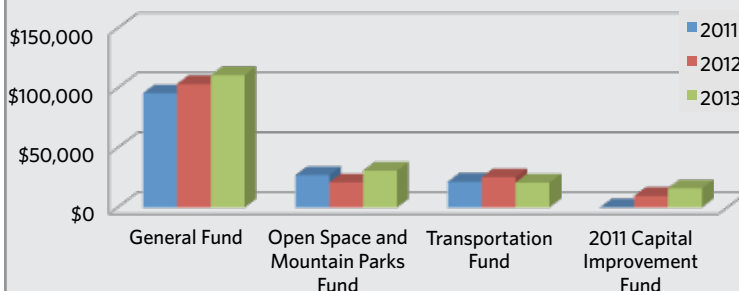
- The 2011 Capital Improvement Fund became a major fund in 2012 and its fund balance declined by \$12.4 million to \$34.0 million at December 31, 2013. All of this fund's fund balance is restricted by legal bond covenants and restricted to capital projects. The drop in fund balance is related to capital project activity approved for this fund during 2013. See Capital Asset highlights for additional project details.



Revenues by Major Governmental Fund (in 000's)



Expenditures by Major Governmental Fund (in 000's)



Open Space and Mountain Parks has improved the accessibility of many trails allowing more visitors to enjoy Boulder's natural beauty.

Capital Asset Highlights

Governmental Activities

- Construction in progress of several transportation infrastructure projects including: Pearl Parkway Multi-Use Path, Broadway – Euclid Multimodal, 14th Street & Walnut Transit Mall and Junction Place Bridge @ Goose Creek - \$3.3 million
- Completion of airport parking ramp (FAA) - \$1.1 million
- Completion of city buildings energy improvements - \$4.3 million
- Land additions from Boulder Municipal Property Authority - \$0.7 million
- Several land acquisitions including:
Granite Opal Property @ 5770 Baseline Road - \$1.8 million,
ERTL Property @ North 75th - \$2.6 million
Joder Arabian Ranch @ 7497 N. Foothills - \$4.6 million
- Network upgrade - \$0.8 million
- Completion of several transportation infrastructure projects including: 28th Street Baseline to Iris, 30th Street Access improvements BTV Bluff - Walnut and 30th Street bike lanes - \$8.9 million
- Park and Recreation facility renovations - \$4.0 million
- Reservoir improvements - \$1.2 million
- New vehicle purchases - \$4.0 million

Business-type Activities

- Waterline rehabilitation - \$2.4 million
- Completion of Wastewater treatment plant improvements - \$9.6 million
- Wastewater biosolids digester and disinfection system - \$0.7 million
- ERTL land secured through Boulder Municipal Property Authority note - \$5.0 million
- New vehicle purchases - \$0.9 million

Capital Assets at 12/31/20XX (net of depreciation, in 000's)			
Assets	2013	2012	2011
Land and easements	\$339,999	\$325,297	\$323,146
Buildings	84,833	82,699	75,440
Improvements other than buildings	42,290	45,171	47,342
Infrastructure	99,387	92,599	96,929
Utility plant in service and undergrounds	320,401	310,547	305,858
Machinery, equipment and vehicles	27,090	24,347	23,016
Construction in progress	49,982	52,269	35,412
Total Capital Assets	\$963,982	\$932,929	\$907,143



Capital bond funding allowed infrastructure improvements to Boulder Reservoir including water and sewer lines and new front entry gate.

Cash and Investments

The primary objective of the city's cash and investment strategy is the safety of investments, including preservation and protection of the investment principal. All investments held in 2013 met City Code requirements. For detailed investment requirements, see www.colocode.com/boulder2/chapter2-10.htm.

As of December 31, 2013, the City of Boulder's fair market value of its pooled cash and investments totaled \$225.2 million and the weighted average return was 0.62%. Pooled cash and investments amounts reported here include remaining invested capital improvement bond proceeds. Proceeds from these bonds were invested separately from our pooled cash and investments because of the short-term nature of these bonds.

Bonded Debt

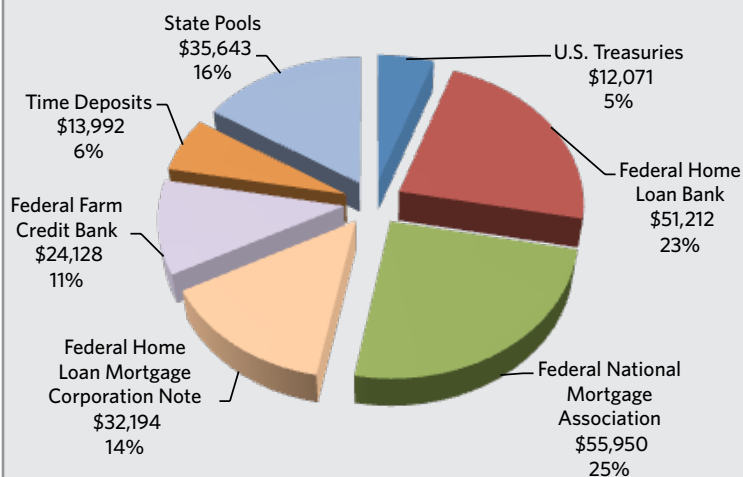
The city's revenue bond credit rating is Aa1 by Moody's Investors and AAA by Standard & Poor's. Both of these ratings are highly favorable, investment grade ratings. Under the City Charter, the city's general obligation debt issuances are subject to a legal limitation based on 3% of total assessed value of real and personal property. All of the city's bonded debt is considered to be self-supporting and the ratio of net bonded debt supported solely by property taxes to assessed valuation is zero.

At December 31, 2013, the city had total bonded debt of \$174.0 million. Of this amount, \$90.1 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$75.8 million represents bonds secured solely by specified revenue sources (revenue bonds). The remaining \$8.1 million relates to pension obligation bonds. The pension obligation bonds are not backed by either specified revenue sources or taxes. No new bonds were issued in 2013. Additional details can be found in Note O of the CAFR's basic financial statements.

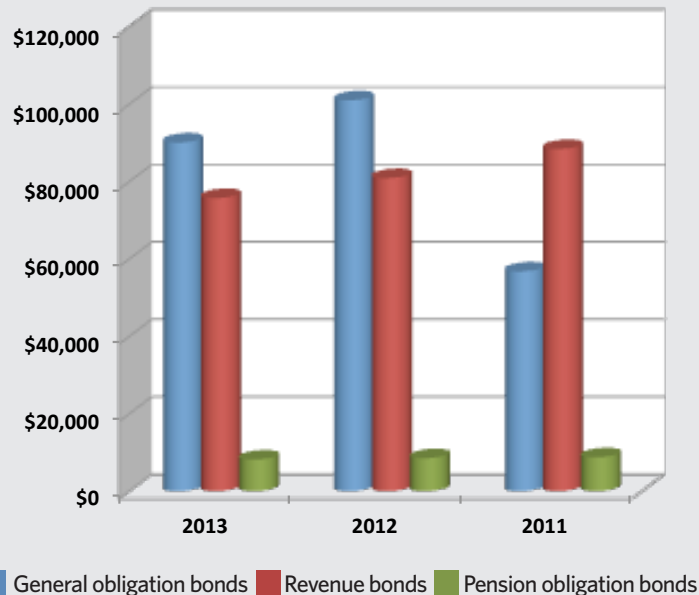


Rebuilt in 1934 after a fire, the Boulder County Courthouse is a city landmark located on the Pearl Street Mall, Boulder's downtown retail district.

Pooled Cash & Investments at 12/31/2013 (in 000's)



Bonded Debt at 12/31/20XX (in 000's)



Meet Your Council Members



Back row (left to right): Matthew Appelbaum, Mayor; Sam Weaver; Andrew Shoemaker; Tim Plass; Suzanne Jones; George Karakehian, Mayor Pro Tem

Front row (left to right): Mary Young, Macon Cowles, Lisa Morzel

City Government

The City of Boulder is governed by nine City Council members who are elected at-large and are non-partisan. Appointed by the Council, the city employs a full-time city manager (2013: Jane Brautigam) to oversee the operations, the city attorney (2013: Tom Carr) and the municipal judge (2013: 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, gilbertr@bouldercolorado.gov, by phone at 303-441-3040, 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, Vimeo & Youtube