



City of Boulder, Colorado

Popular Annual Financial Reporting

Fiscal Year Ending December 31, 2012





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 2012 Comprehensive Annual Financial Report (CAFR). The CAFR is an audited document and is prepared in conformance with generally accepted accounting principles (GAAP). To conform with 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.

The city website also includes information about:

- Each department's activities
- Budget
- Job opportunities
- Community
- Council members, agenda and meetings

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.

2012 Quick Facts about Boulder

Population.	99,070
Median Age.	28.7
Median Education.	69.0% of residents with Bachelor's degree or higher
Median Household Income:	\$57,112
Unemployment Rate:	5.7%
Sales and Use Tax Rate:	3.41%
Mill Levy Rate (based on Assessed Value).....	11.981
City of Boulder Employees:	1,243
2012 Operating Budget	\$215.0 million

2012 Major Industries of Employment:

59% Management/Professional • 20% Sales/Office • 14% Service
5% Production • 3% Construction

2012 Top 5 City of Boulder Employers: Over 2,500 employees:
University of Colorado, Boulder Valley School District, St. Vrain
Valley School District, Ball Aerospace and IBM Corporation.

Other Major Employers:

Level 3 Communications, Boulder Community Hospital, Covidien,
Boulder County and UCAR/NCAR.

2012 Significant Events

- In February 2012, the City Council authorized the issuance of \$49 million of General Fund Bonds that were approved by voters in 2011 for the purpose of funding capital improvement projects. There are 86 bond funded projects including downtown improvements, parks and recreation center improvements, library renovations, and replacement of the city's finance and human resource systems. Also, the bonds are funding various transportation projects including street and pathway repair and maintenance, bridge repair and replacement, and partial funding of Boulder Junction improvements.
- Boulder hosted stage six of the USA Pro Cycling Challenge, Colorado's largest professional bike race, in August 2012. This stage of the race brought more than 60,000 spectators to the city.
- The 42 acre Valmont Bike Park was selected to host the 2014 USA Cycling Cyclo-Cross National Championships.
- The City Council approved moving forward with the Boulder Civic center project in November 2012. The goal of this project is to transform the City of Boulder downtown area (bounded by 9th to 17th Street and Canyon Boulevard to Pearl Street) into Boulder's social, civic, and environmental heart. This is a multi-year project that will involve a great amount of community involvement and input.
- Per a 2011 voter approved ballot initiative, work began in 2012 to explore different options that could deliver the community clean, reliable, low-cost, local energy. To fund part of this effort, the voters approved \$1.9 million in a Utility Occupation tax that will expire in 2017. One of the options being investigated is the feasibility of creating a municipal utility. In 2012 the Energy Strategy and Electric Utility Development Department was created and the Executive Director who will lead this effort was hired.
- In November 2012 the voters approved extensions of two city taxes. The first approved extension was a 5-year extension of the city's innovative carbon tax which will now expire in 2018. The extension of the Climate Action Plan tax, or carbon tax, on energy use allows the city to continue its energy efficiency and renewable energy programs to reduce greenhouse gas emissions. The second approved extension was a 20-year extension of the city's 0.25 percent sales tax contribution to city parks and recreation. This tax will extend to 2035 and will help make improvements at many of the parks and recreation facilities around the city.



Operating Indicators & Statistics

Public Works

Transportation - Vehicle Daily travel 2.3 million

Utilities

Water Accounts 28,759
Avg. Daily Water Consumption . . 17.6 million

Public Safety

Number of Police officers 173
Total traffic accidents 3,183
Total calls for service 91,675
Number of Firefighters 96
Total annual responses. 10,293
% of responses within 6 minutes . . 74%

Parks & Recreation

Open Space/Mountain Parks. 45,991 acres
Acres of Urban Parks 1,800
Recreation Center attendance 725,000
Reservoir attendance 238,265

Library

Circulation of books, videos, tapes . . 1.4 million

Planning & Development Services

Building Permit Applications 6,488
Zoning Enforcement Actions 706

Municipal Court

Traffic Violations. 15,681



With over 300 miles of hiking and biking trails and 45,000 acres of open space, Boulder is a wonderful place for hiking and outdoor exploration. A city's favorite is our historical Chautauqua Park founded in 1898.

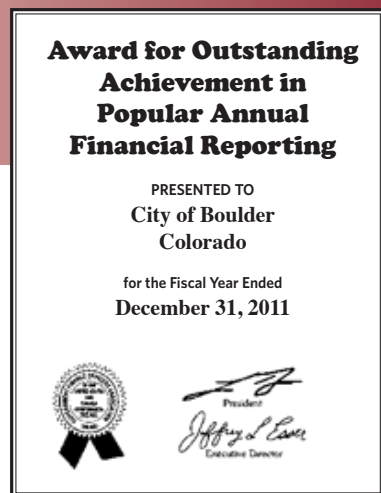
2012 Best of Boulder

- Award for Outstanding Achievement for the 2011 Popular Annual Financial Reporting (PAFR).
- Award for Certificate of Achievement for Excellence in Financial Reporting for the 2011 Comprehensive Annual Financial Report (CAFR)
- Award of Merit for Bridge Construction – from The American Concrete Institute.
- Tree City USA -*National Arbor Day* (28th consecutive year)



- Bicycle Friendly Community (Platinum) - *League of American Bicyclists, October 18, 2012*
- Fittest Towns of the West (#3) - *Sunset, June 5, 2012*

- Top 10 Cities Affordable Vacations (#7) - *Livability.com, April 20, 2012*
- America's Best Places to Live (#60) - *Money, September 2012*



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.

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 -

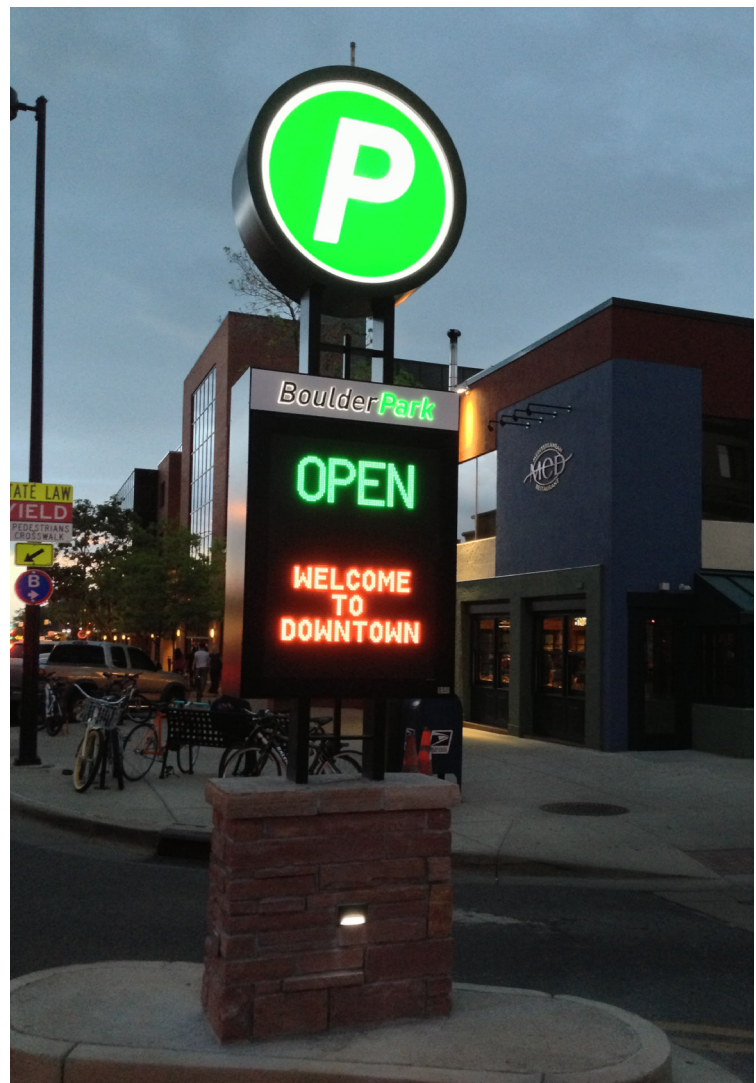
In November 2011 two new General Improvement Districts (GID) were established in order to implement the transit-oriented development goals for shared, unbundled parking and for travel demand management programs.

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 and liabilities, with the difference between the two 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, liabilities, and net position as of December 31, 2012 and 2011. The city's assets exceeded its liabilities by \$983.7 million at the close of 2012. By far the largest portion of the city's net position (74%) 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, \$81.6 million (8%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position, \$175.0 million (18%), may be used to meet the city's on-going obligations to the public and creditors.

Net Position (in 000's)	2012	2011
Assets		
Current & Other Assets	\$333,080	\$268,074
Capital Assets	\$939,929	\$907,142
Total Assets	\$1,266,009	\$1,175,216
Liabilities		
Noncurrent Liabilities	\$222,451	\$185,824
Other Liabilities	\$59,848	\$60,725
Total Liabilities	\$282,299	\$246,549
Net Position		
Invested In Capital Assets	\$727,155	\$744,552
Restricted	\$81,581	\$30,510
Unrestricted	\$174,974	\$153,605
Total Net Position	\$983,710	\$928,667



Parking services managed by Downtown Commercial District.



The Broadway to Euclid project won the Award of Merit for Bridge Construction – from The American Concrete Institute.

Statement of Activities - Government Wide

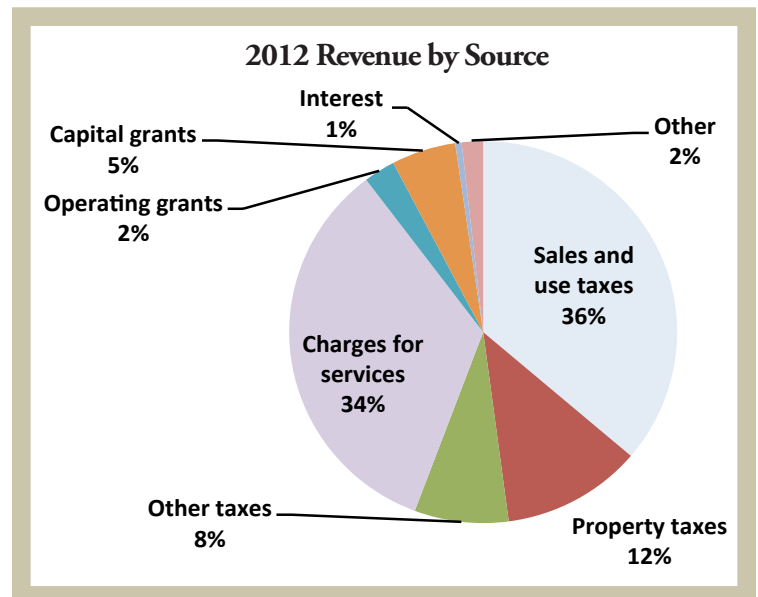
The **Government-Wide Income Statement** is known as the *Statement of Activities* which provides a report on the money received and spent by the city during the fiscal year.

Revenue - 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 \$4.8 million increase in 2012 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 2012 property taxes increased by \$2.2 million due to rising property values in the city and the continued removal of property tax limitations. For more detail, please refer to the CAFR, Note D of the basic financial statements.
- Other Taxes include liquor license, medical marijuana license, trash/recycling, telephone/cable, tobacco taxes, and excise taxes. Other Taxes increased by \$1.8 million as a result of the \$1.9 million rise in Utility Occupation taxes.
- Charges for Services are payments received directly by the city for services performed. This includes fees such as utility payments and building permits. In 2012 Charges for Services grew \$18.8 million partly because of increased developer payments made to the city in lieu of building affordable housing. Also, revenue was reclassified out of Other revenue into Charges for Services in 2012.
- Operating Grants are funds received from outside entities and are generally restricted to pay for one or more specific projects. The Regional Transportation District's (RTD) contribution to transportation related projects led to the rise in 2012 grant revenue.
- Capital Grants received by the city are used to purchase, construct, or renovate specific capital assets. The city received less in capital contributions in 2012 and this resulted in decreased revenue.
- Interest Revenue includes income earned on investments, trusts, and unspent bond proceeds. In 2012, the interest earned was significantly less than 2011 due to the reinvestment of matured investments at a considerably lower interest rate.

- Other Revenues include a variety of sources and revenue types including special property assessments. Revenue was reclassified out of Other revenue into Charges for Services in 2012 and this led to the \$2.1 million increase.

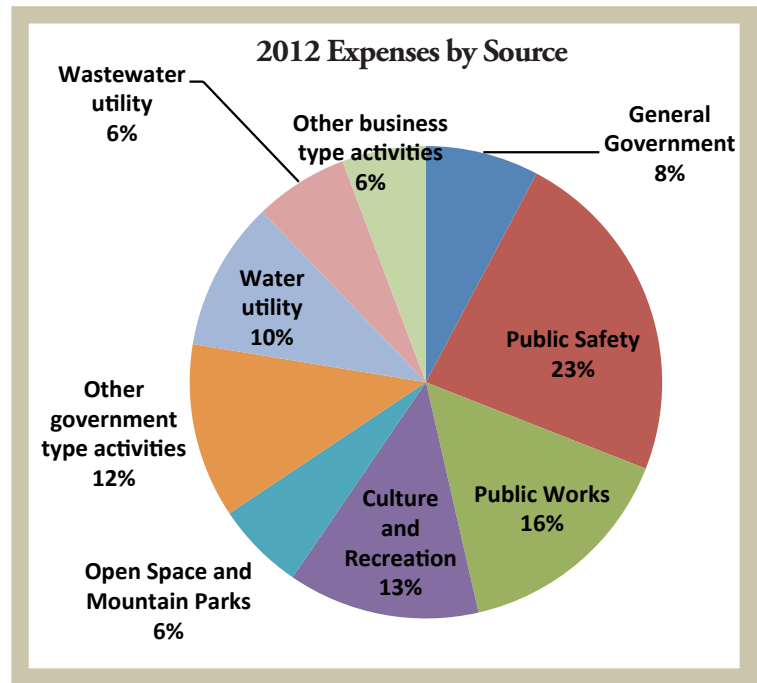
Revenue by Source (in 000's)	2012	2011
Sales and use taxes	\$97,516	\$92,721
Property taxes	\$31,426	\$29,244
Other taxes	\$21,115	\$19,221
Charges for services	\$91,414	\$73,347
Operating grants	\$7,092	\$6,305
Capital grants	\$14,435	\$16,090
Interest	\$1,436	\$3,051
Other	\$4,792	\$6,938
Total Revenue	\$269,226	\$246,917



Expenses - Where the money goes . . .

- General Government expenses fell by \$2.9 million, mainly because of projects funded by education excise taxes in 2011 and no similar projects in 2012. General Government expenses include municipal courts, City Manager, and City Attorney.
- Public Safety is the largest expense and includes fire and police. In 2012 Public Safety expense increased by \$2.3 million as a result of unexpected overtime required for fighting fires.
- Public Works reflects expenses associated with the repair, construction, acquisition, and maintenance of public roads, bike paths, etc. Public Works increased by \$2.3 million primarily due to additional engineering costs related to new construction projects.
- Culture and Recreation reflects the cost of operating parks and recreation, library, and senior services programs. Expenses remained relatively flat in 2012
- Open Space and Mountain Parks reflect the cost of land acquisition, land restoration, and trails management. Costs decreased because a portion of the Boulder Municipal Property Authority bonds were paid off in 2011, lowering the debt payment in 2012.
- Other Government activities include planning and development services, housing and human services, and administrative services. Planning and development services rose considerably, in part because the city's study of clean energy options. Housing and human services expenses also grew because of the increase in grant awards and the related expenses.
- 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 remained relatively flat in 2012.
- Other Business-type activities include flood management, parking facilities, and property and facility acquisition. Expenses decreased slightly in 2012.

Expenses by Source (includes indirect expenses allocation, in 000's)	2012	2011
General Government	\$16,625	\$19,509
Public Safety	49,693	47,391
Public Works	33,110	30,844
Culture and Recreation	28,112	28,140
Open Space and Mountain Parks	13,040	14,863
Other government type activities	25,597	22,907
Water utility	21,925	21,223
Wastewater utility	13,776	13,948
Other business type activities	12,305	12,084
Total Expenses	\$214,183	\$210,909



Flagstaff fire in Boulder, June 26, 2012.

Photo taken by Jack Sasson



Affordable housing program at Iris Ave., Boulder.

Governmental Fund Highlights

• The General Fund is the primary operating fund of the city. The fund balance of the General Fund increased by \$4.3 million to \$38.2 million at December 31, 2012. Unrestricted fund balance was \$35.5 million, or 93%, of total fund balance. In 2012, General Fund revenues grew by \$10.5 million, primarily because of overall improvements in the economy. Increased consumer spending led to the \$4.6 million rise in sales and use taxes. Higher assessed values, along with the removal of property tax limitations as explained in Note D of the CAFR's basic financial statements, caused general property tax revenue to increase by \$1.8 million. Occupation taxes grew \$2.0 million due to a voter initiated increase to explore the city's clean energy options. General Fund expenditures increased by \$7.7 million for a variety of reasons. Public Safety costs rose \$2.7 million because of the extra personnel costs needed to help fight the fires that broke out during 2012. Culture and Recreation costs increased \$1.0 million due to additional grants being awarded and higher maintenance and information technology charges. The increase in grant awards led to the \$3.3 million growth in Housing and Human Services expenditures.

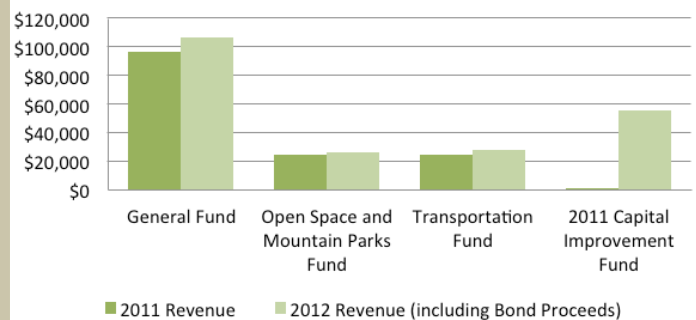
• The Open Space and Mountain Parks Fund is a major special revenue fund with 100% of the fund balance legally restricted for special purposes. The fund balance of the Open Space and Mountain Parks Fund increased by \$5.6 million to \$18.6 million at December 31, 2012. Revenues grew slightly due to a \$1.2 million increase in sales and use tax revenues from recovering economic activity. Expenditures decreased by \$6.1 million because of two real estate acquisitions in 2011 totaling \$5.9 million and no major purchases in 2012.

• The Transportation Fund is another major special revenue fund. The fund balance of the Transportation Fund rose by \$1.4 million to \$9.8 million at December 31, 2012. Unrestricted fund balance was \$8.6 million, or 88%, of total fund balance. Revenues increased by \$3.7 million, mainly because of the additional \$3.2 million of intergovernmental revenues collected from Colorado Department of Transportation (CDOT). Expenditures grew by \$3.8 million as a result of capital project expenditures funded through the increased CDOT collections.

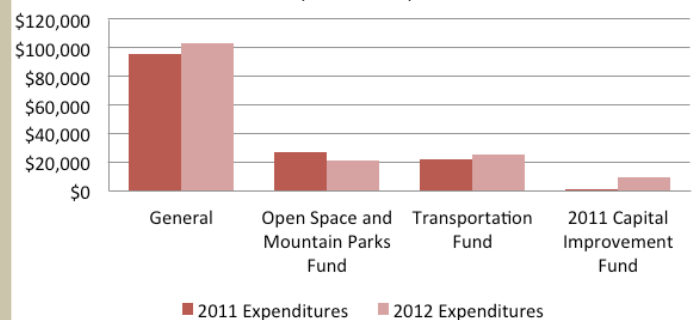
• The 2011 Capital Improvement Fund became a major fund in 2012 and its fund balance grew by and was \$46.3 million at December 31, 2012. All of this fund's fund balance is restricted by legal bond covenants. The growth in this fund was due to the receipt of \$54.8 million in bond proceeds less the \$9.5 million spent on approved capital projects.



Revenue by Major Governmental Fund (in 000's)



Expenditures by Major Governmental Fund (in 000's)





Capital improvements to the Flatirons Golf Course included bunker renovation and 42 new tee boxes.

Capital Asset Highlights

Governmental Activities

- Construction in progress of several transportation infrastructure improvement projects including: Foothills Parkway paths, Arapahoe Road paths and traffic signals, Pearl Parkway multi-use path, 28th Street - Baseline to Iris, and Broadway to Euclid multi-modal - \$7.9 million;
- Completion of city buildings energy improvements - \$9.4 million;
- Construction in progress of energy performance projects - \$3.6 million;
- Land additions from Boulder Municipal Property Authority - \$17.3 million;
- Completion of two irrigation systems - \$6 million;
- Completion of several transportation infrastructure projects including Arapahoe multi-use path - Folsom to 30th Street - \$1.9 million;
- Valmont City Park, Urban Parks, Canyon Park, Park Shelter & Flatirons Golf Course improvements - \$4 million;
- Reservoir improvements - \$1.4 million;
- New vehicle purchases - \$4 million; and
- Recognition of \$17.5 million in depreciation expense.

Business-type Activities

- Waterline rehabilitation - \$2.6 million;
- Completion of Boulder Canyon Hydro Plant - \$3.6 million;
- Wastewater Biosolids Digester & Disinfection System - \$1.5 million;
- Automated meter reading project, \$0.6 million;
- Water systems - pipelines, reservoir, and lake dam - \$1.2 million;
- 810 Marine Street - \$.3 million;
- New vehicle purchases - \$.9 million; and
- Recognition of \$11.4 million in depreciation expense.

Capital Assets (net of accumulated depreciation, in 000's)	2012	2011
Net of Depreciation		
Land and easements	\$325,297	\$323,146
Buildings	82,699	75,440
Improvements other than buildings	45,171	47,342
Infrastructure	92,599	96,929
Utility plant in service and undergrounds	310,547	305,858
Machinery, equipment and vehicles	24,347	23,016
Construction in progress	52,269	35,412
TOTAL	\$932,929	\$907,143

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 2012 met City Code requirements. For detailed investment requirements, see www.colocode.com/boulder2/chapter2-10.htm.

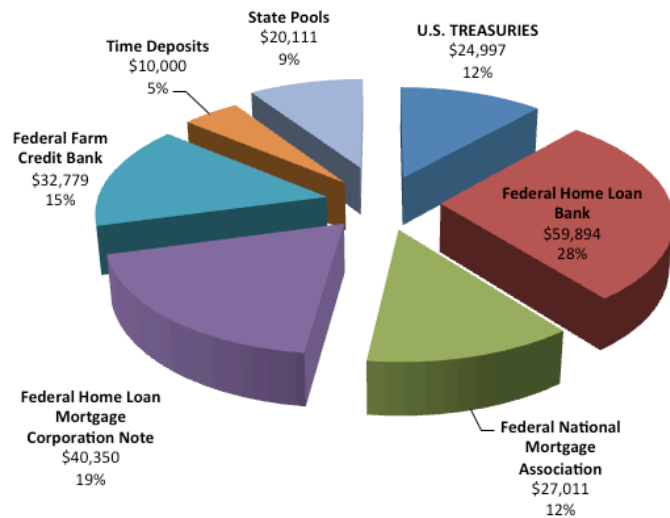
As of December 31, 2012, the City of Boulder's fair market value of its pooled cash and investments totaled \$215.1 million and the weighted average return was 0.77%. Pooled cash and investments amounts reported here exclude invested capital improvement bond proceeds. Proceeds from these bonds were invested separately from our pooled cash and investments because of the short-term nature of these funds.

Bonded Debt

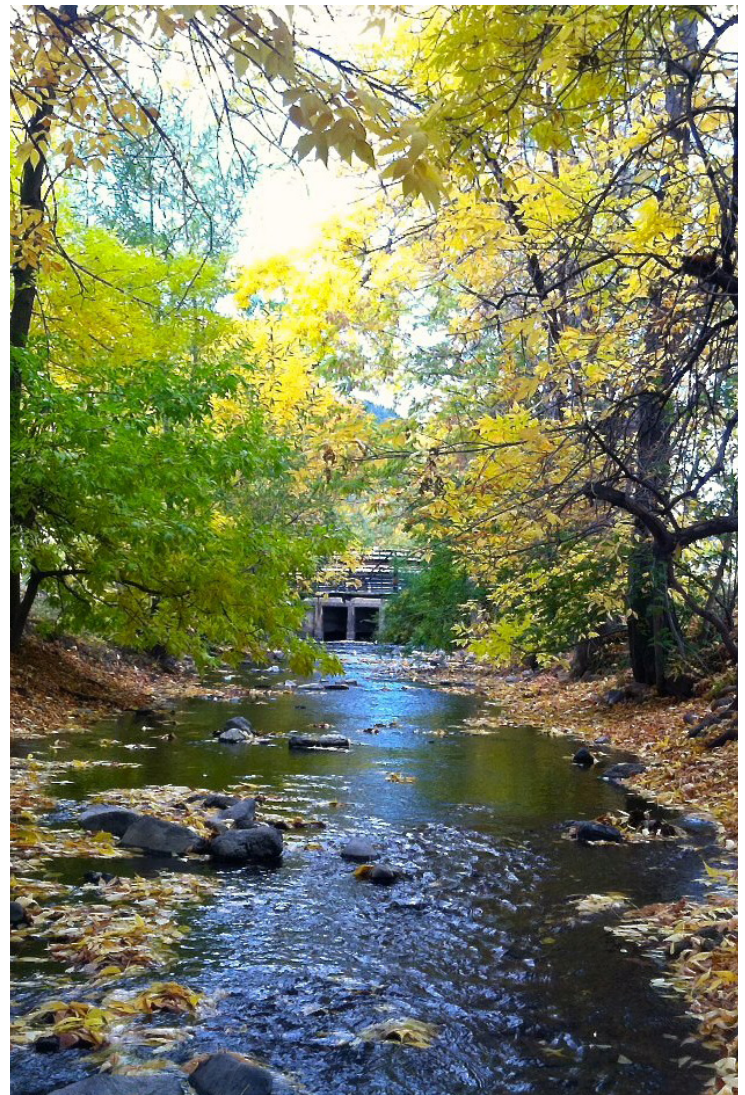
The city's revenue bond credit rating is Aa1 by Moody's Investors and AAA by Standard & Poor's. Both of these ratings are highly favorable, investment grade ratings. Under the City Charter, the city's general obligation debt issuances are subject to a legal limitation based on 3% of total assessed value 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, 2012, the city had total bonded debt of \$190.4 million. Of this amount, \$101.0 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$80.9 million represents bonds secured solely by specified revenue sources (revenue bonds). The remaining \$8.5 million relates to pension obligation bonds. The pension obligation bonds are not backed by either specified revenue sources or taxes. During 2012, the city issued one new bond for capital improvements and two refunding bonds. Additional details can be found in Note O of the CAFR's basic financial statements.

Pooled Cash & Investments at 12/31/2012 (in 000's)



Bonded Debt at 12/31/2012 (in 000's)



Boulder Creek, downtown Boulder.

Meet Your Council Members



Back row: Suzy Ageton, Ken Wilson, George Karakehian, Macon Cowles, Lisa Morzel
Front row: Suzanne Jones, Mayor Matt Applebaum, Tim Plass & KC Becker

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 (2012: Jane Brautigam) to oversee the operations, the city attorney (2012: Tom Carr) and the municipal judge (2012: 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, dansons@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 Spirit of the City of Boulder:

“Our mission is to create, enhance, and preserve a human, natural, physical, and economic environment which fosters our community’s unique quality of life.”



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	Sales Tax Dept. (Business License)	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 & Youtube	