

Short History of Boulder

The Boulder Valley was first the home of Native Americans, primarily the Southern Arapaho tribe who maintained a village near Haystack Mountain. Ute, Cheyenne, Comanche, and Sioux were occasional visitors to the area. Gold seekers established the first non-native settlement in Boulder County on October 17, 1858 at Red Rocks near the entrance to Boulder Canyon.

Less than a year later, on February 10, 1859, the Boulder City Town Company was organized by A.A. Brookfield, the first president, and 56 shareholders. Boulder City was part of the Nebraska Territory until February 28, 1861, when the Territory of Colorado was created by the U.S. Congress. The city grew slowly and developed as a supply base for miners going into the mountains in search of gold and silver. Boulder City residents provided these miners with equipment, agricultural products, housing and transportation, and gambling and drinking establishments.

Boulder became known as a community with a prosperous economy, a comprehensive educational system, and well maintained residential neighborhoods. Boulder's first schoolhouse was built in 1860 at the southwest corner of Walnut and 15th Street, the first in the territory. Railroad service came to Boulder in 1873, and tracks were laid to provide service to Golden and Denver and to the mining camps to the west. In 1874, Boulder received the location for the University of Colorado (CU).

City government was formalized in November, 1871 when the town of Boulder was incorporated. Designation of Boulder as the county seat had occurred in 1867. The railroad recommended Boulder as a site for a Chautauqua in 1897. Boulder residents voted to issue bonds to buy the land, and the now familiar Chautauqua auditorium was built.

Hotel Boulderado opened to the public for business on January 1, 1909, and tourism dominated the Boulder economy for the next forty years. By World War II, when tourism declined, the U.S. Navy's Japanese language school was located at CU, and young men and women from around the country became acquainted with the city. Following World War II, Boulder's population increased significantly. With the completed turnpike to downtown Denver, Boulder continued to expand. From 1950–1972 the population grew from 20,000 to 72,000.



With the purchase of thousands of acres of open space beginning in 1967, the adoption of the Boulder Valley Comprehensive Plan in 1970, passage of the building height restriction ordinance in 1972, and the residential growth management ordinance in 1977, Boulder began a period of infill and re-use of standing structures that continues to present. The Historic Preservation Code was passed in September 1974. The ordinance preserves significant portions of the city's past while encouraging the rehabilitation of its historic buildings.

Boulder Today

Environment

Boulder today continues the tradition of remaking itself into a more environmentally sustainable and healthy community. Boulder became the first city in the United States to tax itself for funds to be used specifically for the acquisition, management, and maintenance of Open Space. Today, Boulder has over 150 miles of public hiking and biking trails, and its mountain parks and open space holdings receive 1.8 million visits per year. Boulder was one of the first places in the nation to offer curbside recycling, and it was the first city in the U.S. to mandate a residential green building code. Boulder adopted Zero Waste principles in 2005, then passed a municipal carbon tax in 2008 to counteract global warming.

Business and Economic Trends

Boulder is the home to major federal labs, a world-class research university, a highly educated population, and a strong entrepreneurial force that creates a vibrant and sustainable economy. Major industries include aerospace, bioscience, software, natural products, renewable energy and tourism. The area's unemployment rate trends lower than the state and national rates, and local real estate values have remained relatively stable during most of the national housing market downturn.

Entertainment and Culture

Boulder hosts a Chamber Orchestra, a Philharmonic Orchestra, Symphony Orchestra, and a Ballet. It is the home of the Dairy Center for the Arts, Colorado Light Opera, Chautauqua Auditorium, Museum of Contemporary Art, and over 30 art galleries. The city provides a thriving restaurant scene with over 300 restaurants, nine breweries, and five wineries. There are a number of cultural events throughout the year, including the Colorado Shakespeare Festival, Colorado Music Festival, Boulder Creek Festival, Boulder International Film Festival, and Boulder Outdoor Cinema.

Boulder's Awards and Recognitions

The City is recipient of varied and numerous awards, including: America's Best Town for Startups– *Bloomberg Businessweek*; America's Most Economically Vibrant College Town – *The Atlantic Cities*; Best Vacation Destinations – *Frommer's*; America's Top 50 Bike-Friendly Cities (#3) – *Bicycling*; Top 10 Cities for Affordable Vacations (#7) – *Livability.com*; Most Well-Read



Cities in America (#5) – Amazon.com; America's Healthiest Metros (#3) – *The Atlantic Cities*; Top 10 College Towns, 2011 (#1) – Livability.com; Top 10 Travel Destinations for 2012 (#7) – *Lonely Planet*; America's Best Adventure Towns – *National Geographic*; Happiest City in America – *Gallup*; and Best Towns 2011 (#4) – *Outside Magazine*.

City Government

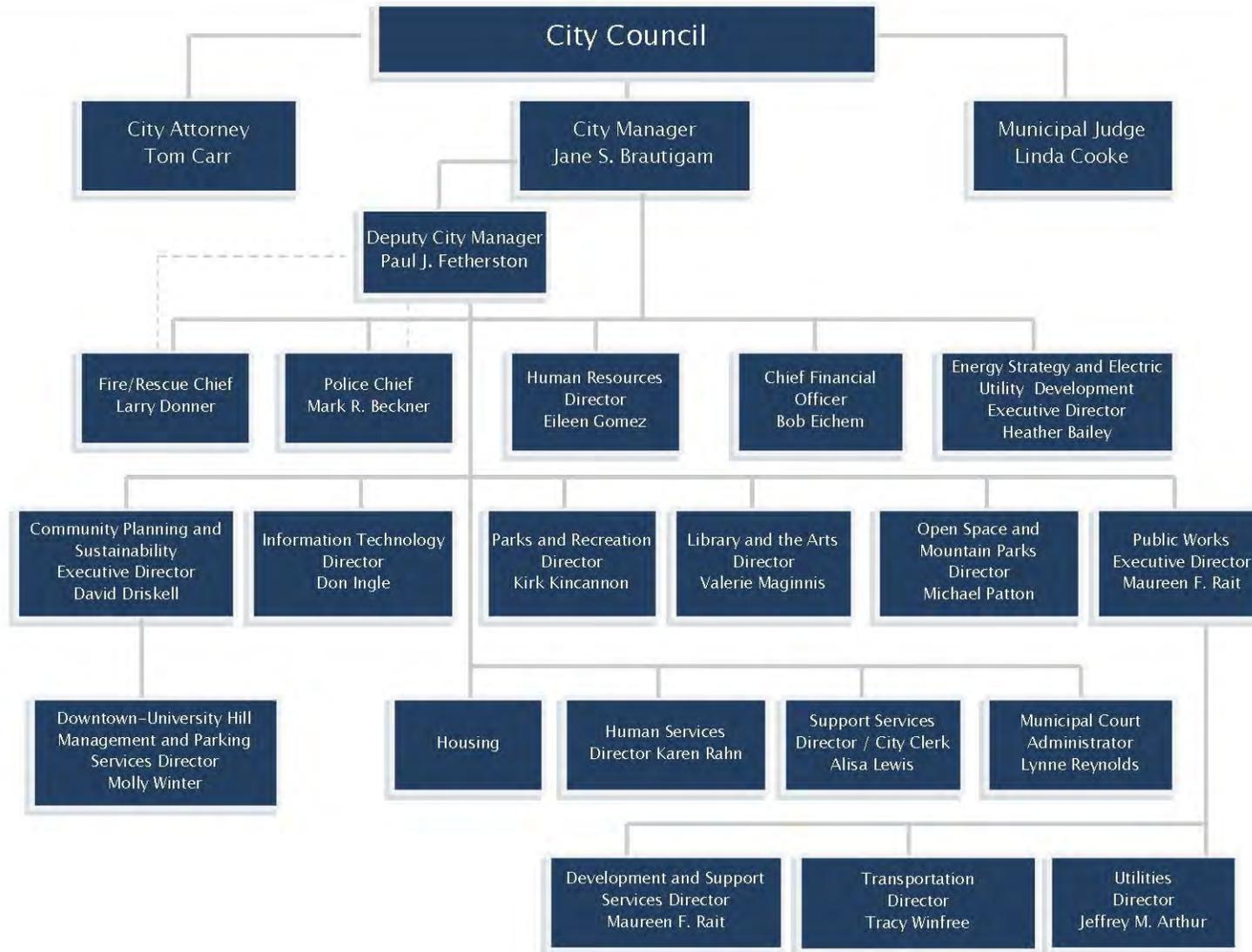
The City of Boulder is governed by nine City Council members. City Council members are elected at-large and are non-partisan. The Mayor and Deputy Mayor are chosen for two-year terms by the Council from among its nine members. The city employs a full-time city manager, appointed by City Council to oversee the operations of the city. The City Council also appoints the city attorney and the municipal judge.

Demographic Characteristics

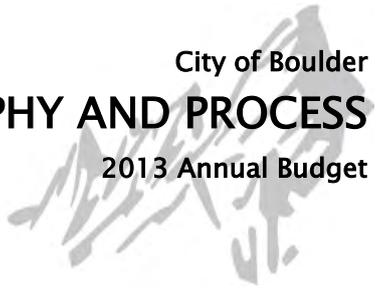
Population:	99,070 (Source: City of Boulder)
Median Age:	28.7
Median Education:	69.0% percent of residents with Bachelor's degree or higher
Median Family Income:	\$92,930
Median Household Income:	\$51,779
Per capita income:	\$35,830
Median Value of Owner-Occupied Housing Units:	\$475,200
Median rent:	\$1,010
Persons below poverty level:	21.1%
Unemployment Rate:	6.2% (Source: May 2012, Bureau of Labor Statistics)

¹ Unless otherwise noted, information is from the U.S. Census Bureau, 2006–2010 American Community Survey 5-year estimates

Figure 3-01: City of Boulder 2013 Organizational Chart



Note: Solid line denotes direct report and dotted line indicates day to day assistance.



City of Boulder
BUDGET PHILOSOPHY AND PROCESS
2013 Annual Budget

Budget Philosophy

Serving the public trust requires that the annual budget provide the best possible allocation of resources to many different needs in the community. The budget process is a principal management tool for the city's administration, and in allocating the city's resources, the annual process both reflects and defines the annual work program. In this context, the budget provides a framework for us to accomplish the city's mission, which is "to create, enhance, and preserve a human, natural, physical, and economic environment which fosters our community's unique quality of life." The budget should also reflect our core city organization values of integrity, teamwork, service excellence, personal growth, and innovation.

In addition to balancing allocations to meet community needs and incorporating our mission and core values, a successful annual budget preparation process requires excellent communication, community outreach, and a commitment to excellence. To this end, the process must be a cooperative effort of the entire city organization.

The City of Boulder prides itself on being a progressive community, willing to challenge the *status quo* and operating on the "cutting edge." City staff have accepted this challenge by developing the budget as part of a search for creative solutions for the delivery of city services. The budget emphasizes measures such as PBB program scoring to improve the productivity and effectiveness of service delivery to residents. Added teamwork and efficiency can assist with getting the job done between functional areas within the city and at the lowest possible cost, and also with delivering services to the community. The overriding goal is to support the standards set by the community by providing valuable services at reasonable cost.

The budget is based upon timely, consistent and clearly articulated policies. The budget is realistic and includes adequate resources to meet assigned work programs. Once adopted, within the parameters of policy guidelines, departments are given full spending authority for their budget(s).

Budget Process

The fiscal year of the city is the calendar year. The city has implemented an annual budget process and adopts the coming year's budget by December 1, as provided by state law.



The City of Boulder Charter establishes the time limits pertaining to the adoption of the budget. The budget process and schedule of development is designed to fit within the Charter mandate and to allow for active and early participation by the City Council, with an emphasis on public input. The city's budget is developed throughout the year, but the bulk of the effort occurs during a nine month period beginning in February and ending in October.

In February, the city begins the development of five year revenue projections along with preliminary cost projections. In April/May, Council is updated on the recommended budget. At this time, policy issues are presented and Council has the opportunity to provide direction for consideration by the City Manager in the development of the recommended budget. Then the city compiles all the necessary information in the budget guideline manual that provides the basis for the development of each department's budget.

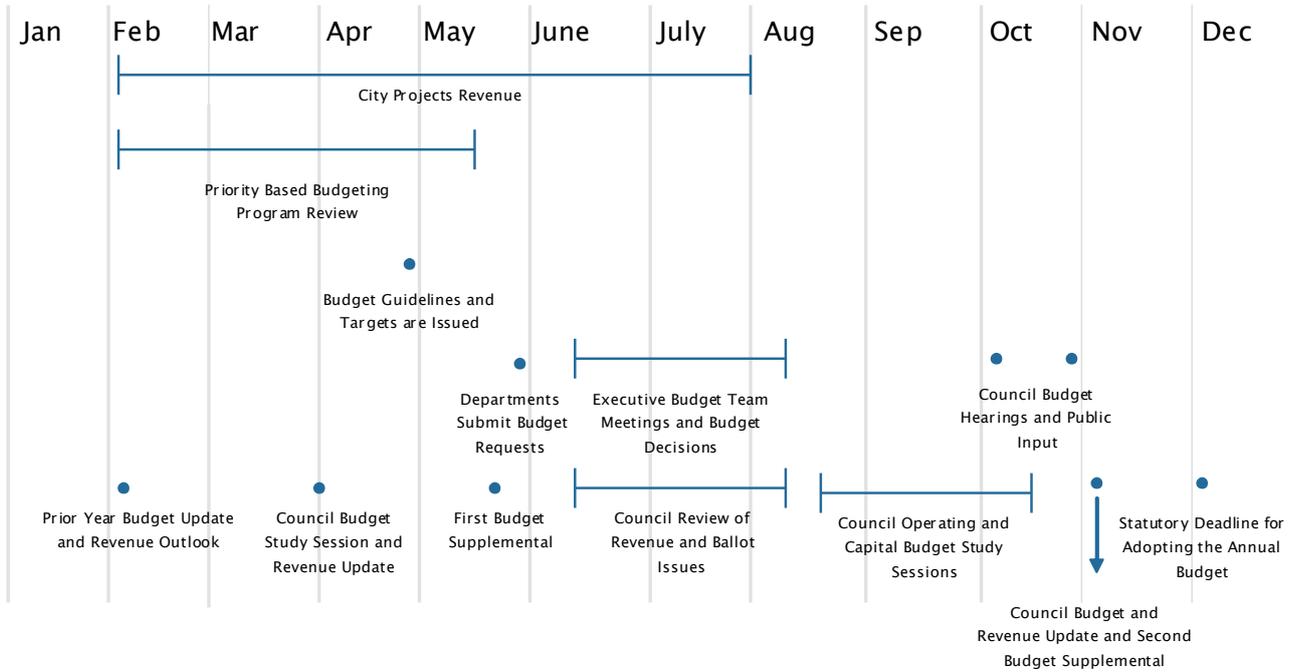
Departments begin developing their detailed budgets in May with review by boards and/or commissions where appropriate. The City Manager reviews departmental budgets in June/July and meets with staff as needed to discuss the proposals submitted by departments.

The Recommended Budget is presented to the City Council in September and made available to the public at the same time. In August/September, Council holds study sessions to review the Recommended Budget and Capital Improvement Program (CIP).

The budget for the ensuing term and the annual Appropriation Ordinances for the coming fiscal year are adopted in October during public hearings. The public is given opportunity to comment on the Recommended Budget during both October Council meetings. The Final Budget document is printed and is available to staff and the public at the beginning of the following year (see **Figure 3-02**).



Figure 3–02: Schedule of Budget Process by Month



There are two opportunities during the fiscal year for changes to the annual appropriation approved by City Council. The first, known as the “Carryover and First Budget Supplemental,” is typically adopted in May and re-appropriates funds from the previous year for projects or obligations that were approved but not completed during the year. The second, and final, opportunity to change appropriations during the year is in November and is known as the “Second Budget Supplemental.” In line with the city’s budget philosophy that, with the exception of emergency situations, appropriations be considered only during comprehensive budget review processes, most of the requested adjustments in the second supplemental are funded by new revenues or grants.

Fund Accounting

The City of Boulder uses funds to budget and report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types.



- **Governmental funds** are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.
- **Proprietary funds** are used to account for activities similar to those found in the private sector, and where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The city applies all applicable FASB pronouncements issued prior to November 30, 1989, and GASB statements since that date in accounting and reporting for its proprietary operations.
- **Fiduciary funds** are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, a pension trust fund must be used. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

Fund Definitions

General Fund

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the city such as public safety, human services, legal services, administrative services, and others which are not required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than special assessments, pension trusts, proprietary fund operations and revenues received for major capital projects) that are legally restricted for specific purposes. The City of Boulder has the following special revenue funds:

- **Capital Development Fund** accounts for development fee proceeds to be utilized for the acquisition, construction and improvement of facilities necessary to maintain the current level of public amenities such as police, fire, library, human services, municipal offices, streets, and parks and recreation.



- **Lottery Fund** accounts for State Conservation Trust Fund proceeds to be utilized for the refurbishment, capital improvement and debt service on park acquisitions.
- **Planning & Development Services Fund** accounts for revenues and expenditures related to development and building services functions.
- **Affordable Housing Fund** accounts for cash in lieu financial contributions from developers and General Fund contributions which are to be used to construct, purchase and maintain permanently affordable housing units in Boulder.
- **Community Housing Assistance Program (CHAP) Fund** accounts for property tax, a housing excise tax and fees to be used to increase the supply of affordable housing in Boulder.
- **.25 Cent Sales Tax Fund** accounts for earmarked sales tax authorized by the voters in 1995 for parks and recreation operating and capital needs.
- **Library Fund** accounts for the operations of the city-owned library and branches. Financing is provided by general property taxes and General Fund contributions.
- **Recreation Activity Fund** accounts for revenues and expenditures related to the provision of recreation, reservoir and golf course services/programs.
- **Climate Action Plan Fund** accounts for revenues and expenditures related to programs implemented to increase energy efficiency, increase renewable energy use, reduce emissions from motor vehicles and take other steps toward the goal of meeting the Kyoto Protocol.
- **Open Space Fund** accounts for the acquisition and maintenance of greenbelt land. Financing is provided by sales taxes and the issuance of long-term bonds and notes payable.
- **Airport Fund** accounts for the operations of the city-owned municipal airport. Financing is provided by grants, rents and leases.
- **Transportation Fund** accounts for construction, operation and maintenance of all major thoroughfares, local streets, bikeways, walkways and city-owned parking. Financing is provided by sales taxes, the city's share of the County Road and Bridge tax, State Highway Users' tax and State Auto Registration fees.



- **Transportation Development Fund** accounts for development fees to be utilized for the construction of transportation capital improvements related to new development and growth.
- **Transit Pass GID** accounts for earmarked property tax authorized by the voters in 2000 to fund bus transit passes for participating neighborhoods.
- **Boulder Junction Access (GID) TDM** accounts for earmarked property tax and PILOT authorized by the voters to fund transit bus passes, bike and car share programs, and infrastructure for the properties within the Boulder Junction access district.
- **Community Development Block Grant Fund** accounts for the funds granted by the Community Development Block Grant program administered by the Department of Housing and Urban Development.
- **HOME Fund** accounts for funds granted by the HOME program administered by the Department of Housing and Urban Development.

Capital Project Funds

The Capital Project Funds are established to account for financial resources to be utilized for acquisition, construction and improvement of general fixed assets (other than those financed by Proprietary Funds).

The City of Boulder has the following Capital Project Funds:

- .25 Cent Sales Tax Bond Proceeds Fund
- Permanent Parks and Recreation Fund
- Boulder Municipal Property Authority Bond Fund
- Boulder Junction Improvement Fund
- 2011 Capital Improvement Fund

Debt Service Funds

The Debt Service Funds are established to accumulate monies for payment of general long-term debt principal and interest.

- **General Obligation Debt Service Fund** financing is provided by investments accumulated for the retirement of specific notes payable.
- **Boulder Municipal Property Authority Debt Service Fund** financing is provided by base rentals from the General Fund, Lottery Fund, Open Space Fund and the Permanent Parks and Recreation Fund.



Enterprise Funds

Enterprise Funds are established to finance and account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges. All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing collections.

The City of Boulder has the following Enterprise Funds:

- Water Utility Fund
- Wastewater Utility Fund
- Stormwater/Flood Management Utility Fund
- Downtown Commercial District Fund (formerly CAGID)
- University Hill Commercial District Fund (formerly UHGID)
- Boulder Junction Access (GID) – Parking Fund

Internal Service Funds

The Internal Service Funds are established to finance and account for services and/or commodities required by other funds. The City of Boulder has the following Internal Service Funds:

- **Telecommunications Fund** accounts for the costs of operating, acquiring and maintaining telecommunications equipment used by all city departments.
- **Property & Casualty Insurance Fund** accounts for and facilitates the monitoring of the city's self-insured property & casualty insurance plan.
- **Workers' Compensation Insurance Fund** accounts for and facilitates the monitoring of the city's self-insured workers compensation plan.
- **Compensated Absences** accounts for payments of compensated absences to employees of the General and Library Funds. Funding is received primarily from the General Fund.
- **Fleet Operations Fund** accounts for the costs of operating and maintaining automotive equipment used by other city departments. Such costs are billed to recipient departments.
- **Fleet Replacement Fund** accounts for the costs of acquiring automotive equipment used by other city departments. Such costs are billed to recipient departments.
- **Computer Replacement Fund** accounts for the costs of acquiring and maintaining computer equipment used by other city departments. Such costs are billed to the other departments.
- **Equipment Replacement Fund** accounts for the costs of acquiring equipment used by other city departments. Such costs are billed to the other departments.



- **Facility Renovation & Replacement Fund** accounts for the costs of maintaining and replacing facilities within the City of Boulder.

Pension Trust Funds

These fiduciary funds account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees and the City of Boulder at amounts determined by biennial actuarial studies and by State law.

- **Police Pension Fund** accounts for retirement annuity payments for the City of Boulder's police officers.
- **Fire Pension Fund** accounts for retirement annuity payments for the City of Boulder's fire fighters.

Budget Basis

Budgets are prepared on a modified accrual basis, except for outstanding encumbrances which are budgeted as expenditures. Briefly, this means that obligations of the city are budgeted as expenditures, but revenues are recognized only when they are measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred.

The Comprehensive Annual Financial Report (CAFR) shows the status of the city's finances on the basis of generally accepted accounting principles (GAAP). In most cases, this CAFR conforms to the way the city also prepares the budget. One exception is compensated absences (accrued but unused vacation or sick leave) which are treated slightly differently in the budget and in the CAFR.

Budget Terms

- **Accrual Basis** – The basis of accounting under which revenues and expenses are recognized when they occur, rather than when collected or paid.
- **Ad Valorem Tax** – Tax based on the Assessed Valuation of property.
- **Appropriation** – Legal authorization granted by City Council to make expenditures and incur obligations up to a specific dollar amount.



- **Appropriation Ordinance** – An ordinance by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual budget is enacted into law by the City Council.
- **Assessed Valuation** – Basis for determining property taxes. The County Assessor determines the assessed valuation of residential real property. For 2012, property was appraised at the 2011 actual value. As provided by state law, the residential rate was 7.96% of its actual 2011 value, and other property was assessed at 29%.
- **Bond** – Written promise to pay a specified sum of money, called the face value or principal, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.
- **Budget** – Plan of financial operation, embodying an estimate of proposed expenditures for a given period and the proposed revenue estimates of financing them. Upon approval by City Council, the budget appropriation ordinance is the legal basis for expenditures in the budget year.
- **Capital Assets** – Assets of significant value and having a useful life of several years. Capital assets are also referred to as fixed assets.
- **Capital Improvement Program** – An annual, updated plan of capital expenditures for public facilities and infrastructure (buildings, streets, etc.) with estimated costs, sources of funding and timing of work over a five year period.
- **Capital Project** – Projects involving the purchase or construction of capital assets. Often a capital project encompasses the purchase of land and the construction of a building or facility, or major street construction or reconstruction. Design, engineering or architectural fees are often a part of a capital project.
- **Capital Purchases** – Those items which a department purchases that have a value of over \$5,000 and a life of longer than one year, with the exception of computing equipment and copy machines which have a limit of \$1,000.
- **Debt Service** – Payment of principal and interest related to long-term debt.
- **Department** – An organizational unit of the city which provides one or more services.
- **Depreciation** – Expiration in the service life of fixed assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence.
- **Designated Fund Balance** – That portion of the fund balance that has been set aside for a specific purpose by the City Council.



- **Division** – A group of related tasks to provide a specific benefit to either the general public or the city organization. A division is a sub-organizational unit of the department.
- **Encumbrance** – Appropriations committed by contract for goods or services, which have not yet been paid.
- **Fiscal Year** – A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The City of Boulder's fiscal year is January 1 through December 31.
- **Fund Balance** – The balance remaining in a fund after costs have been subtracted from revenues.
- **General Obligation Bonds** – Bonds which the full faith and credit of the issuing government are pledged for payment.
- **Grants** – Contributions or gifts of cash or other assets from another organization to be used or expended for a specified purpose or activity.
- **Home Rule** – Statutory and constitutional provisions, which allow municipalities to exercise powers of local self-government such as the administration and collection of local taxes. The City of Boulder is a home rule municipality.
- **Infrastructure** – Facilities on which the continuance and growth of a community depend, such as streets, water lines, etc.
- **Interdepartmental Charges** – Charges for services provided by the Interdepartmental Service Funds. An example of these charges is vehicle charges. These charges are reflected as expenditures in the department budgets and as revenues in the Intradepartmental Service Funds.
- **Internal Transfers** – Legally authorized intra-city transfers from a fund receiving revenue to another fund where it is to be expended. Revenue and expenditures are accounted for in both funds.
- **Lease-Purchase Agreements** – Contractual agreements which are termed "leases", but which in substance amount to purchase contracts, for equipment and machinery.
- **Long-term Debt** – Debt with a maturity of more than one year after the date of issuance.
- **Maturity** – The date on which the principal or stated value of investments or debt obligations are due and may be reclaimed.



- **Mill Levy** – Rate applied to Assessed Valuation of property to determine property taxes. A mill is 1/10th of a penny, or \$1.00 of tax for each \$1,000 of assessed valuation. The city's maximum mill levy, excluding debt service, is thirteen mills per City Charter.
- **Modified Accrual Basis** – Revenues are recorded as the amount becomes measurable and available. Expenditures are recorded when the liability is incurred.
- **Operating Budget** – Represents the amount of money necessary to provide for the day to day functions of city government. It does not include internal transfers between funds, nor does it include expenditures for debt service and capital projects.
- **Operating Expenses** – Those items that a department will utilize in its daily operations. Examples of these items would be copying, office supplies, postage, work supplies, and chemicals. In addition, any item that a department receives from outside agencies such as telephone services, gas and electric charges, equipment rentals, rent, advertising, and contractual arrangements are also included in operating expenses.
- **Personnel Services** – This category includes salary and benefits for standard and temporary employees. It also includes budgeted overtime.
- **Plant Investment Fees** – Charges to development for connecting to the city's water or sewer system to compensate for the incremental use of capacity consumed in order to serve the development.
- **Program** – A specific activity within a department. A grouping of programs typically defines a division within a department.
- **Projected** – Estimation of revenues or expenditures based on past trends, current economic conditions and future financial forecasts.
- **Reserves** – Funds which are planned to not be spent in the current budget year, and whose level is established by a specific policy decision. Please refer to specific reserve policies in this document.
- **Revised Budget** – Most recent estimate of revenues and expenditures including additional appropriations made throughout the year and encumbrances carried over.
- **Special Assessment** – A levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.



- **Supplemental Requests** – Programs and services which departments would like to have added to their budget. Typically, supplemental requests are covered by additional revenue, as is the case with new grants.
- **Unallocated Fund Balances** – Unspent funds whose levels at any point in time are the difference between expected revenues plus any unspent funds from prior years, and budgeted expenditures. The primary conceptual difference between unallocated fund balances and reserves is that reserves are earmarked by conscious policy decisions, and unallocated fund balances are funds which remain above the reserve.
- **User Fees** – The payment of a fee for direct receipt of a public service by the party benefiting from the service.