

CITY OF BOULDER, COLORADO

Comprehensive Annual Financial Report

For the fiscal year ended

December 31, 2006

Prepared by the Department of Finance

Contents printed on recycled paper.

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CITY OF BOULDER, COLORADO

Comprehensive Annual Financial Report

December 31, 2006

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City of Boulder
Finance Department
1777 Broadway
Boulder CO 80301
303-441-3057

May 25, 2007

To the Honorable Mayor Mark Ruzzin, Members of the City Council, City Manager Frank Bruno, and the Residents of the City of Boulder:

Both the City of Boulder Charter and State law require that an audit of city financial records be conducted each year by an independent certified public accountant. Such an audit has been performed and this report is being published as part of the requirement for the fiscal year ended December 31, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

McGladrey & Pullen, LLP, has issued an unqualified (“clean”) opinion on the City of Boulder’s financial statements for the year ended December 31, 2006. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Boulder is located in north central Colorado, approximately 25 miles northwest of Denver via the Denver-Boulder Turnpike (U.S. 36). The city is located at the base of the foothills of the Front Range of the Rocky Mountains at an altitude of 5,354 feet. Nestled at the foot of the Rockies, Boulder has a special beauty that is complemented by its diverse culture. Boulder, the eleventh largest city in the state, has a diverse economy that is supported by computer, aerospace, scientific, and research firms, the University of Colorado, and several federal labs.

Superior educational and cultural resources make Boulder a fulfilling place to live, work, and play. The city encompasses approximately 25.4 square miles and is the county seat of Boulder County. The population of the city according to the 2000 census was 94,673. The 2006 population of the city was estimated to be 102,600.

The City of Boulder is a municipal corporation duly organized and existing under the laws of the State of Colorado. In particular, the city is 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 on October 30, 1917.

The council/manager form of government was adopted in the city's charter and has been in operation since January 1918. The City Council, an elected body of nine members, is the policy-making arm of the government. Eight of the members of the City Council are elected for staggered four-year terms and one is elected for a two-year term, with five council members elected in November of each odd-numbered year. A City Manager, appointed by the City Council, serves as the city's chief administrative officer.

The city provides a full range of services. These services include police and fire protection; cultural and recreational facilities and events; open space and mountain parks acquisition and maintenance; housing and human services; construction and maintenance of highways, streets and infrastructure; water, wastewater, and stormwater and flood control utilities; and parking facilities and services.

Certain parking facilities and services are provided through two legally separate entities, Central Area General Improvement District and University Hill General Improvement District. In addition, acquisition and construction of certain city properties and facilities is provided by Boulder Municipal Property Authority. These separate entities function, in essence, as separate departments of the City of Boulder and have therefore been included as an integral part of the City of Boulder's financial statements.

Budgetary Process

The City Charter includes provisions for proper budgeting, fiscal control, and auditing. It requires the establishment and maintenance of a budgetary control system for general operations. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the City Council that serves as the foundation of the city's financial planning and control. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The city budgets revenues and expenditures/expenses for all funds except the Internal Service Funds and the Pension Trust Fiduciary Funds.

The city has implemented a two-year budget process and adopts a biennial budget by December 1st of the year prior to the two-year budget period. Even though the budget is adopted for a two-year term, the State and City Charter require that prior to each fiscal year; an appropriation ordinance must be adopted to authorize budgeted expenditures for the coming fiscal year. Therefore, an annual appropriation ordinance is needed to formalize the budget for the second year.

Any budget revisions affecting fund totals are adopted in a supplemental appropriation ordinance approved by the City Council. The City Council may make additional appropriations or budgetary transfers during the fiscal year for unanticipated revenues received by the city. City management, with the approval of the Central Budget Office, may also transfer budgeted amounts within a fund without City Council approval. All appropriations lapse at year end.

Detailed budget to actual comparisons are provided in this report for the General Fund and all annually budgeted special revenue, debt service and capital project funds. Comparisons of totals by fund are also provided in the notes to the financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

Due to the impact of recessionary conditions at the national, regional and local level the City of Boulder experienced a decrease in sales and use tax collections of over 17% from 2001 through 2003. During the same time the Crossroads Mall was razed to make way for redevelopment. Additional competition also became more evident and there was sales tax leakage to nearby cities. However, beginning in 2003, sales and use tax revenues started a steady recovery with increases over each of the last three years. In addition, the Twenty Ninth Street Mall opened in October 2006, restoring retail space lost with the closure of the Crossroads Mall several years ago.

Sales and use tax revenues make up approximately 47% of the General Fund, 93% of the Open Space and Mountain Parks Fund, and 63% of the Transportation Fund, total revenues.

The property tax base has continued to grow and assessed valuation has increased each year over the last several years. Even with the healthy increases in the property tax base, because sales and use tax make up a high proportion of revenue in governmental funds, sizeable reductions in sales and use tax revenue resulted in the need to significantly downsize the city's expenditure base in the early 2000's. As revenues begin to recover, any proposed increases in expenditures are evaluated based on the city's business plan, a decision making tool which helps the city make strategic recommendations regarding priorities for current and future funding changes. By using the business plan process, existing financial policies and the six-year planning model for operations, the city has been able to consistently maintain targeted fund balances, redirect any funding increases to the highest priority areas and ensure that operating revenues exceed ongoing operating expenditures each year.

Projections for the Future

Economic conditions have improved significantly since 2003. Sales and use tax are projected to generate 49% of general fund revenues during 2007. Total sales and use tax revenues increased on a year-to-year basis by 6.87% in 2005 and 4.48% in 2006. As of the end of the first quarter of 2007, total sales and use tax revenues are up 5.21% as compared to the first quarter of 2006. The total projected increase in both sales and use tax for 2007 is 5.33%. A decrease in construction use tax is anticipated for 2007 because construction activity for 2006 included some major one time projects. Therefore, projections were reduced for construction use tax in 2007 and actual collections are meeting expectations. The total of all other revenues in the general fund are increasing by two to three percent per year and it is expected these targets will be met for 2007.

The change in March 2007 year-to-date sales and use tax revenue from the similar period in 2006 is as follows:

March YTD 2007 versus 2006		
Tax Category	% Change	% of Total
Retail Sales Tax	9.49%	84.93%
Business Use Tax	(18.60)%	8.67%
Construction Use Tax	(24.03)%	3.75%
Motor Vehicle Use Tax	26.73%	2.85%
Refunds	(43.51)%	(0.20)%
Total YTD Sales/Use Tax	5.21%	100.00%

Even though 2007 March year-to-date sales tax revenue is strong, we are taking a conservative approach to forecasting and awaiting additional results before considering any change in sales tax projections.

The actual percentages for 2005 and 2006, along with the 2007 sales tax projections for the City of Boulder and statewide forecasts from the Colorado Office of State Planning and Budgeting, are as follows:

Forecast	2005	2006	2007
Base Sales/Use Tax actual/forecast - City of Boulder	6.87%	4.51%	5.33%
Denver-Boulder CPI-U actual/forecast	2.1%	3.6%	3.2%
Projected Statewide Retail Sales Trade Growth	5.7%	5.7%	5.7%
Projected Statewide Personal Income Growth	6.4%	6.4%	6.3%

The Twenty Ninth Street retail project (replacing the old Crossroads Mall) continues to open new stores since the grand opening in October 2006. The Twenty Ninth Street retail project added approximately 817,000 square feet of retail and restaurant space. In addition, a new 16-plex cinema expected to open late summer 2007 will add another major attraction in the area. Although the impact cannot be truly isolated because sales and construction activity within the Twenty Ninth Street area impacts activity in other areas of the city, the 2006 retail sales taxes generated by the Twenty Ninth Street area totaled \$2.1 million. The Twenty Ninth Street retail project is a much appreciated addition to our sales tax base.

The combination of the new Boulder retail stores recently opened or planned for the future and increased retail spending, due to the general increases in disposable income in the region, should support a steadily increasing on-going growth in the retail sales and use tax base.

THE IMPORTANCE OF SOUND FINANCIAL PLANNING DOWNSIZING STRATEGY AND ACTIONS

During good times and bad, the City of Boulder believes that sound financial plans and processes are critical to maintaining long-term financial integrity and engages in the following “best practice” processes:

- A Business Plan that prioritizes, classifies, and stratifies ongoing and new operating programs plus capital improvement projects in the city.
- Adequate emergency/stabilization and working capital reserves.
- Adequate facility and equipment renovation and replacement reserves.
- Development of multi-year financial plans for all funds.
- Ongoing monitoring of revenues and expenditures.
- Development of contingency plans.
- Requirements that non-recurring revenues will not be used to fund on-going costs.
- Development of six-year capital improvement plans, integrating operating costs.
- Annual financial reports qualifying for the GFOA financial reporting award.
- Budget documents qualifying for the GFOA budgeting award.
- Use of a Blue Ribbon Commission to develop long range plans through 2030 and consider revenue stabilization measures.

These plans and processes have provided the “blueprint” for the on-going fiscal sustainability of the municipal corporation of Boulder, Colorado.

MAJOR INITIATIVES

Planned major capital expenditures within the next five years include: (i) improvements to the Wastewater Treatment Facility to comply with the city’s CPDES permit at an expected cost of approximately \$29.8 million to be funded by Water and Sewer System Revenue Bonds Series 2005C issued in December 2005; (ii) improvements to the “liquid” and “solids” stream processes as well as other capital improvements with respect to the plant at a projected cost of approximately \$20.4 million also partially funded through the Water and Sewer System Revenue Bonds Series 2005C; (iii) rehabilitation of sewer pipe throughout the city; (iv) the construction of a new \$6.1 million fire training center that would be funded with \$3.7 million that was collected by a county sales tax and a one-year 0.15 cent sales tax approved by the voters in November 2006; and (v) acquisition of additional open space real property financed through issuance of \$20.1 million in Open Space Acquisition Bonds in May of 2006.

Planned capital expenditures will be financed using revenues from current rates and charges, plant investment and connection fees, bond proceeds and future rate and fee increases.

Climate Action Plan Tax

In 2002, the City Council formally recognized the need to take action on climate change and passed a resolution committing the city to an initial goal of reducing greenhouse gas emissions to seven percent below 1990 levels by 2012. The resolution, referred to as the Kyoto Resolution, directed staff to develop a local action plan outlining cost-effective actions to reduce emissions in all sectors.

A consultant was hired in March 2005 to help identify funding options for a greenhouse gas emissions management plan.

In June 2006, City Council approved the Climate Action Plan (CAP) which outlined baseline information that included an emissions inventory, established the context for the greenhouse gas program and presented emission reduction strategies for each sector of the community. After a lengthy process and much deliberation, Council decided on a CAP tax proposal to fund the plan. In August 2006, the City Council put this proposed CAP tax on the November ballot.

On November 7, 2006, voters approved City of Boulder Initiative 202, the Climate Action Plan Tax, with 60% of the votes cast in favor of the initiative.

The climate action plan tax is imposed on each residence and business within the city based on their non-wind powered electric consumption, beginning in April 2007. By doing this, the City of Boulder became the first municipal government in the nation to impose an energy tax on its residents to directly combat global warming.

OTHER FINANCIAL INFORMATION

Debt Ratings

The city's general obligation credit rating has been established as Aa1 by Moody's Investors Service and AA+ by Standard & Poors. The primary reasons cited in the past for these high rating levels have been the general strength of the Boulder economy and its distinctiveness from the general Denver metropolitan economy and the lesser reliance of the city's General Fund on sales taxes when compared with other Colorado municipalities. On April 25, 2007 Standard and Poor's expressed the following when providing the Outlook in affirming the AA+ rating for Boulder's Open Space Acquisition Refunding Bonds that are secured by the city's full faith and credit pledge:

"The stable outlook reflects the city's strong financial position and stable reserves, despite some recent fluctuation in sales and use tax revenues, which have rebounded strongly over the past three years. The stable outlook also reflects the local economy's and regional economy's general strength, anchored by University of Colorado-Boulder and above- average income indicators."

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city for its CAFR for the fiscal year ended December 31, 2005. This was the seventeenth consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the city also received the GFOA's Distinguished Budget Presentation Award for its 2006-2007 biennium budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

We are proud of this continuing commitment to provide complete and reliable information to the residents of the City of Boulder.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed in its preparation. We also thank the Mayor, City Council Members, City Council Audit Committee Members, and the City Manager for their interest and support in planning and conducting the financial operations of the city in a responsible and progressive manner.

Respectfully submitted,



Director of Finance and Record

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

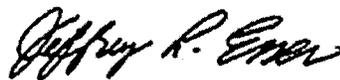
City of Boulder
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

CITY OF BOULDER, COLORADO

Principal Elected and Administrative Officials

For Year Ended December 31, 2006

Mayor and City Council

Mayor: Mark Ruzzin

Deputy Mayor: Suzy Ageton

Council Members: Robin Bohannon
Thomas E. Eldridge
Crystal Gray
Shaun McGrath
Richard Polk
Andy Schultheiss
Jack Stoakes

Administrative

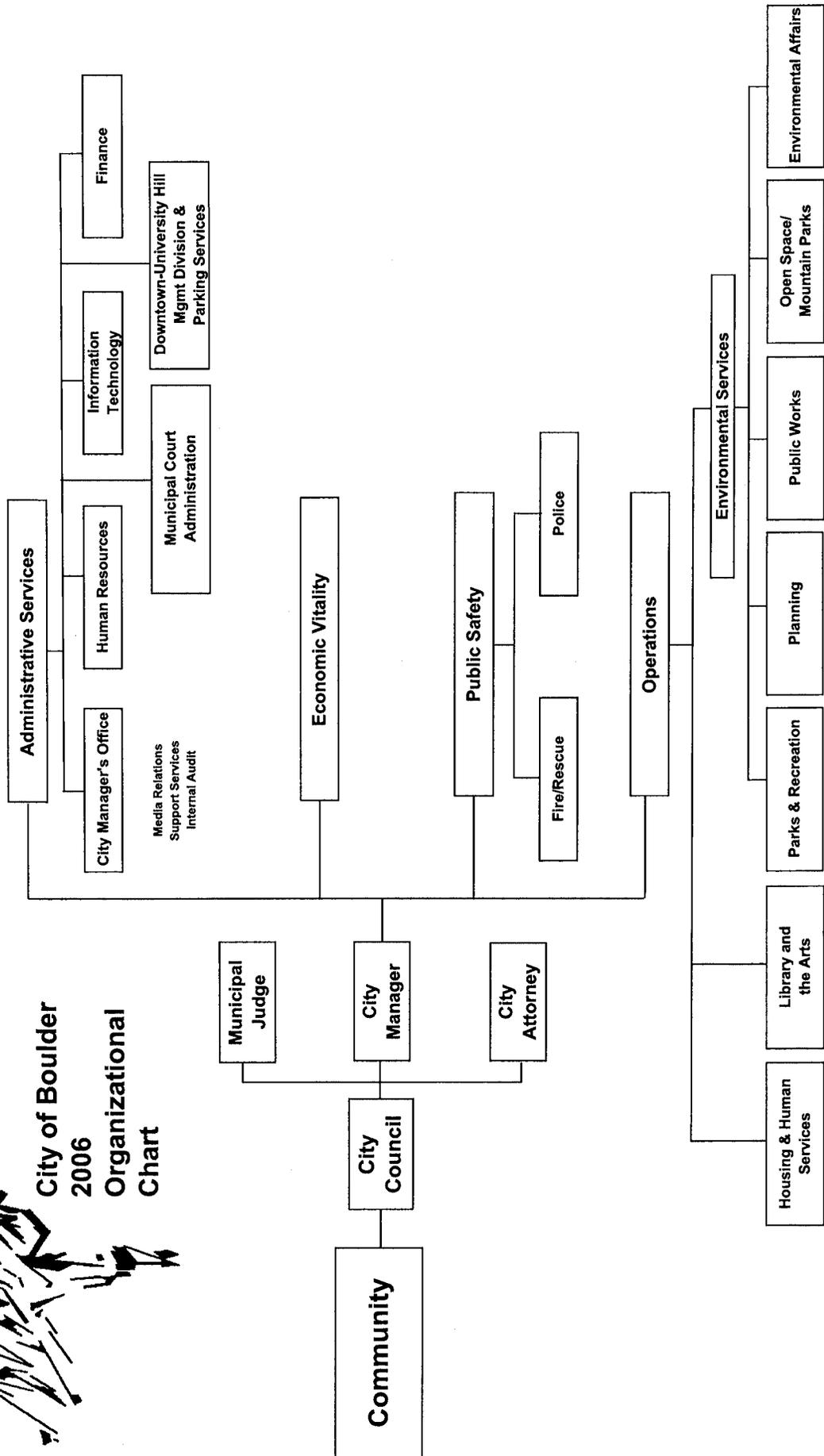
City Manager: Frank Bruno

Deputy City Managers: Kevin Burke
Stephanie Grainger

Finance Director: Bob Eichem



**City of Boulder
2006
Organizational
Chart**



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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Boulder, Colorado
Boulder, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boulder, Colorado, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Boulder's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boulder, Colorado, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and respective budgetary comparison for the General Fund, Open Space and Mountain Parks Fund, and Transportation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2007 on our consideration of the City of Boulder's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis on pages 21 through 34, and Police Pension Fund and Fire Pension Fund information on pages 144 through 146 are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boulder, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules and local highway finance report, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
May 25, 2007

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City of Boulder, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2006

This section of the City of Boulder's (the city) financial statements provides a narrative overview and analysis of its financial activities for the year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the city's financial statements, which follow this section. All amounts within this comprehensive annual financial report are expressed in thousands of dollars unless otherwise indicated.

Financial Highlights

- The assets of the city exceeded its liabilities at the close of 2006 by \$750.6 million (\$427.7 million in governmental activity net assets and \$322.9 million in business-type activity net assets). Of the governmental activities net asset total, \$21.0 million, or 5%, is unrestricted and may be used to meet the city's ongoing obligations to the public and creditors. Similarly, \$53.1 million, or 16%, of business-type activities net assets are unrestricted.
- Total net assets of the city increased \$33.5 million, or 5%, compared to 2005. Net assets of the city's governmental activities increased \$11.0 million, which represents an increase of 3% from 2005. Net assets of the city's business-type activities increased \$22.5 million, or 7%, over 2005.
- The total cost of all the city's programs increased \$14.0 million, or 8%, compared to 2005. The cost of governmental activity program expenses increased \$11.4 million, or 8%, to \$146.9 million, while the cost of business-type activities increased \$2.6 million, or 6%, from 2005 to \$42.8 million.
- Total revenues, excluding transfer and extraordinary items, increased \$14.4 million, or 7%, compared to 2005. Governmental activities revenues increased \$5.8 million, or 4%, to \$157.3 million, while revenues of business-type activities increased \$8.6 million, or 16%, to \$62.2 million compared to 2005.

As of December 31, 2006, the city's governmental funds reported a combined ending fund balance of \$88.7 million. Approximately 53%, or \$46.9 million, is unreserved, undesignated fund balance and, therefore, available for spending at the city's direction within the purposes specified for the city's funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The city's basic financial statements are comprised of three components; (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the city's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The *statement of activities* presents information showing how the city's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned, but unused, vacation leave).

Both of 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, 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 water utility, wastewater utility, stormwater and flood management, parking services, and the Boulder Municipal Property Authority's acquisition of open space and parks property.

Fund financial statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the city can be divided into three categories: governmental funds, proprietary funds and fiduciary (Pension Trust) funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the city's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds. Proprietary funds are generally used to account for services for which the city charges customers – either outside customers or internal units or departments of the city. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The city maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for the operations of the Water Utility, Wastewater Utility, Stormwater and Flood Management, Boulder Municipal Property Authority and Central Area General Improvement District funds – all of which are considered to be major funds of the city. In addition, the University Hill General Improvement District is accounted for as an enterprise fund and is the city's only non-major enterprise fund.
- **Internal Service funds** are used by the city to account for the costs of acquiring, operating and maintaining certain types of equipment and facilities, costs for city-wide insurance programs and funding for certain governmental fund compensated absences liabilities. Because these services predominantly benefit governmental rather than business-type functions, the assets and liabilities of the internal service funds have been included within governmental activities in the government-wide financial statements. Internal service funds are combined into a single, aggregated memo presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the city's progress in funding its obligation to provide pension benefits to its police and firefighters.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Included are budgetary comparison schedules for all annually budgeted nonmajor special revenue, debt service and capital project funds. Schedules of capital assets used in the operation of governmental funds are also presented in this section.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the city's financial position. Our analysis below focuses on the net assets and changes in net assets of the city's governmental and business-type activities.

Table 1 - Net Assets (dollars in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 149,006	\$ 128,636	\$ 115,540	\$ 118,734	\$ 264,546	\$ 247,370
Capital assets	409,072	403,408	382,770	375,177	791,842	778,585
Total assets	<u>558,078</u>	<u>532,044</u>	<u>498,310</u>	<u>493,911</u>	<u>1,056,388</u>	<u>1,025,955</u>
Noncurrent liabilities	96,444	84,379	158,547	165,446	254,991	249,825
Other liabilities	33,908	30,960	16,869	28,088	50,777	59,048
Total liabilities	<u>130,352</u>	<u>115,339</u>	<u>175,416</u>	<u>193,534</u>	<u>305,768</u>	<u>308,873</u>
Net assets:						
Invested in capital assets	343,319	329,926	269,527	267,873	612,846	597,799
Restricted	63,452	47,497	220	213	63,672	47,710
Unrestricted	20,955	39,282	53,147	32,291	74,102	71,573
Total net assets	<u>\$ 427,726</u>	<u>\$ 416,705</u>	<u>\$ 322,894</u>	<u>\$ 300,377</u>	<u>\$ 750,620</u>	<u>\$ 717,082</u>

Table 1 presents an analysis of the city's net assets as of December 31, 2006. The city's assets exceeded its liabilities by \$750.6 million at the close of the current fiscal year. By far the largest portion of the city's net assets (82%) reflects its investment of \$612.8 million in capital assets (for example, land, buildings, transportation infrastructure, machinery and equipment, utility plant in service and underground drainage facilities), less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services to the public; consequently, these assets are *not* available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the city's net assets, \$63.7 million (8%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted assets, \$74.1 million (10%), may be used to meet the city's on-going obligations to the public and creditors. The unrestricted net assets of the city's business-type activities in the amount of \$53.1 million are not available to fund the city's governmental activities.

At the end of the current fiscal year, the city is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities. Net assets invested in capital assets, net of related debt, increased \$15.0 million, or 2%, compared to 2005. This increase is due to current year asset acquisitions and construction projects. This is discussed below in “Capital Assets” in more detail. Restricted net assets increased \$16.0 million, or 33%, compared to 2005. This increase is primarily due to \$18.8 million in bond proceeds remaining from the sale of \$20.1 million of Series 2006 Open Space general obligation bonds. These proceeds will be used for future acquisition of open space lands. The increase of \$2.5 million, or 4%, in unrestricted net assets reflects revenues in excess of expenses for the current year.

It is important to note that approximately \$22.0 million in governmental unrestricted net assets arises from the net assets of the city’s internal service funds, discussed above in “Overview of the Financial Statements – Proprietary Funds.” Although it is highly unlikely that these funds will be liquidated, in the event that they are, the distribution of the net assets of these funds would result in a portion of these unrestricted net assets being allocated to restricted net assets of governmental activities and unrestricted net assets of business-type activities.

Analysis of Changes in Net Assets

As can be seen from *Table 2*, the city’s net assets increased by \$33.5 million during 2006. This increase is explained in the government and business-type activities discussion below.

Governmental Activities

Net assets of governmental activities increased by \$11.0 million during 2006, accounting for 33% of the total increase in the city’s net assets. This was \$8.4 million less than the increase of \$19.4 million in 2005.

Revenues and transfers during 2006 increased by \$3.0 million compared to 2005. Charges for services increased \$1.4 million, sales and use taxes increased \$3.4 million, other taxes decreased \$1.6 million and interest and investment earnings increased \$2.5 million. In addition, transfers in decreased \$2.8 million in 2006 due to a large one time transfer of assets in 2005 from the Boulder Municipal Property Authority to various governmental activities.

Expenses in 2006 increased \$11.4 million compared to 2005. Expenses increased \$3.9 million for Public Works due in part to increased public transportation costs and other program increases, \$1.5 million for Culture and Recreation, and \$3.0 million for Housing and Human Services activities. Many other governmental activities also had increases averaging 5%.

Table 2 - Change in Net Assets (dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Program revenues:						
Charges for services	\$ 19,868	\$ 18,482	\$ 48,555	\$ 44,156	\$ 68,423	\$ 62,638
Operating grants and contributions	7,039	3,887	140	196	7,179	4,083
Capital grants and contributions	6,514	9,991	6,618	6,738	13,132	16,729
General revenue:					-	-
Sales and use taxes	80,057	76,624	85	46	80,142	76,670
Property taxes	19,854	19,391	1,129	883	20,983	20,274
Other taxes	14,053	15,686	664	433	14,717	16,119
Interest and investment earnings	4,869	2,315	5,215	1,585	10,084	3,900
Miscellaneous revenue	5,002	5,125	(159)	(390)	4,843	4,735
Total Revenues	157,256	151,501	62,247	53,647	219,503	205,148
Program expenses (includes indirect expenses allocation):						
Governmental activities:						
General Government	8,429	7,632	-	-	8,429	7,632
Administrative Services	3,337	2,708	-	-	3,337	2,708
Public Safety	37,942	38,091	-	-	37,942	38,091
Public Works	32,657	28,773	-	-	32,657	28,773
Planning and Development Services	7,476	7,180	-	-	7,476	7,180
Culture and Recreation	25,901	24,357	-	-	25,901	24,357
Open Space and Mountain Parks	12,299	11,023	-	-	12,299	11,023
Housing and Human Services	14,720	11,692	-	-	14,720	11,692
Interest on long-term debt	4,137	4,016	-	-	4,137	4,016
Business-type activities:					-	-
Water Utility	-	-	21,711	20,657	21,711	20,657
Wastewater Utility	-	-	10,362	9,043	10,362	9,043
Stormwater and Flood Management	-	-	3,963	3,891	3,963	3,891
Parking Services	-	-	5,374	5,223	5,374	5,223
Property and Facility Acquisition	-	-	1,411	1,460	1,411	1,460
Total expenses	146,898	135,472	42,821	40,274	189,719	175,746
Excess before extraordinary items and transfers	10,358	16,029	19,426	13,373	29,784	29,402
Extraordinary items	-	-	3,754	-	3,754	-
Transfers	663	3,439	(663)	(3,439)	-	-
Increase in net assets	\$ 11,021	\$ 19,468	\$ 22,517	\$ 9,934	\$ 33,538	\$ 29,402

Charts 1 and *2* illustrate the city's governmental expenses and revenues by function and its revenues by source. As can be seen in *Chart 1*, Public Safety is the largest function based on expenses (26%), followed by Public Works (22%) and Culture and Recreation (17%). General revenues such as sales and use taxes, property and other taxes are not shown in *Chart 2* by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, sales and use taxes are the largest single source (51%), followed by property taxes (13%) and charges for services (13%). These ratios are comparable to those for 2005.

Chart 1: 2006 Expenses and Program Revenues - Governmental Activities

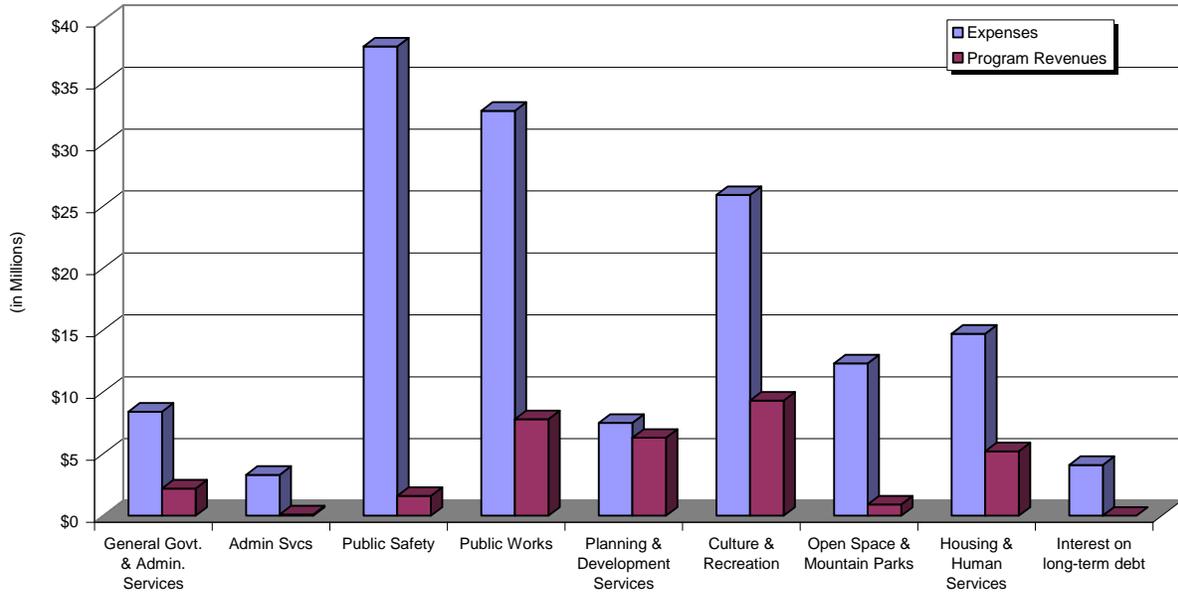
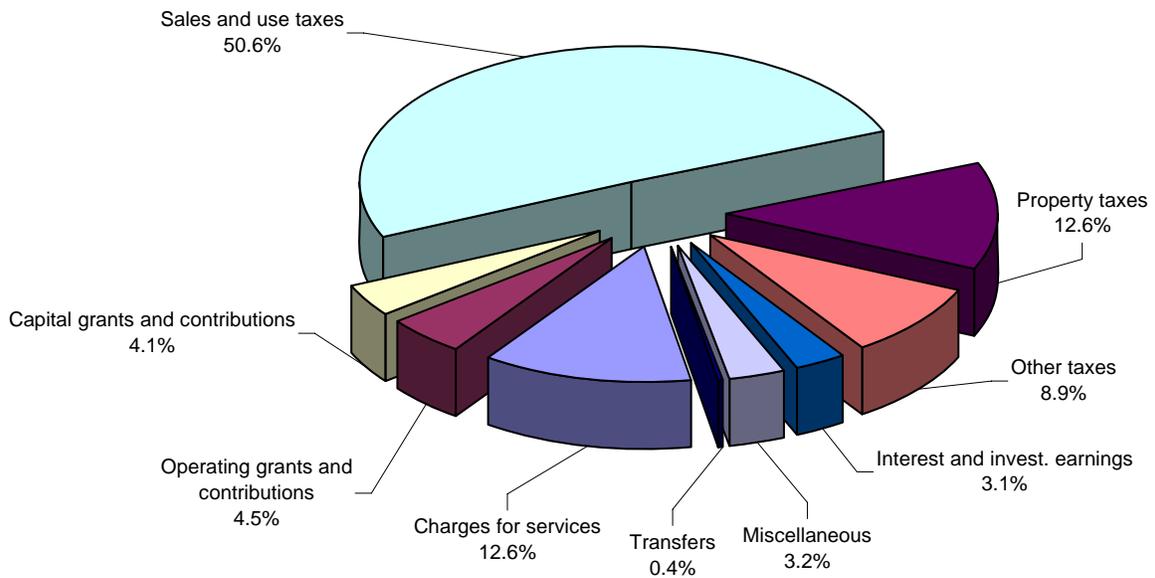


Chart 2: 2006 Revenues by Source - Governmental Activities



Business-type Activities

Net assets in business-type activities increased \$22.5 million for 2006, accounting for 69% of the total increase in the city's net assets. This was \$12.6 million, or 127%, greater than the increase of \$9.9 million in 2005.

Total business-type revenues, transfers and extraordinary items increased \$15.1 million, or 30%, compared to 2005. Water utility charges for services increased by \$2.5 million, or 12% largely due to an increase in the volume of water sold in 2006 over the volume sold in 2005 and a 3% water rate increase which went into effect in January 2006. Sewer revenues also increased by \$2.1 million primarily due to a 20% rate increase effective January 2006. In 2006, a settlement was reached regarding litigation over a waterline project that resulted in an extraordinary gain in the water fund of \$3.8 million.

Expenses of all business-type activities increased \$2.5 million, or 6% compared to 2005. Water Utility operations accounted for \$1.1 million of the increase and Wastewater Utility operations accounted for \$1.3 million of the increase. Increases in various non-personnel costs such as engineering costs, repair and maintenance costs, and gas / electric utility costs accounted for the majority of these increases. The other business-type operations also had general operating cost increases as well.

As can be seen from *Charts 3 and 4*, the city's water utility and wastewater utility activities account for the majority of its business-type activities, representing 75% of total business-type expenses. Charges for services provide the largest share of revenues (73%), followed by capital grants and contributions (10%) and interest and investment earnings (8%).

Chart 3: 2006 Expenses and Program Revenues - Business-type Activities

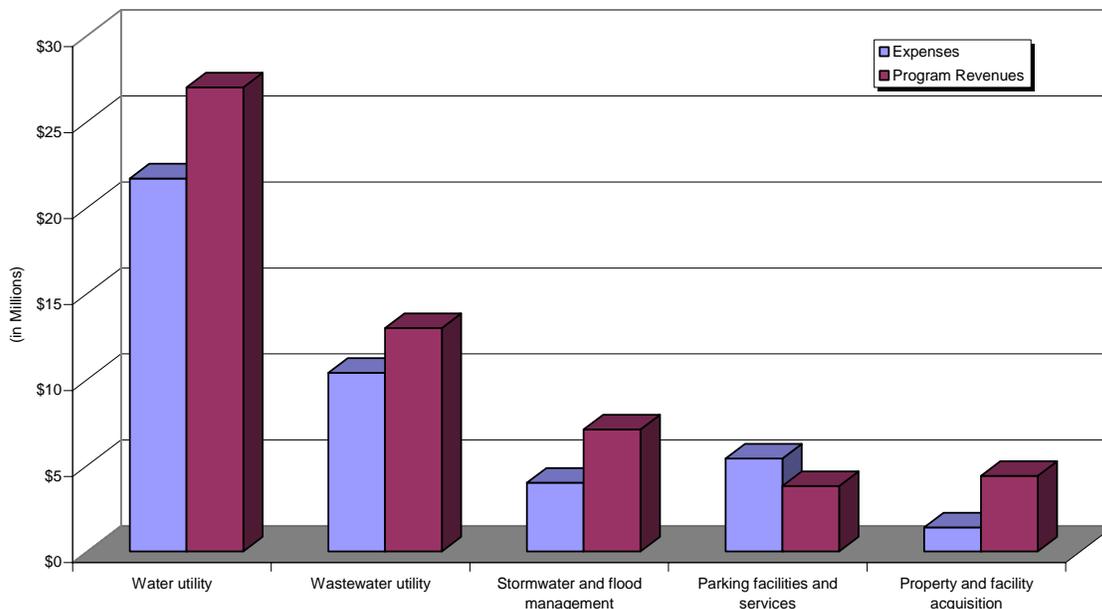
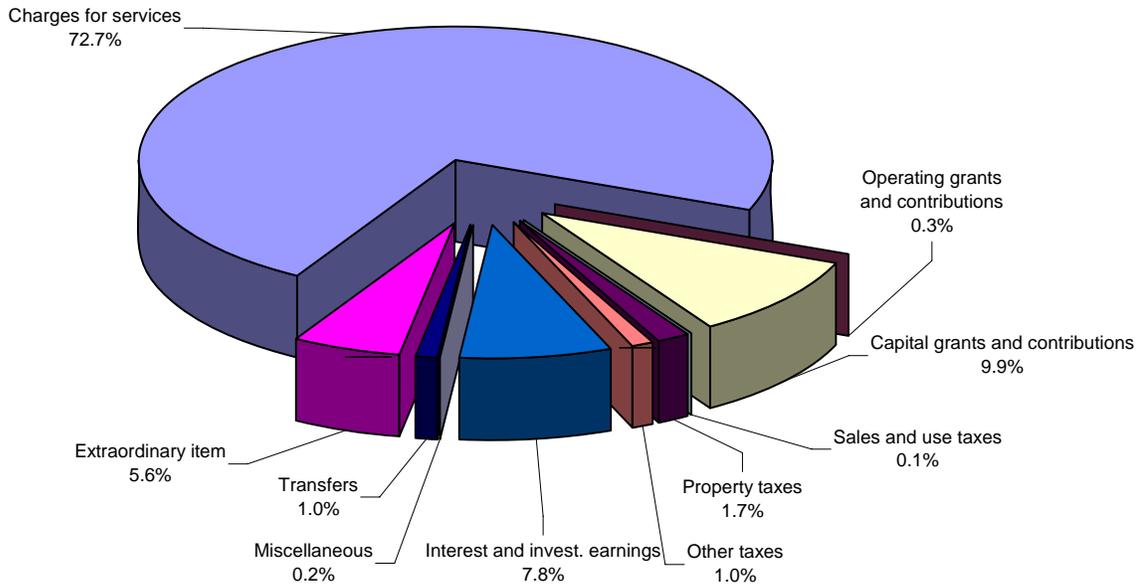


Chart 4: 2006 Revenues by Source - Business-type Activities



Financial Analysis of the City’s Funds

As noted earlier, the city uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the city’s governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the city’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the city’s net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the city include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of December 31, 2006, the city’s governmental funds reported combined ending fund balances of \$88.7 million, an increase of \$17.3 million, or 24%, in comparison with the prior year. The fund balance of the General Fund increased by \$1.9 million, largely due to the increase in sales and use tax revenues noted above. The fund balance of the Open Space and Mountain Parks Fund increased by \$15.7 largely due to \$18.8 million in bond proceeds remaining from the sale of Series 2006 Open Space general obligation bonds .

Approximately \$53.2 million or 60% of the combined ending fund balance in the governmental funds constitutes unreserved fund balance, which is available for spending at the city's discretion within the purposes specified for each of the funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for specific purposes. These reserves have been established; (1) to liquidate existing contracts and purchase orders - \$12.3 million, (2) to fund capital projects in future fiscal periods - \$19.0 million, and (3) for a variety of other restricted purposes - \$4.2 million.

The General Fund is the primary operating fund of the city. At the end of 2006 the unreserved fund balance of the General Fund was \$18.5 million, while total fund balance was \$21.2 million. As a measure of the General Fund's liquidity, it is useful to compare undesignated fund balance to total fund expenditures and transfers out. Designated fund balances represent amounts that, while the city is not legally constrained from using these fund balances at its discretion within the purposes specified for the respective funds, the City Council has "designated" these resources for various uses – although the City Council could change or remove that designation. For 2006, undesignated fund balances of \$12.4 million represent 15.1% of total general fund expenditures and transfers out of \$82.3 million. For 2005, undesignated fund balances of \$11.1 million represent 14% of total general fund expenditures and transfers out of \$78.3 million. General Fund unreserved fund balance – including designated fund balance – as a percentage of total expenditures and transfers out were 22% and 21% for 2006 and 2005, respectively.

It should also be noted that for the 2006 budget year the City Council established a minimum target for undesignated fund balance of 10% of expenditures and transfers out, excluding expenditures funded by grants. City Council has approved a range of 10-15% for this target by policy. This minimum undesignated fund balance is available for emergency purposes, stabilization of funding of programs during periods of temporary revenue declines or temporary funding of programs to allow for controlled reductions in expenditures in periods of extended or permanent revenue reductions. This target was achieved for the year. The target for 2005 was also 10%, and although City Council would like the target to increase, competing demands on the city's resources will probably keep the target at the current level for the near future.

Proprietary Funds

As already discussed, the city's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

As of December 31, 2006, the unrestricted net assets of the Water Utility Fund were \$36.9 million, the Wastewater Utility Fund were \$6.9 million, the Stormwater and Flood Management Fund were \$8.2 million, the Central Area General Improvement District were \$0.5 million and the University Hill General Improvement District were \$0.7 million. The total increase in net assets for the proprietary funds was \$22.2 million. Factors concerning these funds have already been addressed in the discussion of the city's business-type activities.

General Fund Budgetary Highlights

The city's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year. The final budget for General Fund appropriations including transfers out for 2006 was \$7.3 million greater than the original budget. The primary reasons for this difference are as follows:

- \$.7 million increase in appropriations for various encumbrances, capital projects, operating programs and grants for the Information Technology Department
- \$2.4 million increase in appropriations for various capital projects, operating programs and grants within the City Manager's Department
- \$0.7 million increase in various encumbrance carryovers, operating programs and grants for the Police Department
- \$2.0 million increase in Health and Human Services Department appropriations for new grant programs and program carryovers from 2005.

On a basis consistent with the adopted budget, actual revenues and transfers in exceeded final budgeted amounts by \$1.3 million, or 1%. Actual expenditures and transfers out were \$4.1 million, or 5%, less than the final budget. The net effect of these differences was a favorable variance in fiscal year-end budgeted fund balance of \$5.4 million. The primary factors contributing to this favorable variance included the following:

- \$1.8 million in sales and use tax revenues in excess of the amounts budgeted.
- \$2.1 million in the City Manager Department from general savings and carryover of several multi-year projects into 2007, including \$.9 million for Economic Vitality Programs.
- \$1.2 million in the Housing and Human Service Department from the Early Learning Opportunities Act grant program, the Family Resource Schools program and various other programs which were rolled forward into 2007.

Capital Assets and Debt Administration

Capital Assets

As can be seen from *Table 3*, the city's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounts to \$791.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, park facilities, transportation infrastructure, and utility plant in service, underground drainage facilities, machinery, equipment and vehicles. The net increase in the city's investment in capital assets was \$13.3 million, or 2% from 2005. Net capital assets of governmental activities increased \$5.7 million, or 1%, and those of business-type activities increased \$7.6 million, or 2%.

Table 3 - Capital Assets, Net of Depreciation (dollars in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land and easements	\$ 202,427	\$ 192,162	\$ 79,929	\$ 75,914	\$ 282,356	\$ 268,076
Buildings	45,627	44,311	35,522	36,672	81,149	80,983
Improvements other than buildings	26,196	24,135	4,149	3,791	30,345	27,926
Infrastructure	109,559	109,022	-	-	109,559	109,022
Utility plant in service and undergrounds	-	-	236,240	248,609	236,240	248,609
Machinery, equipment and vehicles	14,851	15,786	2,615	2,506	17,466	18,292
Construction in progress	10,412	17,992	24,315	7,685	34,727	25,677
Total	<u>\$ 409,072</u>	<u>\$ 403,408</u>	<u>\$ 382,770</u>	<u>\$ 375,177</u>	<u>\$ 791,842</u>	<u>\$ 778,585</u>

Major capital asset activity during 2006 included the following:

Governmental activities

- Completion of several transportation infrastructure projects including 28th Street from Baseline Road to Iris Ave totaling \$12.8 million.
- Open space land and water right purchases totaling \$8.5 million.
- Completions of several Parks & Receptions projects, including multi-modal path and greenway improvements, totaling \$3.0 million.
- Completion of the Public Safety Building firing range, \$2.6 million.
- Recognition of \$20.0 million in depreciation expense.

Business-type activities

- Initial construction of the Waste Water Treatment Plant expansion, \$16.9 million.
- Purchases of several parcels of land by BMPA for open space use totaling \$4.8 million.
- Recognition of the Lakewood Pipeline impairment of \$14.5 million.
- Recognition of \$8.7 million in depreciation expense.

Additional information on the city's capital assets can be found in Note H to the Basic Financial Statements.

Debt Administration

Table 4 summarizes the city's bonded debt as of the end of 2006 and 2005. At December 31, 2006, the city had total bonded debt of \$222.3 million. Of this amount, \$98.2 million consisted of general obligation debt backed by the full faith and credit of the city. The remainder of \$124.1 million represents bonds secured solely by specified revenue sources (revenue bonds and certificates of participation). During 2006, the city issued \$20.1 million of Open Space Acquisition Bonds Series 2006 for the purpose of acquiring land for the city's open space program.

Table 4 - General Obligation Bonds, Revenue Bonds and Certificates of Participation Outstanding (dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 75,082	\$ 60,375	\$ 23,143	\$ 25,643	\$ 98,225	\$ 86,018
Revenue bonds	9,855	10,850	111,120	116,899	120,975	127,749
Certificates of Participation	-	-	3,055	3,485	3,055	3,485
Total bonded debt	<u>\$ 84,937</u>	<u>\$ 71,225</u>	<u>\$ 137,318</u>	<u>\$ 146,027</u>	<u>\$ 222,255</u>	<u>\$ 217,252</u>

The city's general obligation credit rating continues to be Aa1 by Moody's Investor Services, Inc. and AA+ by Standard & Poor's Corporation. 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. The City's general obligation debt is issued as sales tax revenue bonds enhanced by a general obligation pledge of the full faith and credit of the City. The city does not currently levy an ad valorem property tax even though authorized to do so. As a result, all 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.

Additional information on the city's bonded debt can be found in Note N to the Basic Financial Statements.

Other Significant Matters

Governmental Activities

During 2005 multi-year contractual agreements were reached with the public safety groups. A two-year agreement for 2006 and 2007 was reached with the police union and a three-year agreement was reached with the fire union that will cover the years 2006 through 2008.

The Twenty Ninth Street retail center that replaced the Crossroads Mall held its grand opening in October 2006. Recognizing that the impact cannot be truly isolated because sales and construction activity within the Twenty Ninth Street area have both positively and negatively impacted activity in other areas of the city, the Twenty Ninth Street area generated \$2.1 million in retail sales tax in 2006. The opening of the theater within the Twenty Ninth Street retail center has been delayed until mid-2007. This delay was anticipated in the budget process so revenue estimates for the 2007 admissions tax will not need to be adjusted downward.

Business-type Activities

The city's business-type activities rates and charges have and are expected to continue to increase by approximately the rate of inflation. The exception is in the Wastewater Utility Fund where rates increased by 20% in 2006. The rate increase is part of the increases scheduled to fund; (1) capital improvements to the Wastewater Treatment Facility to comply with the city's CPDES permit (this project is funded by the Water and Sewer Revenue Bonds Series 2005C proceeds issued in December of 2005), (2) upgrade and replacement of the existing biosolids handling facilities (this project is also be funded with the Water and Sewer Revenue Bonds Series 2005C bond proceeds), and (3) rehabilitation of sewer pipe throughout the city.

During 2006, an impairment of \$14.5 million was recognized on the Lakewood Pipeline as more fully explained in Note W of the financial statements. Together with insurance proceeds received as part of a settlement agreement and payment of the final expenses to the contractor, an extraordinary gain was recognized in the Water Fund in the amount of \$3.7 million.

Contacting the City's Financial Management

This financial report is designed to provide the public, taxpayers, customers, investors and creditors with a general overview of the city's finances and to show the city's accountability for the funds and assets it receives. If you have questions about this report, or need additional financial information, contact the Finance Director of the City of Boulder Finance Department at 1777 Broadway, Boulder, CO 80302.

BASIC FINANCIAL STATEMENTS

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CITY OF BOULDER, COLORADO

Statement of Net Assets

December 31, 2006

(Amounts in 000's)

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,764	\$ 1,296	\$ 3,060
Investments	87,889	65,390	153,279
General property tax receivable	20,512	1,441	21,953
Sales tax receivable	10,220	-	10,220
Notes receivable	-	88	88
Other receivables (net of allowance for doubtful accounts)	5,976	3,186	9,162
Restricted cash and investments	21,289	43,162	64,451
Inventory of materials and supplies	54	177	231
Other assets	523	800	1,323
Prepaid net pension obligation	779	-	779
Capital assets (net of accumulated depreciation):			
Land and easements	202,427	79,929	282,356
Buildings	45,627	35,522	81,149
Improvements other than buildings	26,196	4,149	30,345
Infrastructure	109,559	-	109,559
Utility plant in service and undergrounds	-	236,240	236,240
Machinery, equipment and vehicles	14,851	2,615	17,466
Construction in progress	10,412	24,315	34,727
Total assets	<u>558,078</u>	<u>498,310</u>	<u>1,056,388</u>
Liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	4,342	3,374	7,716
Contracts and retainage payable	787	1,595	2,382
Accrued liabilities	6,761	4,219	10,980
Intergovernmental	38	-	38
Internal balances	187	(187)	-
Other liabilities	261	216	477
Unearned revenue:			
General property taxes	20,512	1,441	21,953
Other	1,020	12	1,032
Deferred credit	-	6,199	6,199
Noncurrent liabilities:			
Due within one year	11,408	12,590	23,998
Due in more than one year	85,036	145,957	230,993
Total liabilities	<u>130,352</u>	<u>175,416</u>	<u>305,768</u>
Net assets:			
Invested in capital assets, net of related debt	343,319	269,527	612,846
Restricted for:			
Special purposes	29,860	120	29,980
Capital projects	33,545	100	33,645
Debt service	47	-	47
Unrestricted	20,955	53,147	74,102
Total net assets	<u>\$ 427,726</u>	<u>\$ 322,894</u>	<u>\$ 750,620</u>

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Activities

Year ended December 31, 2006

(Amounts in 000's)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General Government	\$ 9,979	\$ (1,550)	\$ 1,783	375	\$ -
Administrative Services	8,564	(5,227)	98	-	-
Public Safety	35,924	2,018	990	644	9
Public Works	33,750	(1,093)	719	2,064	5,024
Planning & Development Services	6,273	1,203	6,289	5	-
Culture and Recreation	24,625	1,276	8,057	170	1,094
Open Space and Mountain Parks	11,754	545	405	75	387
Housing and Human Services	13,995	725	1,527	3,706	-
Interest on long-term debt	4,137	-	-	-	-
Total governmental activities	<u>149,001</u>	<u>(2,103)</u>	<u>19,868</u>	<u>7,039</u>	<u>6,514</u>
Business-type activities:					
Water utility	20,667	1,044	23,570	4	3,394
Wastewater utility	9,626	736	12,126	-	887
Stormwater and flood management	3,806	157	4,607	136	2,337
Parking facilities and services	5,208	166	3,808	-	-
Property and facility acquisition	1,411	-	4,444	-	-
Total business-type activities	<u>40,718</u>	<u>2,103</u>	<u>48,555</u>	<u>140</u>	<u>6,618</u>
Total government	<u>\$ 189,719</u>	<u>\$ -</u>	<u>\$ 68,423</u>	<u>\$ 7,179</u>	<u>\$ 13,132</u>

General revenues:

Taxes:

Sales and use taxes
 Sales and use tax increment
 General property taxes
 General property tax increment
 Other taxes
 Excess tax increment

Interest and investment earnings
 Miscellaneous

Transfers

Extraordinary item

Total general revenues, transfers,
 and extraordinary item

Change in net assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (6,271)	\$ -	\$ (6,271)
(3,239)	-	(3,239)
(36,299)	-	(36,299)
(24,850)	-	(24,850)
(1,182)	-	(1,182)
(16,580)	-	(16,580)
(11,432)	-	(11,432)
(9,487)	-	(9,487)
(4,137)	-	(4,137)
<u>(113,477)</u>	<u>-</u>	<u>(113,477)</u>
-	5,257	5,257
-	2,651	2,651
-	3,117	3,117
-	(1,566)	(1,566)
-	3,033	3,033
-	12,492	12,492
<u>(113,477)</u>	<u>12,492</u>	<u>(100,985)</u>
80,057	-	80,057
-	85	85
19,854	874	20,728
-	500	500
14,053	664	14,717
-	(245)	(245)
4,869	5,215	10,084
5,002	(159)	4,843
663	(663)	-
-	3,754	3,754
<u>124,498</u>	<u>10,025</u>	<u>134,523</u>
<u>11,021</u>	<u>22,517</u>	<u>33,538</u>
<u>416,705</u>	<u>300,377</u>	<u>717,082</u>
<u>\$ 427,726</u>	<u>\$ 322,894</u>	<u>\$ 750,620</u>

CITY OF BOULDER, COLORADO

Balance Sheet

Governmental Funds

December 31, 2006

(Amounts in 000's)

<u>Assets</u>	<u>General Fund</u>	<u>Open Space & Mountain Parks Fund</u>	<u>Trans- portation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Equity in pooled cash and cash equivalents	\$ 337	\$ 177	\$ 181	\$ 547	\$ 1,242
Investments	16,220	8,973	9,157	27,103	61,453
Receivables:					
General property taxes	17,174	-	-	3,338	20,512
Sales and use taxes	4,590	2,627	1,791	1,212	10,220
Accounts	1,278	20	245	55	1,598
Accrued interest	142	215	80	220	657
Intergovernmental	614	38	1,258	1,321	3,231
Other	61	-	62	90	213
	<u>23,859</u>	<u>2,900</u>	<u>3,436</u>	<u>6,236</u>	<u>36,431</u>
Due from other funds	17	-	-	-	17
Advances to other funds	358	-	-	-	358
Inventory of materials and supplies	7	-	-	47	54
Restricted assets:					
Investments for special purposes	1,682	-	-	653	2,335
Investments for capital projects	-	18,785	-	122	18,907
Investments for debt service	-	-	-	47	47
Total restricted assets	<u>1,682</u>	<u>18,785</u>	<u>-</u>	<u>822</u>	<u>21,289</u>
Other assets	<u>85</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85</u>
Total assets	<u>\$ 42,565</u>	<u>\$ 30,835</u>	<u>\$ 12,774</u>	<u>\$ 34,755</u>	<u>\$ 120,929</u>

The accompanying notes are an integral part of this statement.

<u>Liabilities and Fund Equity</u>	<u>General Fund</u>	<u>Open Space & Mountain Parks Fund</u>	<u>Trans- portation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities:					
Accounts and accrued liabilities:					
Vouchers and accounts payable	\$ 1,123	\$ 218	\$ 1,266	\$ 1,419	\$ 4,026
Contracts and retainage payable	-	-	494	288	782
Accrued salaries, wages and amounts withheld from employees	1,906	228	312	655	3,101
Accrued interest	50	1,235	-	49	1,334
Intergovernmental	38	-	-	-	38
Due to other funds	12	553	3	31	599
Other liabilities	52	1	153	55	261
Deferred revenue:					
General property taxes	17,174	-	-	3,338	20,512
Other	960	3	504	138	1,605
Total liabilities	<u>21,315</u>	<u>2,238</u>	<u>2,732</u>	<u>5,973</u>	<u>32,258</u>
Fund equity:					
Fund balances:					
Reserved for:					
Encumbrances	652	272	5,695	5,652	12,271
Special purposes	1,682	-	-	644	2,326
Compensated absences	-	480	154	708	1,342
Capital projects	-	18,888	-	84	18,972
Debt service	-	-	-	47	47
Advances to other funds	358	-	-	-	358
Inventories	7	-	-	47	54
Other assets	85	-	-	-	85
Unreserved:					
Designated:					
Special purposes:					
General Fund	6,073	-	-	-	6,073
Open Space & Mountain Parks Fund	-	42	-	-	42
Transportation Fund	-	-	128	-	128
Nonmajor Special Revenue Funds	-	-	-	113	113
Undesignated:					
General Fund	12,393	-	-	-	12,393
Open Space & Mountain Parks Fund	-	8,915	-	-	8,915
Transportation Fund	-	-	4,065	-	4,065
Nonmajor Special Revenue Funds	-	-	-	16,509	16,509
Nonmajor Debt Service Funds	-	-	-	303	303
Nonmajor Capital Project Funds	-	-	-	4,675	4,675
Total fund equity	<u>21,250</u>	<u>28,597</u>	<u>10,042</u>	<u>28,782</u>	<u>88,671</u>
Total liabilities and fund equity	<u>\$ 42,565</u>	<u>\$ 30,835</u>	<u>\$ 12,774</u>	<u>\$ 34,755</u>	<u>\$ 120,929</u>

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CITY OF BOULDER, COLORADO

Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Assets

Year ended December 31, 2006

(Amounts in 000's)

Total governmental fund balances	\$	88,671
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds. This amount is net of accumulated depreciation of \$250,167.		349,350
Other long-term assets (bond issuance costs) are reported as current period expenditures during the period incurred in the funds. The costs are deferred, net of amortization, in the government-wide statement of net assets.		229
Accumulated difference between the actual pension contributions expensed in the governmental funds and the actuarially determined annual pension cost expensed in the government-wide statements.		
Police prepaid net pension obligation	\$	164
Fire prepaid net pension obligation		615
		<u>779</u>
Internal service funds are used by management to charge the costs of insurance, capital asset replacement and other activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		84,397
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(96,285)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.		
Special assessments receivable		68
Intergovernmental receivable		517
		<u>585</u>
Net assets of governmental activities	\$	<u><u>427,726</u></u>

The accompanying notes are an integral part of this statement.

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CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended December 31, 2006

(Amounts in 000's)

	General Fund	Open Space & Mountain Parks Fund	Trans- portation Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Sales and use taxes	\$ 36,150	\$ 20,568	\$ 13,992	\$ 9,347	\$ 80,057
General property taxes	16,643	-	-	3,211	19,854
Other taxes	13,042	-	-	1,011	14,053
Charges for services	2,236	12	-	9,127	11,375
Sale of goods and capital assets	51	226	4	457	738
License, permits and fines	4,812	106	-	4,912	9,830
Intergovernmental	2,340	65	7,321	4,526	14,252
Leases, rents and royalties	240	287	84	1,365	1,976
Interest and investment earnings	989	869	445	1,457	3,760
Other	449	35	518	333	1,335
Total revenues	<u>76,952</u>	<u>22,168</u>	<u>22,364</u>	<u>35,746</u>	<u>157,230</u>
Expenditures:					
Current:					
General Government	9,516	-	-	206	9,722
Administrative Services	8,456	-	-	17	8,473
Public Safety	36,671	67	-	-	36,738
Public Works	4,266	-	19,968	3,716	27,950
Planning & Development Services	20	-	-	6,332	6,352
Culture and Recreation	4,497	-	-	18,915	23,412
Open Space and Mountain Parks	128	17,412	-	76	17,616
Housing and Human Services	5,384	-	-	8,218	13,602
Capital outlay	-	-	-	1,729	1,729
Debt service payments:					
Principal	910	4,084	-	3,445	8,439
Interest	225	2,600	-	1,277	4,102
Base rentals to Boulder Municipal Property Authority Debt Service Fund	595	3,001	273	575	4,444
Total expenditures	<u>70,668</u>	<u>27,164</u>	<u>20,241</u>	<u>44,506</u>	<u>162,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,284</u>	<u>(4,996)</u>	<u>2,123</u>	<u>(8,760)</u>	<u>(5,349)</u>
Other financing sources (uses):					
Long-term bonds issued	-	20,115	-	-	20,115
Premium on long-term bonds issued	-	367	-	-	367
Transfers in	7,250	958	170	10,162	18,540
Transfers out	(11,621)	(726)	(1,337)	(2,670)	(16,354)
Total other financing sources (uses)	<u>(4,371)</u>	<u>20,714</u>	<u>(1,167)</u>	<u>7,492</u>	<u>22,668</u>
Net change in fund balances	1,913	15,718	956	(1,268)	17,319
Fund balances, beginning of year	<u>19,337</u>	<u>12,879</u>	<u>9,086</u>	<u>30,050</u>	<u>71,352</u>
Fund balances, end of year	\$ <u>21,250</u>	\$ <u>28,597</u>	\$ <u>10,042</u>	\$ <u>28,782</u>	\$ <u>88,671</u>

The accompanying notes are an integral part of this statement.

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CITY OF BOULDER, COLORADO

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-wide Statement of Activities

Year ended December 31, 2006

(Amounts in 000's)

Net change in fund balances - total governmental funds	\$	17,319	
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$14,180) exceeded capital outlays (\$20,261) in the current period.			
		6,081	
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
		(11,914)	
Some revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in governmental funds. Examples are revenues from special assessments, property taxes and notes receivable.			
Special assessments - Public Works	\$	(14)	
Intergovernmental revenue - Public Works		<u>(1,954)</u>	(1,968)
Internal service funds are used by management to charge the costs of insurance, capital asset replacement and other activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.			
Capital contributions (to) from other funds:			
Public Safety		47	
Public Works		1,059	
Culture and Recreation		118	
Interest and investment earnings		1,109	
Net transfers to governmental funds		(543)	
Allocation of net profit or (loss)		<u>(1,066)</u>	724
The increase in the prepaid net pension obligation resulting from contributions greater than the annual required contribution is not a financial resource and is not reported in the funds.			
			779
Change in net assets of governmental activities	\$		<u><u>11,021</u></u>

The accompanying notes are an integral part of this statement.

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CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 34,248	\$ 34,289	\$ 36,150	\$ 1,861
General property taxes	16,454	16,454	16,643	189
Other taxes	12,112	12,184	13,042	858
Charges for services	2,115	2,227	2,236	9
Sale of goods and capital assets	47	47	51	4
Licenses, permits and fines	5,360	5,535	4,812	(723)
Intergovernmental	799	2,823	2,340	(483)
Leases, rents and royalties	358	358	240	(118)
Interest and investment earnings	424	424	866	442
Other	602	1,436	666	(770)
Total revenues	<u>72,519</u>	<u>75,777</u>	<u>77,046</u>	<u>1,269</u>
Expenditures:				
Current:				
General Government	9,402	12,171	10,111	2,060
Administrative Services	8,140	9,101	8,669	432
Public Safety	35,778	36,811	36,384	427
Public Works	4,196	4,283	4,292	(9)
Planning & Development Services	20	20	20	-
Culture and Recreation	4,377	4,497	4,562	(65)
Open Space and Mountain Parks	128	128	128	-
Housing and Human Services	4,632	6,619	5,384	1,235
Debt service payments:				
Principal	910	910	910	-
Interest	224	224	226	(2)
Base rentals to Boulder Municipal Property Authority Debt Service Fund	622	622	595	27
Total expenditures	<u>68,429</u>	<u>75,386</u>	<u>71,281</u>	<u>4,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,090</u>	<u>391</u>	<u>5,765</u>	<u>5,374</u>
Other financing sources (uses):				
Transfers in	6,900	7,289	7,281	(8)
Transfers out	(11,357)	(11,667)	(11,621)	46
Total other financing sources (uses)	<u>(4,457)</u>	<u>(4,378)</u>	<u>(4,340)</u>	<u>38</u>
Net change in fund balance	\$ <u>(367)</u>	\$ <u>(3,987)</u>	1,425	\$ <u>5,412</u>
Encumbrances, end of year			652	
Fund balance, beginning of year, basis of budgeting			<u>20,572</u>	
Fund balance, end of year, basis of budgeting			<u>22,649</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(55)	
Accrued salaries, wages and amounts withheld from employees			(1,692)	
Change in accrued interest payable			(10)	
Advances to other funds			<u>358</u>	
Fund balance, end of year, GAAP basis			\$ <u>21,250</u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Open Space and Mountain Parks Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 19,476	\$ 19,476	\$ 20,568	\$ 1,092
Charges for services	-	-	12	12
Sale of goods and capital assets	-	193	226	33
Licenses, permits and fines	-	-	106	106
Intergovernmental	-	213	65	(148)
Leases, rents and royalties	245	245	287	42
Interest and investment earnings	255	255	831	576
Other	-	-	35	35
Total revenues	<u>19,976</u>	<u>20,382</u>	<u>22,130</u>	<u>1,748</u>
Expenditures:				
Current:				
Public Safety	67	67	67	-
Open Space and Mountain Parks	12,514	36,936	17,647	19,289
Debt service payments:				
Principal	4,084	4,084	4,084	-
Interest	2,068	2,676	2,745	(69)
Base rentals to Boulder Municipal Property Authority Debt Service Fund				
	3,069	3,069	3,001	68
Total expenditures	<u>21,802</u>	<u>46,832</u>	<u>27,544</u>	<u>19,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,826)</u>	<u>(26,450)</u>	<u>(5,414)</u>	<u>21,036</u>
Other financing sources (uses):				
Long-term bonds issued	-	20,060	20,115	55
Premium on long-term bonds issued	-	367	367	-
Transfers in	958	958	958	-
Transfers out	<u>(726)</u>	<u>(726)</u>	<u>(726)</u>	<u>-</u>
Total other financing sources (uses)	<u>232</u>	<u>20,659</u>	<u>20,714</u>	<u>55</u>
Net change in fund balance	\$ <u>(1,594)</u>	\$ <u>(5,791)</u>	15,300	\$ <u>21,091</u>
Encumbrances, end of year			272	
Fund balance, beginning of year, basis of budgeting			<u>14,372</u>	
Fund balance, end of year, basis of budgeting			29,944	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(84)	
Accrued salaries, wages and amounts withheld from employees			(204)	
Change in accrued interest payable			<u>(1,059)</u>	
Fund balance, end of year, GAAP basis			\$ <u>28,597</u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Transportation Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 13,266	\$ 13,266	\$ 13,992	\$ 726
Sale of goods and capital assets	1,666	1,666	4	(1,662)
Intergovernmental	3,013	12,732	7,321	(5,411)
Leases, rents and royalties	84	84	84	-
Interest and investment earnings	209	209	388	179
Other	685	787	518	(269)
Total revenues	<u>18,923</u>	<u>28,744</u>	<u>22,307</u>	<u>(6,437)</u>
Expenditures:				
Current:				
Public Works	16,215	31,978	25,523	6,455
Debt service payments:				
Base rentals to Boulder Municipal Property Authority Debt Service Fund	273	273	273	-
Total expenditures	<u>16,488</u>	<u>32,251</u>	<u>25,796</u>	<u>6,455</u>
Excess (deficiency) of revenues over (under) expenditures	2,435	(3,507)	(3,489)	18
Other financing sources (uses):				
Transfers in	-	170	170	-
Transfers out	(1,337)	(1,337)	(1,337)	-
Total other financing sources (uses)	<u>(1,337)</u>	<u>(1,167)</u>	<u>(1,167)</u>	<u>-</u>
Net change in fund balance	\$ <u>1,098</u>	\$ <u>(4,674)</u>	(4,656)	\$ <u>18</u>
Encumbrances, end of year			5,695	
Fund balance, beginning of year, basis of budgeting			<u>9,307</u>	
Fund balance, end of year, basis of budgeting			10,346	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(27)	
Accrued salaries, wages and amounts withheld from employees			<u>(277)</u>	
Fund balance, end of year, GAAP basis			\$ <u>10,042</u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Net Assets

Proprietary Funds

December 31, 2006

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 845	\$ 239	\$ 169
Investments	42,735	12,076	8,541
Receivables:			
General property taxes	-	-	-
Accounts	243	12	12
Charges for services	758	515	270
Notes - current installments	11	8	69
Accrued interest	398	355	74
Intergovernmental	-	-	525
	<u>1,410</u>	<u>890</u>	<u>950</u>
Due from other funds	-	-	-
Inventory of materials and supplies	177	-	-
Other assets - prepaid expenses	-	-	-
Total current assets	<u>45,167</u>	<u>13,205</u>	<u>9,660</u>
Noncurrent assets:			
Restricted assets:			
Cash for capital projects	-	-	-
Investments for bond reserves	6,270	170	825
Investments for capital projects	1,896	33,562	-
Total restricted assets	<u>8,166</u>	<u>33,732</u>	<u>825</u>
Other assets -			
deferred charges	264	176	17
Capital assets:			
Land and easements	19,935	1,395	13,313
Buildings	1,108	1,750	764
Improvements other than buildings	8	-	651
Utility plant in service	224,598	66,587	-
Undergrounds - drainage facilities	-	-	58,524
Vehicles	-	-	-
Machinery and equipment	3,012	2,537	1,203
	<u>248,661</u>	<u>72,269</u>	<u>74,455</u>
Less accumulated depreciation	<u>(69,774)</u>	<u>(34,847)</u>	<u>(14,136)</u>
	178,887	37,422	60,319
Construction in progress	2,531	21,265	454
Total capital assets, net of accumulated depreciation	<u>181,418</u>	<u>58,687</u>	<u>60,773</u>
Total noncurrent assets	<u>189,848</u>	<u>92,595</u>	<u>61,615</u>
Total assets	<u>235,015</u>	<u>105,800</u>	<u>71,275</u>

The accompanying notes are an integral part of this statement.

Boulder Municipal Property Authority	Central Area General Improvement District	Other Enterprise Fund University Hill General Improvement District	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ -	\$ 29	\$ 14	\$ 1,296	\$ 522
-	1,330	708	65,390	26,436
-	1,416	25	1,441	-
-	-	-	267	69
-	-	-	1,543	-
-	-	-	88	-
-	13	6	846	208
-	5	-	530	-
-	1,434	31	4,715	277
582	-	-	582	-
-	-	-	177	-
-	-	-	-	209
<u>582</u>	<u>2,793</u>	<u>753</u>	<u>72,160</u>	<u>27,444</u>
-	85	-	85	-
-	354	-	7,619	-
-	-	-	35,458	-
-	439	-	43,162	-
-	343	-	800	-
42,509	2,333	444	79,929	102
6,433	37,682	-	47,737	65,421
-	5,042	31	5,732	8,274
-	-	-	291,185	-
-	-	-	58,524	-
-	-	-	-	22,163
-	186	70	7,008	8,307
48,942	45,243	545	490,115	104,267
(2,072)	(10,744)	(87)	(131,660)	(44,975)
46,870	34,499	458	358,455	59,292
-	65	-	24,315	430
46,870	34,564	458	382,770	59,722
46,870	35,346	458	426,732	59,722
<u>47,452</u>	<u>38,139</u>	<u>1,211</u>	<u>498,892</u>	<u>87,166</u>

(continued)

CITY OF BOULDER, COLORADO

Statement of Net Assets,
continued

Proprietary Funds

December 31, 2006

(Amounts in 000's)

	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Stormwater and Flood Management Fund</u>
Liabilities:			
Current liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	\$ 760	\$ 1,350	\$ 1,223
Contracts and retainage payable	102	1,421	72
Accrued salaries, wages and amounts withheld from employees	226	150	40
Accrued interest	231	167	24
Accrued insurance reimbursement	-	-	-
Advances from other funds	-	-	-
Other liabilities	190	13	-
Deferred revenue:			
General property taxes	-	-	-
Other	12	-	-
General obligation bonds payable (current portion)	-	-	-
Revenue bonds payable (current portion)	3,785	1,750	525
Certificates of participation (current portion)	-	-	-
Lease purchase revenue notes payable (current portion)	-	-	-
Total current liabilities	<u>5,306</u>	<u>4,851</u>	<u>1,884</u>
Non-current liabilities:			
Accounts and accrued liabilities:			
Accrued landfill cleanup liability	-	2,531	-
Deferred credit - future water rights	6,199	-	-
General obligation bonds payable (net of premium and refunding bond charges)	-	-	-
Revenue bonds payable (net of premium and refunding bond charges)	55,822	44,008	5,230
Certificates of participation	-	-	-
Lease purchase revenue notes payable	-	-	-
Compensated absences:			
Accrued vacation pay	302	236	54
Accrued sick pay	131	149	13
Accrued appreciation bonus	156	239	60
Total non-current liabilities	<u>62,610</u>	<u>47,163</u>	<u>5,357</u>
Total liabilities	<u>67,916</u>	<u>52,014</u>	<u>7,241</u>
Net assets:			
Invested in capital assets, net of related debt	130,141	46,837	55,860
Restricted for:			
Special purposes	-	-	-
Capital projects	100	-	-
Compensated absences	-	-	-
Unrestricted	<u>36,858</u>	<u>6,949</u>	<u>8,174</u>
Total net assets	<u>\$ 167,099</u>	<u>\$ 53,786</u>	<u>\$ 64,034</u>

The accompanying notes are an integral part of this statement.

Boulder Municipal Property Authority	Central Area General Improvement District	Other Enterprise Fund University Hill General Improvement District	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ -	\$ 32	\$ 9	\$ 3,374	\$ 316
-	-	-	1,595	5
-	51	8	475	66
582	209	-	1,213	-
-	-	-	-	2,260
-	358	-	358	-
-	12	1	216	-
-	1,416	25	1,441	-
-	-	-	12	-
-	2,720	-	2,720	-
-	-	-	6,060	-
450	-	-	450	-
2,955	-	-	2,955	-
<u>3,987</u>	<u>4,798</u>	<u>43</u>	<u>20,869</u>	<u>2,647</u>
-	-	-	2,531	-
-	-	-	6,199	-
-	20,423	-	20,423	-
-	-	-	105,060	-
2,605	-	-	2,605	-
16,832	-	-	16,832	-
-	58	7	657	57
-	7	2	302	57
-	26	2	483	45
<u>19,437</u>	<u>20,514</u>	<u>11</u>	<u>155,092</u>	<u>159</u>
<u>23,424</u>	<u>25,312</u>	<u>54</u>	<u>175,961</u>	<u>2,806</u>
24,028	12,203	458	269,527	59,722
-	116	4	120	-
-	-	-	100	-
-	-	-	-	2,613
-	508	695	53,184	22,025
<u>\$ 24,028</u>	<u>\$ 12,827</u>	<u>\$ 1,157</u>	322,931	<u>\$ 84,360</u>

Adjustment to reflect the consolidation of internal service
fund activities related to enterprise funds
Net assets of business-type activities

(37)
\$ 322,894

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year ended December 31, 2006

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Operating revenues:			
Charges for services	\$ 23,554	\$ 12,101	\$ 4,591
Leases, rents and royalties	-	-	-
Total operating revenues	<u>23,554</u>	<u>12,101</u>	<u>4,591</u>
Operating expenses:			
Personnel	5,144	3,745	1,286
Non-personnel	6,556	2,757	1,360
Depreciation and amortization	<u>4,722</u>	<u>1,619</u>	<u>898</u>
Total operating expenses	<u>16,422</u>	<u>8,121</u>	<u>3,544</u>
Operating income (loss)	<u>7,132</u>	<u>3,980</u>	<u>1,047</u>
Nonoperating revenues (expenses):			
Interest and investment earnings	2,320	2,330	465
Leases, rents and royalties	16	25	16
Intergovernmental revenue	4	-	136
Sales and use tax increment	-	-	-
General property taxes	-	-	-
General property tax increment	-	-	-
Other taxes	-	-	-
Excess tax increment	-	-	-
Interest expense	(2,855)	(1,673)	(290)
Contribution expense - future water rights	(1,555)	-	-
Gain (loss) on sale of property and equipment	(16)	(10)	(198)
Other, net	<u>(7)</u>	<u>1</u>	<u>23</u>
Total nonoperating revenues (expenses)	<u>(2,093)</u>	<u>673</u>	<u>152</u>
Income (loss) before capital contributions extraordinary item and transfers	5,039	4,653	1,199
Capital contributions	3,394	887	2,337
Extraordinary item	3,754	-	-
Transfers in	322	216	77
Transfers out	<u>(1,221)</u>	<u>(904)</u>	<u>(268)</u>
Changes in net assets	11,288	4,852	3,345
Total net assets, beginning of year	<u>155,811</u>	<u>48,934</u>	<u>60,689</u>
Total net assets, end of year	<u>\$ 167,099</u>	<u>\$ 53,786</u>	<u>\$ 64,034</u>

The accompanying notes are an integral part of this statement.

Boulder Municipal Property Authority	Central Area General Improvement District	Other Enterprise Fund University Hill General Improvement District	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ -	\$ 3,444	\$ 149	\$ 43,839	\$ 13,181
4,444	-	-	4,444	-
<u>4,444</u>	<u>3,444</u>	<u>149</u>	<u>48,283</u>	<u>13,181</u>
-	1,094	174	11,443	2,031
-	1,364	123	12,160	6,152
142	1,380	6	8,767	5,882
<u>142</u>	<u>3,838</u>	<u>303</u>	<u>32,370</u>	<u>14,065</u>
4,302	(394)	(154)	15,913	(884)
-	68	32	5,215	1,109
-	215	-	272	-
-	-	-	140	-
-	85	-	85	-
-	849	25	874	-
-	500	-	500	-
-	662	2	664	-
-	(245)	-	(245)	-
(1,269)	(1,036)	-	(7,123)	-
-	-	-	(1,555)	-
-	(3)	-	(227)	(215)
-	51	-	68	348
<u>(1,269)</u>	<u>1,146</u>	<u>59</u>	<u>(1,332)</u>	<u>1,242</u>
3,033	752	(95)	14,581	358
-	14	-	6,632	1,852
-	-	-	3,754	-
-	1,241	175	2,031	-
<u>(1,750)</u>	<u>(629)</u>	<u>(37)</u>	<u>(4,809)</u>	<u>(1,158)</u>
1,283	1,378	43	22,189	1,052
<u>22,745</u>	<u>11,449</u>	<u>1,114</u>		<u>83,308</u>
\$ <u>24,028</u>	\$ <u>12,827</u>	\$ <u>1,157</u>		\$ <u>84,360</u>

Adjustment to reflect the consolidation of internal service
fund activities related to enterprise funds

328

Change in net assets of business-type activities

\$ 22,517

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2006

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 23,244	\$ 12,075	\$ 4,323
Receipts from interfund services provided	-	-	-
Payments to suppliers	(5,366)	(636)	(148)
Payments to employees	(5,181)	(3,665)	(1,327)
Payment for interfund services used	<u>(1,031)</u>	<u>(943)</u>	<u>(229)</u>
Net cash provided (used) by operating activities	<u>11,666</u>	<u>6,831</u>	<u>2,619</u>
Cash flows from noncapital financing activities:			
Leases, rents and royalties	16	25	16
Intergovernmental revenue	3	-	136
Transfers in	-	-	-
Transfers out	<u>(1,221)</u>	<u>(904)</u>	<u>(268)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,202)</u>	<u>(879)</u>	<u>(116)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(4,379)	(16,745)	(2,850)
Proceeds from sale of property and equipment	-	-	-
Contractual payment - future water rights	(2,118)	-	-
Principal paid on notes payable, bonds payable and capitalized lease obligations	(3,623)	(1,729)	(613)
Interest paid on notes payable, bonds payable, and capitalized lease obligations	(2,852)	(1,711)	(297)
Payment of contracts and retainage payable	(14,016)	(69)	(33)
Payments received on special assessment notes receivable	6	4	-
Capital contributions	2,923	498	1,359
Extraordinary item	<u>18,257</u>	<u>-</u>	<u>-</u>
Net cash provided (used) for capital related financing activities	<u>(5,802)</u>	<u>(19,752)</u>	<u>(2,434)</u>

The accompanying notes are an integral part of this statement.

Boulder Municipal Property Authority	Central Area General Improvement District	Other <u>Enterprise Fund</u> University Hill General Improvement District	Total	Internal Service Funds
\$ 4,444	\$ 3,664	\$ 149	\$ 47,899	\$ 495
-	-	-	-	13,049
-	(1,386)	(81)	(7,617)	(6,146)
-	(1,078)	(175)	(11,426)	(2,026)
-	(96)	(42)	(2,341)	-
<u>4,444</u>	<u>1,104</u>	<u>(149)</u>	<u>26,515</u>	<u>5,372</u>
-	215	-	272	-
-	1,851	27	2,017	-
-	1,241	175	1,416	-
-	(629)	(37)	(3,059)	(1,158)
-	<u>2,678</u>	<u>165</u>	<u>646</u>	<u>(1,158)</u>
-	(2)	-	(23,976)	(4,121)
-	-	-	-	293
-	-	-	(2,118)	-
(3,175)	(2,515)	-	(11,655)	-
(1,269)	(1,045)	-	(7,174)	-
-	-	-	(14,118)	-
-	-	-	10	-
-	-	-	4,780	-
-	-	-	<u>18,257</u>	-
<u>(4,444)</u>	<u>(3,562)</u>	<u>-</u>	<u>(35,994)</u>	<u>(3,828)</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continued

Proprietary Funds

Year ended December 31, 2006

(Amounts in 000's)

	<u>Water Utility Fund</u>	<u>Wastewater Utility Fund</u>	<u>Stormwater and Flood Management Fund</u>
Cash flows from investing activities:			
Purchase of investment securities restricted for the payment of construction contracts	\$ (6,065)	\$ (110,388)	\$ -
Proceeds from sale and maturities of investment securities restricted for the payment of construction contracts	20,151	122,805	-
Purchase of investment securities restricted for debt service and bond reserves	(20,623)	(560)	(2,713)
Proceeds from sale and maturities of investment securities restricted for debt service and bond reserves	20,623	560	2,713
Purchase of investment securities	(140,558)	(39,719)	(28,092)
Proceeds from sale and maturities of investment securities	120,137	38,763	27,581
Interest on investments	<u>1,901</u>	<u>2,267</u>	<u>388</u>
Net cash provided (used) in investing activities	<u>(4,434)</u>	<u>13,728</u>	<u>(123)</u>
Net increase (decrease) in cash and cash equivalents	228	(72)	(54)
Cash and cash equivalents, January 1	<u>617</u>	<u>311</u>	<u>223</u>
Cash and cash equivalents, December 31	<u>\$ 845</u>	<u>\$ 239</u>	<u>\$ 169</u>
Reconciliation of cash and cash equivalents to balance sheet amounts:			
Equity in pooled cash and cash equivalents	\$ 845	\$ 239	\$ 169
Cash for capital projects	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 845</u>	<u>\$ 239</u>	<u>\$ 169</u>

The accompanying notes are an integral part of this statement.

<u>Boulder Municipal Property Authority</u>	<u>Central Area General Improvement District</u>	<u>Other Enterprise Fund University Hill General Improvement District</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ -	\$ -	\$ -	\$ (116,453)	\$ -
-	-	-	142,956	-
-	(1,163)	-	(25,059)	-
-	810	-	24,706	-
-	(4,375)	(2,327)	(215,071)	(86,953)
-	4,315	2,280	193,076	85,450
-	58	27	4,641	946
-	<u>(355)</u>	<u>(20)</u>	<u>8,796</u>	<u>(557)</u>
-	(135)	(4)	(37)	(171)
-	<u>249</u>	<u>18</u>	<u>1,418</u>	<u>693</u>
\$ <u>-</u>	\$ <u>114</u>	\$ <u>14</u>	\$ <u>1,381</u>	\$ <u>522</u>
\$ -	\$ 29	\$ 14	\$ 1,296	\$ 522
-	<u>85</u>	<u>-</u>	<u>85</u>	<u>-</u>
\$ <u>-</u>	\$ <u>114</u>	\$ <u>14</u>	\$ <u>1,381</u>	\$ <u>522</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continued

Proprietary Funds

Year ended December 31, 2006

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 7,132	\$ 3,980	\$ 1,047
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization of deferred charges	4,722	1,619	898
Other nonoperating revenues (expenses)	(7)	1	23
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(53)	15	(12)
Charges for services receivable	(250)	(42)	(56)
Notes receivable	-	-	9
Intergovernmental receivables	-	-	(232)
Inventory of materials and supplies	4	-	-
Other assets - prepaid expenses	-	-	-
Increase (decrease) in liabilities:			
Vouchers and accounts payable	64	1,165	983
Accrued salaries, wages and amounts withheld from employees	57	26	1
Accrued insurance reimbursement	-	-	-
Other liabilities	91	13	-
Contracts and retainage payable	-	-	-
Compensated absences	(94)	54	(42)
Total adjustments	<u>4,534</u>	<u>2,851</u>	<u>1,572</u>
Net cash provided (used) by operating activities	<u>\$ 11,666</u>	<u>\$ 6,831</u>	<u>\$ 2,619</u>
Noncash capital activities:			
Assets acquired through:			
Capital contributions:			
From other funds	\$ 322	\$ 216	\$ 77
Other	471	389	978
Issuance of long-term lease purchase revenue notes	-	-	-
Financed through contracts and retainage	80	1,416	66
Assets transferred to other funds:			
Governmental Funds	-	-	-
Enterprise Funds	-	-	-
Asset impairment - extraordinary item	(14,503)	-	-
Increase (decrease) in fair value of investments	<u>308</u>	<u>76</u>	<u>61</u>
	<u>\$ (13,322)</u>	<u>\$ 2,097</u>	<u>\$ 1,182</u>

The accompanying notes are an integral part of this statement.

Boulder Municipal Property Authority	Central Area General Improvement District	Other Enterprise Fund University Hill General Improvement District	Total	Internal Service Funds
\$ <u>4,302</u>	\$ <u>(394)</u>	\$ <u>(154)</u>	\$ <u>15,913</u>	\$ <u>(884)</u>
142	1,380	6	8,767	5,882
-	51	-	68	348
-	169	-	119	15
-	-	-	(348)	-
-	-	-	9	-
-	-	-	(232)	-
-	-	-	4	-
-	-	-	-	(6)
-	(118)	-	2,094	(50)
-	19	2	105	(13)
-	-	-	-	62
-	-	-	104	-
-	(3)	(3)	(88)	18
<u>142</u>	<u>1,498</u>	<u>5</u>	<u>10,602</u>	<u>6,256</u>
\$ <u><u>4,444</u></u>	\$ <u><u>1,104</u></u>	\$ <u><u>(149)</u></u>	\$ <u><u>26,515</u></u>	\$ <u><u>5,372</u></u>
\$ -	\$ 14	\$ -	\$ 629	\$ 1,839
-	-	-	1,838	-
4,756	-	-	4,756	-
-	-	-	1,562	-
(1,750)	-	-	(1,750)	-
-	-	-	-	(615)
-	-	-	(14,503)	-
-	5	3	453	119
\$ <u><u>3,006</u></u>	\$ <u><u>19</u></u>	\$ <u><u>3</u></u>	\$ <u><u>(7,015)</u></u>	\$ <u><u>1,343</u></u>

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FIDUCIARY FUNDS

Pension Trust 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, the State, and by the City at amounts determined by biennial actuarial studies and by State law.

The City of Boulder has the following pension trust funds:

Police Pension Fund -- to account for retirement annuity payments for the City's police officers.

Fire Pension Fund -- to account for retirement annuity payments for the City's fire fighters.

CITY OF BOULDER, COLORADO

Statement of Fiduciary Net Assets

Pension Trust Funds

December 31, 2006

(Amounts in 000's)

	<u>Total</u>
Assets:	
Investments:	
U.S. Treasuries and Instrumentalities	\$ 1,321
Mutual Funds	14,699
Equities	7,689
Other	<u>929</u>
Total assets	24,638
Liabilities:	
Accounts and accrued liabilities:	
Vouchers and accounts payable	46
Accrued pensions payable	<u>92</u>
Total liabilities	<u>138</u>
Net assets held in trust for pension benefits (a schedule of funding progress for each plan is presented in the Required Supplementary Information located after the Notes to the Financial Statements)	\$ <u>24,500</u>

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

Year ended December 31, 2006

(Amounts in 000's)

	<u>Total</u>
Additions:	
Pension contributions:	
City of Boulder	\$ 511
Employees	30
Total contributions	<u>541</u>
Investment earnings	2,661
Less investment expense	<u>(60)</u>
Net investment income	<u>2,601</u>
Total additions	<u>3,142</u>
Deductions:	
Benefits	2,129
Administrative	<u>55</u>
Total deductions	<u>2,184</u>
Net increase (decrease)	958
Net assets held in trust for pension benefits:	
Beginning of year	<u>23,542</u>
End of year	<u>\$ 24,500</u>

The accompanying notes are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

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City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

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City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Boulder, Colorado (the city) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the city's significant accounting policies follows:

1. Reporting Entity

The city is a municipal corporation duly organized and existing under the laws of the State of Colorado. It is 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 on October 30, 1917. The council/manager form of government was adopted in the city's charter and has been in operation since January 1918. The City Council, an elected body of nine members, is the policy-making arm of the government. Eight of the members of the Council are elected for staggered four-year terms and one is elected for a two-year term, with five council members elected in November of each odd-numbered year. A City Manager, appointed by the Council, serves as the city's chief administrative officer.

The city has applied the provisions of GASB Statement No. 14, The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The city is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the city. The city may also be financially accountable for organizations that are fiscally dependent on it.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

Blended component units, although legally separate entities are, in substance, part of the city's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the city and the primary government.

Based upon the application of these criteria the city has identified three blended component units. Each of these component units has a December 31 year end and is included in the accompanying financial statements.

Blended Component Units

Central Area General Improvement District and University Hill General Improvement District - These Districts provide parking facilities and services to citizens and are public subdivisions of the State of Colorado, administered by the City Council of the City of Boulder in an ex-officio capacity as Board of Directors. The Districts operate under a formal budget adopted in conjunction with the budget of the city. The Districts are reported as blended component unit Enterprise Funds (proprietary funds); no separate financial statements are issued.

Boulder Municipal Property Authority - The Authority is responsible for the acquisition and construction of certain city properties and facilities and is a nonprofit corporation and instrumentality of the city, administered by the City Council of the City of Boulder in an ex-officio capacity as Board of Directors. The Authority operates under a formal budget adopted in conjunction with the budget of the city. The Authority's activities are reported as a blended component unit Enterprise Fund (a proprietary fund); no separate financial statements are issued.

A related organization is an organization for which the city appoints a voting majority of the board but for which the city is not financially accountable, either because the city does not impose its will upon the organization or a financial benefit or burden relationship does not exist. These related organizations are not included within the city's financial reporting entity.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

The following two organizations have been identified as related organizations.

Boulder Housing Partners is a separate related organization whose primary purpose is to develop, acquire, subsidize and manage housing units for low to moderate income families and elderly persons and to provide tenant support services.

Downtown Boulder Business Improvement District is a separate related organization whose primary purpose is to provide promotion, marketing, enhanced maintenance and management functions for the district.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide financial statements*, and *proprietary fund and fiduciary fund financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. And although the city accrues debt service interest expenses into the year incurred, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The city reports the following major governmental funds:

General Fund – The General Fund is the city’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Open Space and Mountain Parks Fund – This special revenue fund accounts for the acquisition and maintenance of greenbelt land and parks. Financing is provided by sales taxes and the issuance of long-term bonds and notes payable.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Transportation Fund – This special revenue fund accounts for the 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, State Auto Registration fees and Federal and State reimbursements through the Colorado Department of Transportation.

The city reports the following major enterprise funds:

Water Utility Fund – This enterprise fund was established to finance and account for the acquisition, operation and maintenance of water facilities and services. It is predominately self-supported by user charges but also receives revenues from hydroelectric sales and plant investment and connection fees.

Wastewater Utility Fund – This enterprise fund was established to finance and account for the acquisition, operation and maintenance of wastewater facilities and services. It is predominately self-supported by user charges but also receives revenues from surcharge fees, cogeneration sales, and plant investment and connection fees.

Stormwater and Flood Management Fund – This enterprise fund was established to finance and account for the acquisition, operation and maintenance of stormwater and flood management facilities and services. It is predominately self-supported by user charges but also receives revenues from the Urban Drainage District and plant investment fees.

Boulder Municipal Property Authority – The Boulder Municipal Property Authority is responsible for the acquisition and construction of certain city properties and facilities. Funding is derived from the issuance of lease purchase revenue debt. Debt service is paid with income received from the city in the form of base rentals that is derived from the acquired or constructed assets.

Central Area General Improvement District – This district provides parking facilities and services to citizens in the downtown Boulder area. It is predominately self-supported by user charges but also receives general property and other tax revenues.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Additionally, the city reports the following fund types:

Internal service funds are established to finance and account for services and/or commodities required by other funds, on a cost reimbursement basis. The city has funds that account for the costs of acquiring, operating and maintaining certain types of equipment and facilities, costs for city-wide insurance programs and funding for certain governmental fund compensated absences liabilities.

Pension trust funds account for the accumulation of resources to be used for retirement annuity payments for the city's police officers and fire fighters.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The city has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, interest and investment earnings, and miscellaneous revenues.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility Fund, Wastewater Utility Fund, Stormwater and Flood Management Fund and Central Area General Improvement District are charges to customers for sales and services. The Water Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating revenues in the blended component unit Boulder Municipal Property Authority are received from the city in the form of base rentals on open space and parks property. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Budgets

Budgets are adopted on a budgetary basis as described in Note C. The city budgets revenues and expenditures/expenses for all funds except Internal Service Funds and Fiduciary Funds. Internal Service Funds, although not required to be budgeted are appropriated in the annual budget document, against which performance is measured. Pension Trust Fiduciary Funds each have an independent Board, which review all expense, refund, disability and investment transactions. The Gifts and Contributions Fund does not have an adopted budget as control over expenditures is provided by the one grantor to the fund, the Library Foundation. All annual appropriations lapse at fiscal year end.

The budget of the city is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues and represents a process through which policy decisions are made, implemented and controlled. The City Charter requires that the city establish a budgetary system for general operations and prohibits expending funds for which there is no legal appropriation.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revised Budget

Local city code states that total expenditures for each fund cannot exceed the amount appropriated. The fund is, therefore, the level of control on which expenditures may not legally exceed appropriations. In the Enterprise Funds, budgeting at the operating, capital and debt service expense level provides further control.

Although appropriations lapse at year-end, subsequent year's appropriations provide authority to complete transactions involving encumbrances outstanding at year-end. The City Charter stipulates that, at any time after the adoption of the annual appropriation ordinance and after at least one week's public notice, the City Council may transfer unused balances appropriated for one purpose to another purpose and may by ordinance appropriate available revenues not included in the annual budget. This provision does not apply to the Water Utility Fund, Permanent Parks and Recreation Fund or Library Fund. Available fund balances not required for operations and capital improvements during the year are included in the annual appropriations ordinance. This is done to ensure that excess funds are available for use if the need arises after the adoption of that ordinance. Council approval is still required to transfer unallocated amounts to active operating or capital improvement budgets.

5. Equity in Pooled Cash and Cash Equivalents/Cash and Cash Equivalents

The city utilizes the pooled cash concept whereby cash balances of each of the city's funds are pooled and invested by the city in short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, local government investment pools and United States Treasury Obligations.

The investment pool is used to maximize interest income while protecting principal. Securities are selected according to their risk, marketability and diversification. Income earnings or losses arising from the investment of pooled cash are allocated to the various funds based on their respective daily average equity in pooled cash.

At year-end, cash in bank accounts, cash on hand, cash held by trustees, certificates of deposit (with an original maturity date less than 90 days) and money market deposit accounts are classified as Equity in Pooled Cash and Cash Equivalents. All other securities within pooled cash are reclassified for reporting purposes to investments.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Investments

In addition to the cash and cash equivalents mentioned in Note A5, the city authorizes investments in the following securities for the general pooled investments. The Fire and Police Pension Boards adopt and establish separate investment policies for the Pension Trust Funds. The City's authorization for general pooled investments is more restrictive than Colorado State statutes, in that the statutes allow all of the following investments plus additional securities as well:

- Bonds or other interest-bearing obligations of the United States of America or its agencies thereof and Local Government Investment Pools that invest therein
- Repurchase agreements and reverse repurchase agreements
- Obligations secured by first liens on real estate or by pledge of specific income or revenue and issued, insured, or guaranteed by an agency or instrumentality of the United States government or State of Colorado
- Commercial paper (with a rating at the time of purchase in its highest rating categories by one or more nationally recognized rating organizations)
- Eligible bankers acceptances
- Money market mutual funds (with a rating at the time of purchase of at least AAAM by Standard and Poor's or Aaa by Moody's)
- Corporate Bonds, rated at least AA by Standard & Poors or Aa2 by Moody's. Authorized corporates shall be limited to corporations organized and operated within the United States with a net worth in excess of \$250,000,000.

The city records long-term investments at fair value in accordance with GASB Statement No. 31. The city authorizes the purchase and sale of investments, except for those held in the Pension Trust funds, which are controlled by the Fire and Police Pension Boards as trustees. Since almost all city moneys are designated for specific uses, maturities are selected to coincide with the periods these moneys will be spent. For those securities sold prior to maturity, the specific identification method is used in determining gain or loss. Investment earnings are recorded when earned since they are measurable and available.

The city invests in two external local government investment pools, COLOTRUST and CSAFE, which are not SEC-registered. These pools are short-term money market funds organized in conformity with Part 7 of Article 75 of Title 24, Colorado Revised Statutes, subject to enforcement by the Colorado Securities Commissioner. The fair value of the position in the pools is the same as the value of the pool shares.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

8. Inventories

Inventories of a material amount are maintained in the General Fund for postage, the Recreation Activity Fund for golf course clubhouse merchandise and the Water Utility Fund for materials supply. These inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of these inventories are recorded as expenditures when consumed rather than when purchased. All other inventories in the city are considered immaterial and are expensed when purchased.

9. Restricted Assets

Pooled and non-pooled investments restricted for specified uses by gift, fee and grant requirements are classified as “restricted assets” in the General and Special Revenue Funds. Pooled investments and cash held by paying agents have been restricted in the Special Revenue, Capital Project and Enterprise Funds for future capital improvements in compliance with bond ordinances. Additional pooled investments in the Debt Service and Enterprise Funds have been restricted for debt service bond reserves in compliance with bond ordinances.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Capital Assets

All capital assets, including "Public Domain" infrastructure capital assets such as bridges, streets and sidewalks are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 (\$50,000 for infrastructure) and an estimated useful life in excess of one year. Donated assets are valued at the fair value on the date donated. The city does not capitalize historical treasure or works of art. Costs incurred for the purchase or construction of capital assets for governmental activities are recorded as capital outlay expenditures in the governmental funds.

Costs incurred for the purchase or construction of capital assets for business-type activities are reported as assets in the proprietary funds. Interest is capitalized on proprietary fund assets acquired with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Interest capitalized in 2006 totaled \$426,368.

Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the government-wide financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	10-50 years
Improvements to land other than buildings	20 years
Infrastructure	20-75 years
Utility plant in service	30-40 years
Undergrounds	30-75 years
Machinery and equipment	3-20 years
Vehicles	3-20 years

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining life of the capital asset, as applicable.

Upon sale or retirement of a capital asset, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Compensated Absences

Upon termination or retirement, all unused vacation pay, unused sick pay based on certain service requirements, an appreciation bonus dependent upon employee length of service, and compensation time per the Police employees contract, must be paid to the employee. These compensated absences are recognized when earned in proprietary fund types and when paid in governmental fund types. A liability for these amounts is reported in the government-wide financial statements.

12. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, losses on refunding, and issuance costs, are deferred and amortized over the life of the bonds using a method which approximates the effective interest rate method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, losses on refunding, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances and losses on debt refunding are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Debt service for the major utility funds is paid from monies provided by those funds. The blended component unit Boulder Municipal Property Authority pays debt service from revenues received from the city in the form of base rentals on open space and parks property.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Fund Equity

In the *fund financial statements*, governmental funds report *reservations* of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose and *designations* for amounts that are not available for appropriation. Proprietary funds report *restrictions* of net assets those amounts that are legally restricted by outside parties for a specific purpose.

Reserves – Governmental fund reserves have been established to liquidate existing contracts and purchase orders, fund capital projects in future fiscal periods, and for gifts and memorials and other restricted purposes. Included in General Fund reserves are moneys collected under the Colorado Contraband Forfeiture Act. These funds will be used for the specific purpose of law enforcement activities.

Designations – Designations set aside portions of unreserved fund balances as determined by management and represent tentative plans for future use of financial resources. City management has determined the following designation of unreserved fund balances:

Special Purposes – The city has designated education excise tax revenues in the General Fund to promote the development of public educational facilities and services. The General Fund has also designated monies for economic vitality programs. Additional designations have been set aside in the Special Revenue.

In the *government-wide financial statements*, applicable net assets are categorized as *restricted* rather than as reserved. The fund balance of certain special revenue and capital project funds have been restricted where the fund was created through legislation that includes a legally enforceable restriction on the use of revenues (Note R).

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Government Fund Balance Sheet and the Government-wide Statement of Net Assets

The government fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of the \$96,285 difference are as follows (amounts in 000’s):

General obligation bonds	\$ 75,082
Revenue bonds	9,855
Loans payable	1,920
Compensated absences	9,545
Rebatable arbitrage payable	<u>42</u>
Total governmental activities long-term liabilities	96,444
Less: internal service fund long-term liabilities	<u>(159)</u>
Governmental fund long-term liabilities	\$ <u>96,285</u>

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that “debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.”

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

The details of the \$11,914 difference are as follows (amounts in 000's):

Debt issued or incurred:	
Issuance of general obligation bonds:	
Par	\$ 20,115
Premium	<u>367</u>
General obligation bonds issued	20,482
Increase in compensated absences	945
Increase in rebatable arbitrage payable	<u>42</u>
Total debt issued or incurred	<u>21,469</u>
Principal repayments:	
General obligation bonds:	
Repayments	(5,795)
Amortization of debt premium and refunding bond charges	<u>20</u>
General obligation repayments	(5,775)
Revenue bonds	(995)
Revenue notes	(69)
Loan payable	(1,580)
Compensated absences	<u>(985)</u>
Total principal repayments	<u>(9,404)</u>
Net change in governmental activities long-term liabilities	12,065
Other debt related items:	
Deferral of cost of issuance on bonds issued in current year	(154)
Amortization of cost of issuance	<u>21</u>
Total change in governmental activities long-term liabilities	11,932
Less: change in internal service fund long-term liabilities	<u>(18)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities – debt and related items	\$ <u>11,914</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE C - LEGAL COMPLIANCE - BUDGETS

City management, with the approval of the Budget Office, may transfer budgeted amounts within a fund without City Council approval. Excluded are transfers between operating, capital and debt service budgets in the Enterprise Funds. The City Manager must approve increases and decreases to appropriations and estimated revenues in the Internal Service Funds.

Budget amendments were not materially different from the original appropriations adopted by the City Council, except for the annual carryover ordinance and the following additional items:

- 1) \$850,000 increase in the General Fund to establish a pilot business incentive rebate program aimed at encouraging the growth and retention of homegrown companies in Boulder. Incentives encourage primary employers to invest in Boulder by upgrading their facilities, equipment or the skills of their people and contain guidelines to promote social sustainability in the community;
- 2) \$600,000 decrease in the Affordable Housing Special Revenue Fund. The city entered into a revolving credit facility agreement of \$3,000,000 with Fannie Mae, from August of 2003 through July of 2008, for the purpose of providing affordable housing in the City of Boulder. Credit of \$600,000 available for housing projects will not be used in 2006. This adjustment reduces both estimated revenue and appropriation for 2006;
- 3) \$20,905,101 increase in the Open Space and Mountain Parks Special Revenue Fund to appropriate bond proceeds from the issuance of the 2006 Open Space Bonds (see Note N);
- 4) \$961,000 increase in the Transportation Development Special Revenue Fund; this request appropriates Colorado Department of Transportation funding for Arapahoe/Foothills intersection improvements including safety, resurfacing and hazard elimination.
- 5) \$1,242,367 increase in the Water Utility Fund to appropriate the remaining portion of the dollars needed for the Lakewood Pipeline Settlement payment to Barnard Construction Company, Inc. (see Note W);
- 6) \$4,756,000 increase in the Boulder Municipal Property Authority Enterprise Fund to appropriate the purchase of property funded by issuance of lease purchase revenue notes.

The city's basis of budgeting differs from GAAP in several ways:

GAAP expenditures *not* treated as expenditures using the basis of budgeting:

- All fund types – adjustment to accrued salaries, wages and amounts withheld from employees adjustment to compensated absences, adjustment to accrued interest payable (certain debt)
- Proprietary fund types – depreciation and amortization of deferred charges, bond premiums and deferred refunding losses, capital assets reassigned to other funds

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE C - LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Expenditures using the basis of budgeting *not* treated as GAAP expenditures:

- All fund types – encumbrances, payments on advances from other funds, intrafund transfers
- Proprietary fund types – capital outlay including capital assets acquired through issuance of long-term lease purchase revenue notes, principal retirement, reduction in deferred credit, refunding of debt

GAAP revenues *not* treated as revenues using the basis of budgeting:

- All fund types – fair market value adjustment to investments

Revenues using the basis of budgeting *not* treated as GAAP revenues:

- Proprietary fund types – long-term debt proceeds

A summary of budgeted and actual expenditures, along with the variances by fund, follows (amounts in 000's):

<u>Fund</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual Expenditures (Basis of Budgeting)</u>	<u>Variance - Positive (Negative)</u>
General	\$ 79,786	\$ 87,053	\$ 82,902	\$ 4,151
Capital Development	109	2,429	787	1,642
Lottery	900	1,885	1,216	669
Planning & Development Services	7,690	8,210	8,023	187
Affordable Housing	2,601	4,368	2,476	1,892
Community Housing Assistance Program	1,730	4,722	2,835	1,887
.15 Cent Sales Tax	2,277	2,866	2,495	371
.25 Cent Sales Tax	5,800	8,025	6,050	1,975
Library	5,977	6,195	6,177	18
Recreation Activity	8,746	8,959	8,916	43
Open Space and Mountain Parks	22,528	47,558	28,270	19,288
Airport	395	515	416	99
Transportation	17,825	33,588	27,133	6,455
Transportation Development	1,057	10,547	6,590	3,957
Transit Pass General Improvement District	11	11	10	1
Community Development	2,208	3,559	2,347	1,212
HOME	822	1,987	1,006	981
General Obligation Debt Service	25	25	17	8
.15 Cent Sales Tax Debt Service	960	1,468	1,418	50
1996 Parks Acquisition Bond	-	7	-	7
Permanent Parks and Recreation	1,794	5,456	1,920	3,536
Water Utility	30,869	36,959	29,400	7,559
Wastewater Utility	10,393	62,897	44,448	18,449
Stormwater and Flood Management	6,753	10,916	7,634	3,282
Boulder Municipal Property Authority	4,244	9,280	9,280	-
Central Area General Improvement District	7,056	7,355	6,985	370
University Hill General Improvement District	326	366	345	21
	<u>\$ 222,882</u>	<u>\$ 367,206</u>	<u>\$ 289,096</u>	<u>\$ 78,110</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE C - LEGAL COMPLIANCE - BUDGETS (CONTINUED)

A reconciliation of expenses, basis of budgeting to GAAP, at December 31, 2006, in the accompanying financial statements for the enterprise funds is as follows (amounts in 000's):

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund	Boulder Municipal Property Authority	Central Area General Improvement District	University Hill General Improvement District	Total
Actual expenses-basis of budgeting:	\$ 29,400	\$ 44,448	\$ 7,634	\$ 9,280	\$ 6,985	\$ 345	\$ 98,092
Less:							
Encumbrances	(2,137)	(15,600)	(858)	-	(127)	(10)	(18,732)
Capital outlay	(4,379)	(16,745)	(2,850)	-	(2)	-	(23,976)
Assets acquired through issuance of retainage and contracts payable	(80)	(1,416)	(66)	-	-	-	(1,562)
Assets acquired through issuance of long-term lease purchase revenue notes	-	-	-	(4,756)	-	-	(4,756)
Principal retirement	(3,625)	(1,615)	(613)	(3,175)	(2,515)	-	(11,543)
Change in pre-2002 debt interest accrual	-	-	-	(80)	-	-	(80)
Reduction in deferred credit	(563)	-	-	-	-	-	(563)
Excess tax increment	-	-	-	-	(245)	-	(245)
Plus:							
Adjustment to accrued salaries, wages and amounts withheld from employees	33	11	(1)	-	15	2	60
Adjustment to compensated absences	(94)	53	(42)	-	(3)	(3)	(89)
Amortization of bond premium and deferred refunding loss	18	(57)	-	-	15	-	(24)
Capital assets reassigned to other funds	-	-	-	1,750	-	-	1,750
Depreciation and amortization of deferred charges	<u>4,722</u>	<u>1,619</u>	<u>898</u>	<u>142</u>	<u>1,380</u>	<u>6</u>	<u>8,767</u>
Actual expenditures-GAAP basis	\$ <u>23,295</u>	\$ <u>10,698</u>	\$ <u>4,102</u>	\$ <u>3,161</u>	\$ <u>5,503</u>	\$ <u>340</u>	\$ <u>47,099</u>
Expenses, from Statement of Revenues, Expenses and Changes in Fund Net Assets:							
Operating expenses	\$ 16,422	\$ 8,121	\$ 3,544	\$ 142	\$ 3,838	\$ 303	\$ 32,370
Nonoperating expenses:							
Interest expense	2,855	1,673	290	1,269	1,036	-	7,123
Contribution expense- future water rights	1,555	-	-	-	-	-	1,555
Extraordinary item	1,242	-	-	-	-	-	1,242
Transfers out	<u>1,221</u>	<u>904</u>	<u>268</u>	<u>1,750</u>	<u>629</u>	<u>37</u>	<u>4,809</u>
Total expenses	\$ <u>23,295</u>	\$ <u>10,698</u>	\$ <u>4,102</u>	\$ <u>3,161</u>	\$ <u>5,503</u>	\$ <u>340</u>	\$ <u>47,099</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE D - LEGAL COMPLIANCE - AMENDMENT ONE

The voters of Colorado at the general election held in the State on November 3, 1992 approved an amendment to the Colorado Constitution (Article X, Section 20 or Amendment One or TABOR). The language of Amendment One applies to the State and all local governments, including the city.

Amendment One generally requires that the voters of the city approve any new tax, increase of an existing tax, property tax mill levy increase, assessed valuation ratio increase, tax extension or tax policy change of the city that results in an increase in taxes. Amendment One also limits increases in the city's property tax revenue over the prior year to the rate of inflation plus the net percentage change in the actual value of all real property in the city from construction of improvements and additions to taxable real property, unless otherwise approved by the voters. In addition to revenue limits, Amendment One also limits increases in the city's spending over the prior year to the rate of inflation plus the net percentage change in the actual value for all real property in the city from construction of improvements and additions to taxable real property, unless otherwise approved by the voters. The initial base years for this limit on spending increases by the city are the 1992 fiscal year of the city and 1991 property taxes collected in 1992. Any revenues collected in excess of these limits on spending and property tax revenue are required to be refunded during the next fiscal year.

On November 2, 1993, the voters within the City of Boulder approved a ballot question which authorizes the city to collect, retain and expend the full proceeds of the city's sales and use tax, admissions tax, accommodations tax and non-federal grants notwithstanding any Amendment One restrictions. At the November 8, 1994 election, the voters approved an increase in the city's trash tax and also approved an education excise tax. Both of these ballot issues included language which allowed the city to collect and spend the full proceeds of the tax and any interest earnings thereon.

On November 5, 1996, the voters within the City of Boulder approved a ballot question by a vote of 21,832 to 16,170 which removed the Amendment One restriction on all revenues (except property tax) and expenditures of the city, eliminated the emergency reserve requirements, and authorized the collection, retention and expenditure of all revenues of the city free from current revenue and expenditure limitations and from any limitations that may be enacted in the future without the amendment of the City Charter by the electors of the city.

At December 31, 2006, the city believes it was in compliance with Amendment One. (See Notes K and S).

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - DEPOSITS AND INVESTMENTS

At December 31, 2006, the city had the following in cash and investments (in 000's):

Cash on hand	\$	30
Deposits		3,215
Investments		<u>242,183</u>
Total	\$	<u>245,428</u>

Cash and investments are reported in the financial statements as follows (in 000's):

<i>Citywide Pool Investments</i>		
Equity in pooled cash and cash equivalents	\$	3,060
Investments		153,279
Restricted cash and investments		<u>64,451</u>
		<u>220,790</u>
<i>Fiduciary Fund Investments</i>		
Investments		<u>24,638</u>
Total	\$	<u>245,428</u>

Deposits

Custodial Credit Risk – deposits. For deposits, this is the risk that in the event of a bank failure, the city's deposits may not be returned. Title 2, Chapter 10 of the Boulder Revised Code (1981) requires that depositories belong to the FDIC and qualify as a depository of public funds in the state under the Colorado Public Deposit Protection Act (PDPA) as defined in 24-75-603, C.R.S. As of December 31, 2006, all financial institutions holding deposits for the City of Boulder have been identified as eligible public depositories under PDPA by the State of Colorado Division of Banking. PDPA requires that any amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

On December 31, 2006, the city had bank deposits of \$185,060 insured by FDIC and \$3,029,736 properly collateralized under the Public Deposit Protection Act, including certificate of deposits totaling \$100,000, and therefore, not exposed to custodial credit risk.

Investments – Citywide Pool (excludes Fiduciary Funds)

As of December 31, 2006, the city had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value (000's)</u>
Local Government	
Investment Pools	\$ 23,908
Commercial Paper	9,741
U.S. Treasuries	35,567
U.S. Instrumentalities	<u>148,329</u>
Total	\$ <u>217,545</u>

Credit Risk – investments. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Title 2, Chapter 10 of the Boulder Revised Code (1981) limits the city's investment activity to specific types of investments as disclosed in Note A6. Rating requirements for Federal Instrumentality securities are not addressed within the code but it does limit investments in commercial paper to issues with a credit rating of at least A-1 by Standard and Poor's or P-1 by Moody's. Credit rating requirements for eligible banker's acceptances are not addressed. Local government investment pools and money market mutual funds must have a rating at the time of purchase of at least AAAM by Standard and Poor's or Aaa by Moody's. Corporate bonds must have a credit rating of at least AA by Standard & Pours or Aa2 by Moody's. As of December 31, 2006, the city held investments with the following credit ratings:

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Issuer	Fair Value (000's)	Ratings	
		Standard & Poors	Moody's
FNMA	28,998	AAA	Aaa
FHLB	64,073	AAA	Aaa
FHLMC	47,965	AAA	Aaa
FFCB	7,293	AAA	Aaa
Local Government Investment Pools			
Colostrust	22,122	AAA	Aaa
Csafe	1,786	AAA	Aaa
Commercial Paper	9,741	A-1+	P1

Interest Rate Risk – investments. For investments, this is the risk that changes in interest rates will adversely affect fair market values. In accordance with Title 2, Chapter 10 of the Boulder Revised Code (1981) the weighted average maturity of the city's portfolio shall at no time exceed five years. As of December 31, 2006, the weighted average maturity of the city's pooled investment portfolio was 1.01 year as detailed below:

Investment Type	Fair Value (000's)	Weighted Average Maturity (years)
U.S. Treasuries	\$ 35,567	.90
FFCB	7,293	1.96
FNMA	28,998	1.19
FHLMC	47,965	1.09
FHLB	64,073	1.26
Commercial Paper	9,741	0.50
Local Government Investment Pools	<u>23,908</u>	<u>-</u>
Total Fair Value	\$ <u>217,545</u>	
Portfolio weighted average maturity		<u>1.01</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – investments. This is the risk that, in the event of the counterparty's failure, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Boulder Revised Code, the city utilizes a third-party safekeeping arrangement with JP Morgan Chase, N.A. to minimize custodial credit risk.

On December 31, 2006, the city invested in Colorado Government Liquid Asset Trust Plus (Colotrust Plus) and the Colorado Surplus Asset Fund Trust (CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds. The pools are regulated by the Colorado Securities Commissioner. These pools operate similar to a money market fund and each share is equal in value to \$1.00. Investments of the pools consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool.

Concentration of Credit Risk – investments. Concentration of credit risk is the risk of loss attributed to the concentration of the city's investment in a single issuer. The Boulder Revised Code does not specifically address concentration of credit risk. Five percent or more of the city's investments were held by the following issuers as of December 31, 2006:

<u>Issuer</u>	<u>Fair Market Value (in 000's)</u>	<u>Percentage of Total Portfolio</u>
Federal National Mortgage Association	\$ 28,998	13%
Federal Home Loan Bank	64,072	29%
Federal Home Loan Mortgage Corporation	47,965	22%
Colotrust	22,122	10%

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds

As of December 31, 2006, the Police and Fire Pension Funds had the following investments:

Investment Type	Fair Value (in 000's)	Maturities in Years				
		<1	1-2	3-5	5-10	>10
Local Government						
Investment Pools	\$ 2	\$ 2	\$ -	\$ -	\$ -	\$ -
Commercial Paper	1	1	-	-	-	-
U.S. Treasuries	53	2	1	-	50	-
U.S. Instrumentalities	1,268	6	506	349	152	255
Money Market Funds	163	163	-	-	-	-
Mutual Funds – Equities	14,699	14,699	-	-	-	-
Real Estate	691	691	-	-	-	-
Equities	7,689	7,689	-	-	-	-
Real Estate Investment Trust	<u>72</u>	<u>72</u>	-	-	-	-
Total	\$ <u>24,638</u>	\$ <u>23,325</u>	\$ <u>507</u>	\$ <u>349</u>	\$ <u>202</u>	\$ <u>255</u>

Credit Risk – Pension Investments. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The “Old Hire” Police Pension Fund investment policy revised on September 12, 2005 and adopted on August 14, 2006 has specific guidelines regarding purchases in the equities portfolio. For the fixed income portfolio, it requires that at least 90% of the securities must have a rating of no less than “BBB” by Moody’s, Standard and Poors or Fitch and no more than 30% of the portfolio’s market value shall be rated less than “A”, unless the manager has specific written authorization. The Fire Pension Fund has no formal adopted investment policy at December 31, 2006, which addresses credit risk. At December 31, 2006 the pension plans held investments with credit ratings as follows:

Issuer	Fair Value (000's)	Ratings	
		Standard & Poors	Moody's
Local Government			
Investment Pools	\$ 2	AAA	Aaa
Commercial Paper	1	A-1+	P1
U.S. Instrumentalities	1,013	AAA	Aaa
U.S. Agencies (GNMA)	255	not rated	not rated

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE E - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – Pension Investments. Concentration of credit risk is the risk of loss attributed to the concentration of the city’s investment in a single issuer. The “Old Hire” Police Pension Fund investment policy states that the portfolio shall have between 15 – 85 percent in equities. The policy also states that equity holdings in any one company should not exceed more than 10% of the market value of the Fund’s assets and that not more than 25% should be invested in any one industry. Fixed Income portfolio securities, other than U.S. Government or agency securities, cannot exceed 10% by any one issuer. The Fire Pension Fund limits investment in common or preferred stock, or both, of any single corporation to 5% or less of the book value of the Funds assets. The Fire Pension Fund also limits investment to 7% of the outstanding stock or bonds of any single corporation. At December 31, 2006, no single issuer held more than 5% of either pension fund’s portfolio.

Custodial Credit Risk – Pension Investments. This is the risk that, in the event of a counterparty’s failure, the city will not be able to recover the value of its investments. The “Old Hire” Police Pension Fund investment policy states that a custodian bank will maintain possession of securities owned by the Fund. All of the pension securities, with the exception of the Principal RESA account, are held by the Fund’s third party custodian Charles Schwab Institutional. The Fire Pension Fund has no policy addressing custodial credit risk.

Interest Rate Risk – Pension Investments. This is the risk that changes in interest rates will adversely affect the portfolio’s fair market value. The “Old Hire” Police Pension Fund investment policy specifies a targeted rate of return of 5% over the Consumer Price Index. For 2006, the actual return of the “Old Hire” Police pension portfolio was 11.79% while the targeted rate of return was 7.54%. The Fire Pension Fund has no policy addressing interest rate risk. See the above pension investment maturity schedule for additional information on fixed income security maturities.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE F - PROPERTY TAXES RECEIVABLE

Property taxes for the city are levied by the City Council and certified to Boulder County for collection by December 15 of each year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection.

Property taxes levied in 2006 for collection in 2007 of \$17,174,301 in the General Fund, \$1,863,298 in the Special Revenue Funds, \$1,475,132 in the Capital Projects Funds and \$1,441,004 in the Enterprise Funds, are included in receivables and deferred revenue at December 31, 2006. These taxes are classified as deferred revenues since they are not normally available to the city until mid-2007 and are budgeted for in 2007.

NOTE G – OTHER RECEIVABLES

The December 31, 2006, balance in “other receivables” contains the following detail (amounts in 000’s):

<u>Type of receivable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 1,667	\$ 267	\$ 1,934
Charges for services	-	1,543	1,543
Accrued interest	865	846	1,711
Intergovernmental	3,231	530	3,761
Other	<u>213</u>	<u>-</u>	<u>213</u>
	\$ <u>5,976</u>	\$ <u>3,186</u>	\$ <u>9,162</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE H - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006, was as follows (amounts in 000's):

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 192,162	\$ 10,359	\$ (94)	\$ 202,427
Construction in progress	<u>17,992</u>	<u>5,587</u>	<u>(13,167)</u>	<u>10,412</u>
Total capital assets, not being depreciated	<u>210,154</u>	<u>15,946</u>	<u>(13,261)</u>	<u>212,839</u>
Capital assets being depreciated:				
Buildings	71,274	4,543	(114)	75,703
Improvements other than buildings	34,709	3,647	-	38,356
Infrastructure	330,812	12,773	(80)	343,505
Machinery and equipment	<u>33,297</u>	<u>2,492</u>	<u>(1,978)</u>	<u>33,811</u>
Total capital assets, being depreciated	<u>470,092</u>	<u>23,455</u>	<u>(2,172)</u>	<u>491,375</u>
Less accumulated depreciation for:				
Buildings	26,963	3,182	(69)	30,076
Improvements other than buildings	10,574	1,586	-	12,160
Infrastructure	221,790	12,197	(41)	233,946
Machinery and equipment	<u>17,511</u>	<u>3,097</u>	<u>(1,648)</u>	<u>18,960</u>
Total accumulated depreciation	<u>276,838</u>	<u>20,062</u>	<u>(1,758)</u>	<u>295,142</u>
Total capital assets, being depreciated, net	<u>193,254</u>	<u>3,393</u>	<u>(414)</u>	<u>196,233</u>
Governmental Activities capital assets, net	<u>\$ 403,408</u>	<u>\$ 19,339</u>	<u>\$ (13,675)</u>	<u>\$ 409,072</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE H - CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and easements	\$ 75,914	\$ 5,765	\$ (1,750)	\$ 79,929
Construction in progress	<u>7,685</u>	<u>18,795</u>	<u>(2,165)</u>	<u>24,315</u>
Total capital assets, not being depreciated	<u>83,599</u>	<u>24,560</u>	<u>(3,915)</u>	<u>104,244</u>
Capital assets being depreciated:				
Buildings	47,541	196	-	47,737
Improvements other than buildings	5,125	607	-	5,732
Utility plant in service and undergrounds	356,041	8,668	(15,000)	349,709
Machinery and equipment	<u>6,721</u>	<u>710</u>	<u>(423)</u>	<u>7,008</u>
Total capital assets, being depreciated	<u>415,428</u>	<u>10,181</u>	<u>(15,423)</u>	<u>410,186</u>
Less accumulated depreciation for:				
Buildings	10,869	1,346	-	12,215
Improvements other than buildings	1,334	249	-	1,583
Utility plant in service and undergrounds	107,432	6,534	(497)	113,469
Machinery and equipment	<u>4,215</u>	<u>558</u>	<u>(380)</u>	<u>4,393</u>
Total accumulated depreciation	<u>123,850</u>	<u>8,687</u>	<u>(877)</u>	<u>131,660</u>
Total capital assets, being depreciated, net	<u>291,578</u>	<u>1,494</u>	<u>(14,546)</u>	<u>278,526</u>
Business-type Activities capital assets, net	<u>\$ 375,177</u>	<u>\$ 26,054</u>	<u>\$ (18,461)</u>	<u>\$ 382,770</u>

As more fully described in Note W, the impairment to the Lakewood Pipeline, which had been capitalized at \$30,820,848 in 2004, was estimated to be \$14,503,527 net of depreciation. This loss has been recognized in 2006 with a corresponding reduction in Utility Plant in Service and Undergrounds.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE H - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the city as follows (amounts in 000's):

Governmental Activities:	
General Government	\$ 10
Administrative Services	779
Public Safety	41
Public Works	17,846
Planning & Development Services	7
Culture and Recreation	1,166
Open Space and Mountain Parks	148
Housing & Human Services	<u>65</u>
Total depreciation expense –	
Governmental Activities	<u>\$ 20,062</u>
Business-type Activities:	
Water Utility	\$ 4,701
Wastewater Utility	1,609
Stormwater and Flood Management	895
Parking facilities and services	1,340
Property and facility acquisition	<u>142</u>
Total depreciation expense –	
Business-type Activities	<u>\$ 8,687</u>

The Facility Renovation and Replacement Internal Service Fund collects replacement charges from participating city departments for the future renovation and replacement of facilities. Policy requires that assets for which this fund collects replacement charges be recorded in the fund. Facilities for which replacement charges were collected by, but the asset not purchased in the Facility Renovation and Replacement Fund must be contributed to this fund. In 2006, \$1,838,891 of this type of asset was contributed from governmental funds to the Facility Renovation and Replacement Fund.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE I - RISK MANAGEMENT

Property and Casualty Insurance - The city has structured its property and casualty insurance as a Protected Self Insurance Plan since April 15, 1986. The Plan included an Annual Aggregate and Specific Stop Loss coverage through April 15, 1990. Under the current structure, the city pays the first \$100,000 of each loss on property claims with an annual aggregate of \$200,000. Except for those which are Flood or Earthquake which have a \$200,000 deductible and Utility Facilities which have a \$500,000 deductible. The City pays \$250,000 each claim on third party liability claims; and \$10,000 each loss on crime. According to Colorado State law, the city has the protection of governmental immunity above \$600,000 for each and every claim. Excess insurance coverage over this maximum had been purchased through Princeton E&S Insurance Company including increasing the annual aggregate to \$4,000,000. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. The deductible on each claim for third party liability claims was increased in 2004 from \$150,000 to \$250,000.

The City Council has established a reserve policy for the Property and Casualty Fund with a goal of funding the actuarially calculated liability at the end of the prior year at the 50% certainty level plus \$537,500 for current and future years claims. As of December 31, 2006, the reserve exceeded this goal by \$1,262,000.

In 1997, an Internal Service Fund was established to account for the Property and Casualty funds. Claims paid during the year and estimated to be paid at year-end are charged to this fund. The estimated year claims payable is based on the results of an actuarial study prepared as of December 31, 2006.

Changes in the estimated claims payable for all funds during the years ended December 31, 2005 and 2006, were as follows (amounts in 000's):

	<u>2005</u>	<u>2006</u>
Estimated claims payable January 1	\$ 911	\$ 911
Current year claims and changes in estimates	315	652
Claim payments	<u>(315)</u>	<u>(621)</u>
Estimated claims payable December 31	<u>\$ 911</u>	<u>\$ 942</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE I - RISK MANAGEMENT (CONTINUED)

Workers' Compensation Insurance - Through December 31, 1992, the city purchased Workers' Compensation insurance through the Colorado Compensation Insurance Authority. The city received authorization to become self-insured effective January 1, 1993. In 1993, an Internal Service Fund was established to account for these insurance activities. The city hired a third-party administrator to handle claims and estimate reserves. Under the current structure, the city pays the first \$350,000 of each workers compensation claim. The estimated reserves at December 31, 2006, have been established through the completion of an actuarial study and recorded as a liability in the Workers' Compensation Insurance Fund. Benefits are mandated by State Statute. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. The deductible on each claim was increased in 2006 from \$300,000 to \$350,000.

The City Council has established a reserve goal for the Workers' Compensation Insurance Fund to fully fund case loss reserves at the 50% confidence level and rate stabilization reserves at the industry standard reserve/retention of 8 to 1. At December 31, 2006, the reserve did not meet this goal by \$1,866,000.

Changes in the estimated claims payable for all funds during the years ended December 31, 2005 and 2006, were as follows (amounts in 000's):

	<u>2005</u>	<u>2006</u>
Estimated claims payable January 1	\$ 1,161	\$ 1,256
Current year claims and changes in estimates	1,144	770
Claim payments	<u>(1,049)</u>	<u>(708)</u>
Estimated claims payable December 31	\$ <u>1,256</u>	\$ <u>1,318</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE J – ACCRUED LIABILITIES

The December 31, 2006, balance in “accrued liabilities” contains the following detail (amounts in 000’s):

<u>Type of accrued liability</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accrued salaries, wages and amounts withheld from employees	\$ 3,167	\$ 476	\$ 3,643
Accrued interest	1,334	1,212	2,546
Accrued insurance reimbursement	2,260	-	2,260
Accrued liability – landfill cleanup	-	<u>2,531</u>	<u>2,531</u>
	<u>\$ 6,761</u>	<u>\$ 4,219</u>	<u>\$ 10,980</u>

NOTE K - PROPERTY TAX OVERCOLLECTION LIABILITY

The 2004 mill levy for the Central Area General Improvement District, for taxes collected in 2005, resulted in an excess of the Amendment One allowable property tax revenues by \$1,460. The 2005 mill levy for taxes collected in 2006 was voluntarily reduced to compensate for this overcollection. This allowed the full \$1,460 to be recognized as property tax revenue in 2006.

The 2004 mill levy for the University Hill General Improvement District, for taxes collected in 2005, resulted in an excess of the Amendment One allowable property tax revenues by \$25. The 2005 mill levy for taxes collected in 2006 was voluntarily reduced to compensate for this overcollection. This allowed the full \$25 to be recognized as property tax revenue in 2006.

The City does not have a liability for property tax overcollections as of December 31, 2006.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE L - ACCRUED LIABILITY - LANDFILL CLEANUP

Until the late 1980s the city operated the Marshall Landfill. Around the time of the landfill's closure, the city was threatened by a lawsuit by the Department of Justice (DOJ) and the U.S. Environmental Protection Agency (EPA) concerning the cleanup of Marshall Landfill, which is a designated Superfund site. The city was designated a potentially responsible party (PRP) pursuant to the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986. The city and certain other PRPs negotiated a proposed consent decree with the DOJ and the EPA, and on May 17, 1988, City Council approved that decree.

The EPA, city and other PRPs subsequently signed the consent decree, which required the settling parties to implement remedial measures at Marshall Landfill for the purpose of cleaning up contaminated groundwater. This included the construction, operation and maintenance of a treatment facility and monitoring system.

The total cost of the cleanup was estimated to be approximately \$5.0 million for capital construction and \$.8 million for engineering costs. Under the PRP agreement, which set forth the cost sharing arrangements for the cleanup, the city's share was estimated at 30% or approximately \$1,740,000. This amount, plus \$210,000 for project management, contingency, legal and miscellaneous costs, was recorded in the Wastewater Utility Fund. Bonds were issued in 1992, and the proceeds restricted, to pay these costs.

This judgment payable was satisfied in 1993 and an additional estimated liability equal to the net present value of average annual expenses of \$250,000, or \$2,926,595, was recorded for the city's estimated share of operating the treatment facility over the subsequent twenty years. The reasonableness of the average annual expense level is reviewed annually by city engineers and is based on typical operation, maintenance, analytical, and engineering costs of the Marshall Landfill site with adjustments made for inflation and equipment replacement.

The EPA and the Colorado Department of Public Health and Environment (CDPHE) approved a shutdown plan for the Marshall Landfill on November 30, 2004. The shutdown involves mothballing the current treatment facility for three years while the groundwater quality is monitored. The treatment facility must be maintained for the three year period in a manner that allows start up if deemed necessary.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE L - ACCRUED LIABILITY - LANDFILL CLEANUP (CONTINUED)

If, at the end of three years, no concentrations of contaminants above the shutdown standards occur in the wells and surface water sites that are approved as points of compliance, the treatment plant can be removed. After the treatment facility is demolished, an approved long-term monitoring plan will be implemented. The demolition plan will require continued monitoring for the foreseeable future, but at a reduced frequency than currently is in effect. In addition to long-term water sampling and analysis at the points of compliance, the landfill cover or cap will have to be maintained indefinitely.

The 2005 Marshall Landfill budget of \$240,000 was sufficient for all 2005 shutdown, mothballing, sampling and analysis, cap maintenance, and abandonment/encasement of obsolete monitoring wells. Annual costs during the last two years (2006-2007) of the three year shutdown period should not exceed \$150,000.

If, at the end of the three-year shutdown period, EPA and CDPHE agree to demolition of the facility and long-term monitoring, the annual costs should be less than \$100,000. However, the actual annual costs will not be determined until EPA and CDPHE approve the plan. The final shutdown and demolition plan will not be submitted to EPA and CDPHE until late 2007.

Funds to pay off the bonds and the accrued liability will be collected through user rate charges. The December 31, 2006, balance in the "accrued landfill cleanup liability" is \$2,530,980.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE M - DEFERRED CREDIT - FUTURE WATER RIGHTS

Under a water allotment contract with the Municipal Subdistrict, Northern Colorado Water Conservancy District (Subdistrict), the city has available 37/480 of the water units available through the Windy Gap Project (a water diversion project on the Colorado River). In 1991, the city sold 43 of its original 80 units to the City of Broomfield for a total of \$23,724,500. Under the sales agreement, the city received its final annual payment in 1993. The Raw Water Master Plan recommended that Windy Gap supplies be sold due to the high incremental cost of maintaining this portion of the raw water supply. When voting to approve the sales agreement, the City Council also moved that the proceeds be used for the acquisition of replacement water supplies capable of meeting multiple objectives including diversification of municipal water supply sources, drought protection and maintaining instream flows.

Bonds issued by the Subdistrict in connection with construction of the project totaled \$119,280,000 after refunding in 1993. The bonds are not liabilities of the city since the city has an option annually to elect to either pay its share of the debt service and operating costs of the Subdistrict or to request the Subdistrict levy taxes directly through the County Assessor against property owners within the boundaries of the city to pay such costs and expenses. Under its contract, the city will never have ownership of the project, including the water rights.

The city's commitment to pay the annual costs and expenses associated with the acquisition and maintenance of its future water rights continues to be for the original 80 units as follows: 2007-\$1,654,314, 2008-\$1,653,779, 2009-\$1,652,567, 2010-\$1,652,531, 2011-\$1,652,539, 2012 through 2016-\$8,313,957, and 2017-\$1,700,125.

A "deferred credit" with an original amount of \$10,504,192 at 7% interest was recorded in 1992 in the Water Utility Fund to cover the principal portion of the debt service costs for the 43 units sold to the City of Broomfield. The December 31, 2006, deferred credit balance was \$6,198,843.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT

Changes in Long-Term Debt

The following balances and changes in long-term debt are for the year ended December 31, 2006 (amounts in 000's):

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 60,375	\$ 20,482	\$ (5,775)	\$ 75,082	\$ 7,300
Revenue bonds	<u>10,850</u>	<u>-</u>	<u>(995)</u>	<u>9,855</u>	<u>1,045</u>
Total bonds payable	71,225	20,482	(6,770)	84,937	8,345
Revenue notes payable	69	-	(69)	-	-
Loans payable	3,500	-	(1,580)	1,920	384
Compensated absences	9,585	945	(985)	9,545	2,679
Rebatable arbitrage payable	<u>-</u>	<u>42</u>	<u>-</u>	<u>42</u>	<u>-</u>
Governmental activity long-term debt	\$ <u>84,379</u>	\$ <u>21,469</u>	\$ <u>(9,404)</u>	\$ <u>96,444</u>	\$ <u>11,408</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 25,643	\$ -	\$ (2,500)	\$ 23,143	\$ 2,720
Revenue bonds	<u>116,899</u>	<u>-</u>	<u>(5,779)</u>	<u>111,120</u>	<u>6,060</u>
Total bonds payable	142,542	-	(8,279)	134,263	8,780
Revenue notes payable	113	-	(113)	-	-
Certificates of participation	3,485	-	(430)	3,055	450
Lease purchase revenue notes	17,776	4,756	(2,745)	19,787	2,955
Compensated absences	<u>1,530</u>	<u>128</u>	<u>(216)</u>	<u>1,442</u>	<u>405</u>
Business-type activities long-term debt	\$ <u>165,446</u>	\$ <u>4,884</u>	\$ <u>(11,783)</u>	\$ <u>158,547</u>	\$ <u>12,590</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

The city issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the city.

2006 Bond Issuance

On June 20, 2006, the city sold \$20,115,000 of Open Space Acquisition Bonds Series 2006. These bonds will mature on August 19, 2019. The bonds were purchased by George K. Baum & Co. at a net effective interest rate of 4.058%. The closing on the bonds was June 20, 2006. Bonds maturing on and after August 15, 2017 shall be callable for redemption at the option of the city, in whole or in part, and if in part in such order of maturities as the city shall determine and by lot within a maturity on August 15, 2016, and on any date thereafter, at a redemption price equal to the par amount thereof plus accrued interest to the redemption date.

General obligation bonds outstanding at December 31, 2006, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Governmental activities	4.00 – 5.50%	\$ 35,850	\$ 40,210
Governmental activities – refunding	4.00 – 5.375	39,060	64,560
Business-type activities	2.50 – 5.00	21,430	26,000
Business-type activities – refunding	3.625	<u>1,600</u>	<u>7,355</u>
		<u>\$ 97,940</u>	<u>\$ 138,125</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2007	\$ 7,300	\$ 3,737	\$ 2,720	\$ 954	\$ 14,711
2008	7,605	3,252	1,165	851	12,873
2009	7,875	2,893	1,215	794	12,777
2010	8,225	2,528	1,265	736	12,754
2011	7,515	2,144	1,320	687	11,666
2012-2016	27,400	5,758	7,570	2,565	43,293
2017-2021	8,990	749	5,975	957	16,671
2022-2026	-	-	1,800	114	1,914
Total liability	74,910	21,061	23,030	7,658	126,659
Plus bond premium	375	-	146	-	521
Less refunding bond charges	(203)	-	(33)	-	(236)
Net liability	\$ <u>75,082</u>	\$ <u>21,061</u>	\$ <u>23,143</u>	\$ <u>7,658</u>	\$ <u>126,944</u>

Revenue Bonds

The City also issues bonds where the city pledges income derived from the acquired or constructed assets to pay debt service. In addition, revenue bonds have been issued to refund other revenue bonds.

Revenue bonds outstanding at December 31, 2006, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Governmental activities – refunding	5.00 – 5.25%	\$ 9,855	\$ 15,835
Business-type activities	3.50 – 5.75	96,485	115,270
Business-type activities – refunding	3.00 – 5.10	<u>13,730</u>	<u>18,690</u>
		\$ <u>120,070</u>	\$ <u>149,795</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Annual debt service requirements to maturity for revenue bonds are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2007	\$ 1,045	\$ 502	\$ 6,060	\$ 5,057	\$ 12,664
2008	1,090	450	6,300	4,796	12,636
2009	1,140	395	6,560	4,532	12,627
2010	1,195	338	7,140	4,257	12,930
2011	1,250	275	6,070	3,940	11,535
2012-2016	4,135	432	33,915	15,501	53,983
2017-2021	-	-	31,975	7,239	39,214
2022-2026	-	-	12,195	1,474	13,669
Total liability	9,855	2,392	110,215	46,796	169,258
Plus bond premium	-	-	1,083	-	1,083
Less refunding bond charges	-	-	(178)	-	(178)
Total liability	<u>\$ 9,855</u>	<u>\$ 2,392</u>	<u>\$ 111,120</u>	<u>\$ 46,796</u>	<u>\$ 170,163</u>

Certificates of Participation

The Boulder Municipal Property Authority (BMPA) has issued certificates of participation where BMPA pledges income, received from the City of Boulder and derived from base rentals of recreational property, to pay debt service. These certificates of participation are a debt of BMPA, not of the City of Boulder, but are included as a blended component unit of the city (Note A1).

Certificates of participation outstanding at December 31, 2006, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Business-type activities	4.625 – 5.00%	\$ <u>3,055</u>	\$ <u>5,750</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT (CONTINUED)

Certificates of Participation (Continued)

Annual debt service requirements to maturity for certificates of participation are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 450	\$ 148	\$ 598
2008	475	127	602
2009	495	105	600
2010	515	81	596
2011	545	56	601
2012	<u>575</u>	<u>29</u>	<u>604</u>
Total liability	\$ <u>3,055</u>	\$ <u>546</u>	\$ <u>3,601</u>

Lease Purchase Revenue Notes

The Boulder Municipal Property Authority (BMPA) has issued notes where BMPA pledges income, received from the City of Boulder and derived from base rentals of open space and parks property, to pay debt service. These notes are a debt of BMPA, not of the City of Boulder, but are included as a blended component unit of the city (Note A1). Lease purchase revenue notes outstanding at December 31, 2006, are as follows (amounts in 000's):

<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>
Business-type activities	4.75 – 12.315%	\$ <u>19,787</u>	\$ <u>34,749</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT (CONTINUED)

Lease Purchase Revenue Notes

Annual debt service requirements to maturity for lease purchase revenue notes are as follows (amounts in 000's):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Debt Requirements to Maturity</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 2,955	\$ 1,130	\$ 4,085
2008	2,340	946	3,286
2009	2,018	798	2,816
2010	2,134	682	2,816
2011	4,205	559	4,764
2012-2016	5,666	937	6,603
2017-2021	<u>469</u>	<u>44</u>	<u>513</u>
Total liability	\$ <u>19,787</u>	\$ <u>5,096</u>	\$ <u>24,883</u>

Loans Payable

Fannie Mae Revolving Credit Facility Agreement – In 2003, the city and Fannie Mae signed a revolving credit facility agreement whereby the city can borrow up to \$3,000,000 to secure and promote the health, safety and general welfare of the city's inhabitants by assisting in the provision of adequate and affordable housing. Expenditures, in the form of loans to eligible projects, will be recorded in the Affordable Housing Fund. These loans will be paid back to the city through owner equity, sale of land and/or future Housing Program Funds.

Payment terms require a minimum principal payment of 20% of the outstanding balance to be paid on each July 1, commencing July 1, 2004, at an interest rate obtained by adding 1.75% to the ninety-day LIBOR, adjusted quarterly. Fannie Mae's collateral requirement of 25% of the established line of credit, or \$750,000, has been satisfied by a letter of credit with JP Morgan Chase. The credit facility has a maximum term of five years. Each year, the city may evaluate its participation in this program and continuation of the loan is subject to annual appropriation.

As of December 31, 2006, \$1,920,000 was outstanding and is reflected within these financial statements as a governmental activities liability.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT (CONTINUED)

Compensated Absences

The city has accrued, as a liability to current employees, the following amounts of accumulated unused vacation and sick pay, appreciation bonus and compensation time at December 31, 2006 (amounts in 000's):

	<u>Governmental Activities</u>	<u>Business- type Activities</u>
Accrued vacation	\$ 5,105	\$ 658
Accrued sick pay	1,903	302
Accrued appreciation bonus	2,352	482
Accrued compensation time	<u>185</u>	<u>-</u>
	<u>\$ 9,545</u>	<u>\$ 1,442</u>

The liability attributable to the governmental funds is recorded as a governmental activities noncurrent liability. It is estimated that \$2,679,000 of governmental activities and \$405,000 of business-type activities liabilities will be paid in 2006. Governmental liabilities relating to General, Library, Recreation Activity, Community Development and HOME Fund employees are liquidated out of the Compensated Absences Internal Service Fund. Liabilities relating to employees of all other governmental funds are liquidated out of the associated fund.

Rebatable Arbitrage

Kutak Rock Arbitrage Consulting LLC made calculations for the city to determine if any of the bond issues dated since January 1, 1986, had a liability for rebatable arbitrage at December 31, 2006. These calculations were made taking into consideration the Investment Instructions, the No Arbitrage Certificate and the relevant portions of the Trust Indenture for each of the bond issues. As of December 31, 2006, a liability of \$41,876 was recognized in the Statement of Net Assets as a noncurrent liability for governmental activities.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE N - LONG-TERM DEBT (CONTINUED)

Refunded Bonds

The city has, at various times in prior years, entered into advance refunding transactions whereby a portion of the proceeds of the refunding bonds were placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with the interest earned thereon, will provide amounts sufficient for future payment of all interest and principal on the old bonds. At December 31, 2006, all refunded bonds have been paid in full.

Lease of Criminal Justice Center

During prior years, the city used Revenue Sharing Funds of approximately \$1,035,000 towards the cost of construction of the Criminal Justice Center built by Boulder County. The city negotiated an agreement with Boulder County on July 17, 1975, whereby the city leased, for an initial period of 30 (thirty) years, a 20,000 square foot portion of the Center at no additional cost to the city.

This lease was replaced on January 1, 1990, with an agreement whereby the County purchased 15,000 square feet of the city's leasehold interest in the Center and whereby the city, for a one time payment of \$139,538, will lease an additional 2,000 square feet from the County for a period ending at the same time as the original thirty year lease.

On March 30, 2005, the city exercised the option to renew its leasehold interest at the Criminal Justice Center for an additional 30 years.

Lease of Public Library Space at the Meadows on the Parkway

The city entered into a lease dated as of September 21, 1988, with Foothills Associates, Inc. for 7,812 square feet to house the Meadows branch of the Boulder Public Library at the Meadows on the Parkway shopping center. This lease has a term of 20 (twenty) years commencing on July 11, 1989. Should Safeway or a comparable anchor tenant at the shopping center remain as a tenant after twenty years from the commencement date, the city has the option to extend the lease upon the same conditions for an additional period of time equal to the total period of time that Safeway or the comparable anchor tenant is a tenant at the shopping center. The city pays no rent to Foothills Associates, Inc. but does pay its pro rata share of various common expenses as set forth in the lease agreement.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE O - INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS

Generally accepted accounting principles require disclosure of certain information concerning individual funds.

Due to/from other funds

The composition of interfund receivable and payable balances as of December 31, 2006, is as follows (amounts in 000's):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	CDBG	\$ 13
	HOME	4
Boulder Municipal Property Authority	General	12
	Lottery	10
	Affordable Housing	4
	Open Space and Mountain Parks	553
	Transportation	<u>3</u>
		<u>\$ 599</u>

The most significant interfund receivable/payable balances are amounts owed to the Boulder Municipal Property Authority for base rentals equal to accrued interest on debt at December 31, 2006. All balances will be repaid within one year.

Advances to/from other funds

The \$357,970 owed the General Fund by the Central Area General Improvement District is a loan to be used to cover a portion of the capital cost of a new parking facility. It was initiated in 2003 and will be repaid with five equal annual payments beginning in 2007.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE O - INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS
(CONTINUED)

Interfund transactions

There are various types of interfund transactions which occur between funds. The following information describes the city's material 2006 transfers (amounts in 000's).

Cost Allocation Transfer – All funds made quarterly payments to the General Fund for indirect expenses, primarily administrative, such as human resources, finance and information technologies totaling:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount Transferred</u>
General	Major governmental funds:	
	Open Space and Mountain Parks	\$ 726
	Transportation	1,051
	Nonmajor governmental funds	1,612
	Enterprise funds:	
	Water Utility	1,044
	Wastewater Utility	736
	Stormwater and Flood Management	157
	Central Area General Improvement District	129
	University Hill General Improvement District	37
	Internal service funds	<u>463</u>
		<u>\$ 5,955</u>

Library Revenue Transfer – The General Fund made quarterly payments totaling \$5,296 to the Library Fund to subsidize library operations.

Parking Meter Revenue Transfer – The General Fund made monthly payments to the Central Area General Improvement District and University Hill General Improvement District totaling \$1,241 and \$175, respectively, for meter revenues collected in the General Fund.

Parks & Recreation Revenue Fund Transfer – The General Fund made quarterly payments totaling \$1,336 to the Recreation Activity Fund to subsidize recreation activities.

Mountain Parks Transfer – The General Fund made quarterly payments totaling \$958 to the Open Space and Mountain Parks Fund to subsidize Mountain Parks operations.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE O - INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS
(CONTINUED)

Interfund transactions (Continued)

Excess Sales Tax Transfer – The .15 Cent Sales Tax Debt Service Fund made a \$623 annual payment of sales tax in excess of debt service to the General Fund in accordance with the bond sale ordinance.

Planning & Development Services Fund Transfer – The following funds made quarterly payments to cover the applicable share of development activities performed on each fund’s behalf by the Planning & Development Services Fund. The General Fund share also includes a subsidy for general governance activities performed by the Planning & Development Services Fund. The total of the transfers is as follows:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount Transferred</u>
Planning & Development Services	Major governmental funds:	
	General	\$ 1,903
	Transportation	179
	Enterprise funds:	
	Water Utility	168
	Wastewater Utility	168
	Stormwater and Flood Management	<u>101</u>
		<u>\$ 2,519</u>

Capital Asset Reassignment Transfer – In 2006, the Fleet Internal Service Fund, made a \$615 transfer, equal to the depreciated cost of equipment, to the Water Utility Fund (\$322), Wastewater Utility Fund (\$216) and the Stormwater and Flood Management Fund (\$77). Both sides of this transfer are recorded in the fund financial statements since both fund types use the accrual basis of accounting.

An additional \$1,750 capital asset reassignment transfer was made from the Boulder Municipal Property Authority Enterprise Fund to the governmental funds. Ownership of this parcel of land reverted to the city upon payment in full of the lease purchase revenue debt used for its purchase. This transfer is reflected solely in the Enterprise Fund fund financials since governmental-activities funds use the modified accrual basis of accounting. *Transfers in* and *transfers out* do however balance in the government-wide statement of activities, where all transactions are accounted for using a common basis of accounting.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE P – RELATED PARTY TRANSACTIONS

Boulder Housing Partners is a separate related organization as explained in Note A1. During 2006, Boulder Housing Partners received payments of \$221,144 in Community Housing Assistance Program funding, \$397,298 in Community Development Block Grant funding, \$9,172 in Affordable Housing Fund funding, and \$221,051 in Home Investment Partnership Grant funding. These grants were awarded to Boulder Housing Partners in a competitive application process. In addition to the grant funding above, Boulder Housing Partners received other operating assistance and payments for services in 2006 totaling \$59,518.

During 2006, the city also provided Boulder Housing Partners with payroll processing services at no charge. Boulder Housing Partners reimbursed the city for the full cost of the payroll, including gross wages, payroll taxes and benefits. There was no receivable from Boulder Housing Partners at December 31, 2006.

Downtown Boulder Business Improvement District (DBBID) is a separate related organization as explained in Note A1. During 2006, the city contracted with DBBID for Pearl Street Mall maintenance services in the amount of \$100,555.

NOTE Q – RESERVED AND DESIGNATED FUND BALANCES

At December 31, 2006, governmental fund balances were *reserved* as follows (amounts in 000's):

Fund	Special Purposes		Total
	Gifts and Memorials	Contraband Forfeitures	
Major governmental funds:			
General	\$ 171	\$ 1,511	\$ 1,682
Other governmental funds:			
Special revenue funds:			
Planning & Development Services	9	-	9
.25 Cent Sales Tax	213	-	213
Recreation Activity	43	-	43
Gifts and Contributions	378	-	378
Total other governmental funds	643	-	643
Total reserved fund balance	\$ 814	\$ 1,511	\$ 2,325

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE Q – RESERVED AND DESIGNATED FUND BALANCES (CONTINUED)

At December 31, 2006, governmental fund balances were *designated* as follows (amounts in 000's):

Fund	Special Purposes							Total
	Education Excise Tax	Under- grounding Cost Share	Economic Vitality	Urban Redevel- opment	Cyber Café	Library Renova- tion	Rebatable Arbitrage	
Major governmental funds:								
General	\$ 3,698	\$ -	\$ 1,573	\$ 241	\$ 168	\$ 393	\$ -	\$ 6,073
Special revenue funds:								
Open Space & Mountain Parks	-	-	-	-	-	-	42	42
Transportation	-	128	-	-	-	-	-	128
Total major funds	<u>3,698</u>	<u>128</u>	<u>1,573</u>	<u>241</u>	<u>168</u>	<u>393</u>	<u>42</u>	<u>6,243</u>
Other governmental funds:								
Special revenue funds:								
Transportation Development	-	113	-	-	-	-	-	113
Total designated fund balance	\$ <u>3,698</u>	\$ <u>241</u>	\$ <u>1,573</u>	\$ <u>241</u>	\$ <u>168</u>	\$ <u>393</u>	\$ <u>42</u>	\$ <u>6,356</u>

NOTE R - RESTRICTED NET ASSETS

At December 31, 2006, net assets of \$116,006 and \$4,314, respectively, were restricted in the Central Area General Improvement District and University Hill General Improvement District for Amendment One emergency reserves.

Net assets in the CHAP, .15 Cent Sales Tax, .25 Cent Sales Tax, Open Space and Mountain Parks, and Transportation Special Revenue Funds, are restricted for special purposes by citizen vote. Net assets in the Library Special Revenue Fund are restricted for special purposes by city charter. Net assets in the Airport Special Revenue Fund are restricted for capital projects by Federal grant requirements. Net assets are restricted for capital projects in the Capital Development and Transportation Development Special Revenue Funds, and the Transit Pass General Improvement District by citizen vote. Net assets in the Parks Acquisition Bond Capital Project Fund are restricted for capital projects. Net assets in the Lottery Special Revenue Fund are restricted by State requirement and in the Permanent Parks and Recreation Capital Project Fund by city charter. Net assets in the General Fund, Recreation Activity Special Revenue Fund, and Gifts and Contribution Special Revenue Fund are restricted for special purposes. Total net assets in these funds, restricted by enabling legislation at December 31, 2006, were \$63,405,000.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE S - RESERVES FOR COMPENSATED ABSENCES

In 1994, the city began to reserve fund balances to fund increases in compensated absences since the statewide approval of Amendment One in November of 1992 in order to comply with the Amendment One requirement that the city cannot enter into a multi-year obligation without a vote of the public. Compensated absence balances are negotiated by contract with the Boulder Municipal Employees Association, Boulder Police Benevolent Association, and the International Association of Firefighters (see Notes A11 and N). This includes the amount of the annual increases and the maximum balances that employees can carry over from one year to the next. At December 31, 2006, fund balances of \$1,342,652 in the governmental funds and net assets of \$2,612,784 in the internal service funds were reserved.

NOTE T - COMMITMENTS AND CONTINGENCIES

1. Litigation

A number of claims against the city are pending for injuries received, tax and assessment appeals, water applications and rights, and other miscellaneous cases. In the opinion of management and legal counsel, the final settlement of these matters will not materially affect the financial statements of the city.

2. Construction Commitments

At December 31, 2006, the city has planned for the acquisition and construction of various major capital projects and facilities in various funds as shown below (amounts in 000's). Funding of the future expenditures is to be financed from existing restricted assets and future operating revenues. The "committed" column represents the balance of construction contracts and the city's anticipated future construction contracts.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE T - COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Construction Commitments (Continued)

<u>Fund</u>	<u>Estimated Cost</u>	<u>Expended to December 31, 2006 (Construction in progress)</u>	<u>Committed</u>
General	\$ 156	\$ 113	\$ 43
Capital Development	1,665	23	1,642
Lottery	493	-	493
.25 Sales Tax	4,036	2,121	1,915
Library	46	46	-
Recreation Activity	2,071	2,071	-
Open Space Fund	15,247	57	15,190
Transportation	14,712	4,770	9,942
Transportation Development	8,738	512	8,226
1996 Parks Acquisition Bond	10	-	10
Permanent Parks and Recreation	<u>3,811</u>	<u>269</u>	<u>3,542</u>
Total Governmental Funds	<u>\$ 50,985</u>	<u>\$ 9,982</u>	<u>\$ 41,003</u>
Water Utility	\$ 11,148	\$ 2,531	\$ 8,617
Wastewater Utility	53,967	21,265	32,702
Stormwater and Flood Management	3,778	454	3,324
Central Area General Improvement District	<u>282</u>	<u>65</u>	<u>217</u>
Total Enterprise Funds	<u>\$ 69,175</u>	<u>\$ 24,315</u>	<u>\$ 44,860</u>
Computer Replacement	\$ 281	\$ -	\$ 281
Equipment Replacement	781	-	781
Facility Renovation and Replacement	<u>648</u>	<u>430</u>	<u>218</u>
Total Internal Service Funds	<u>\$ 1,710</u>	<u>\$ 430</u>	<u>\$ 1,280</u>

3. Boulder Shelter for the Homeless

The city entered into an agreement in 2002 with the Boulder Shelter for the Homeless, Inc. (Shelter) whereby the city has agreed to provide funding to the Shelter for the construction of a new building. Funding consists of \$645,000 (plus interest) payable upon presentation of payment requests, and \$1,260,000 to be paid in ten annual installments. As of December 31, 2006, the city has paid \$1,201,662 to the Shelter under this agreement.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE T - COMMITMENTS AND CONTINGENCIES (CONTINUED)

4. Single Audit

The city follows the single audit concept under the provisions of the Single Audit Act of 1984, as amended in 1999. A single audit appendix is a part of the comprehensive annual financial report. Under the single audit concept, one audit is performed which satisfies the requirements of all Federal agencies. The city has received State and Federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. The city's management believes disallowances, if any, will be immaterial.

NOTE U - PENSION AND RETIREMENT PLANS

The city's employees are covered under four separate retirement plans. Regular contributions (does not include disciplinary pay contributions) to the various plans, shown both in dollars and percent of covered payroll, are as follows (amounts in 000's):

Number of active full-time employees	Plan	Employee contributions		City contributions	
		Dollars	Percentage	Dollars	Percentage
1,161	PERA	\$ 4,359	8.000 %	\$ 5,824	10.500 %
4	Old Hire Police	6	2.000	6	2.000
4	Old Hire Fire	24	7.833	24	7.833
165	Police and Fire Money Purchase – Police employees	629	6.200	1,428	13.800
99	Police and Fire Money Purchase – Fire employees – International Association of Firefighters	494	8.000	629	11.000
7	ICMA 401(a)	66	8.000	85	10.200
2	ICMA 457	2	8.000	2	10.000
	Totals	\$ <u>5,580</u>		\$ <u>7,998</u>	

Covered employees should refer to pension plan documents and legislation for detail plan descriptions and benefits.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

1. Public Employees Retirement Association (PERA)

The City of Boulder contributes to the Municipal Division Trust Fund (MDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The MDTF provides retirement and disability, annual increases, and death benefits for all full-time employees, except firefighters, police officers and certain management employees that work directly for the City Manager. Those employees excepted from PERA are covered by other plans described in this Note and Note V. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature.

Funding Policy - Plan members and the City of Boulder are required to contribute at a rate set by statute. The contribution requirements of plan members and the City of Boulder are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0% and for the City of Boulder is 10.50% of covered salary. The city's contribution rate was 10.00%, 10.00%, and 9.60%, for 2006, 2005, and 2004, respectively. A portion of the City of Boulder's contribution (1.02% of covered salary since December 31, 2004) is allocated for the Health Care Trust Fund (See "Postemployment Healthcare Benefits" below). From January 1, 2001 to June 1, 2004, the PERA Board of Trustees authorized employers to match their employees' voluntary defined contributions to eligible tax-deferred plans from the city contribution. The maximum amount of the match was 2% of PERA-includable salary. The City of Boulder's contributions to MDTF for the years ending December 31, 2006, 2005, and 2004 were \$5,824,000, \$5,335,000, and \$5,261,000, respectively, equal to their required contributions for each year.

Postemployment Healthcare Benefits

Plan Description – The City of Boulder contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the MDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado, 80203-2309 or by calling PERA at (303) 832-9550 or 1-800-759-PERA(7372).

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

1. Public Employees Retirement Association (PERA) (Continued)

Postemployment Healthcare Benefits (Continued)

Funding Policy – For 2006, the City of Boulder is required to contribute at a rate of 1.02%, of covered salary for all PERA members as set by statute. The contribution rate was 1.02%, 1.01% from January 1, 2004 through June 30, 2004, and 1.02% from July 1, 2004 through December 31, 2004, and 1.69% for the years 2005, 2004, and 2003, respectively. No member contributions are required. The contribution requirements for the City of Boulder are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the Health Care Trust Fund is established under Title 24, Article 51, Section 208 of the CRS, as amended. The City of Boulder's contributions to HCTF for the years ending December 31, 2006, 2005, and 2004 were \$566,000, \$544,000, and \$558,000, respectively, equal to their required contributions for each year.

PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the MDTF. That report may be obtained by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado, 80203-2309 or by calling PERA at (303) 832-9550 or 1-800-759-PERA(7372).

2. "Old Hire" Police Defined Benefit Plan

Full-time police officers hired prior to April 8, 1978, are members of the City of Boulder "Old Hire" Police Defined Benefit Plan (Plan), a single employer defined benefit pension plan and an Internal Revenue Service Code Section 401(a) plan. The city established this Plan by the adoption of a Trust Agreement on November 3, 1987, by the City Council by Ordinance 5086. This agreement was effective retroactive to January 1, 1987, and superseded and replaced the retirement benefits that had previously been provided under Colorado Revised Statutes, Title 31, Article 30, Parts 3 and 4, and as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981. The provisions of this Plan apply solely to employees whose employment with the employer terminates on or after January 1, 1987.

The Plan is a joint-contributory retirement plan operating on an actuarial reserve basis. Contributions represent 2.0% and 2.0% of covered payroll, from the city and employees, respectively. In addition, the city contributes \$363,000 to meet the actuarially calculated contribution requirement.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

Member and employer contributions are recognized as additions/revenues in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are presented at fair value. Administrative expenditures are recorded when incurred and are financed by the General Fund.

Benefits - For members retiring or terminating after January 1, 1996, the retirement pension is equal to 2.56% of final salary times full years of participation up to 25 years, plus .5% of final salary for each full year of participation service over 25 years up to 27 years, providing a maximum pension of 65%. The Plan permits early retirement after 10 years of credited service with reduced benefits. Members may elect to receive their pension benefits in the form of joint, survivor annuities, or a lump sum payment calculated on the basis of the UP-1984 Mortality table. This election can be made prior to retirement in order to provide a pension payable to the surviving spouse or beneficiary if the member dies after reaching normal retirement age and before retirement. On termination, members may receive a refund of their contributions without interest. This refund of contributions paid waives future rights to any benefits.

Deferred Retirement Option Plan (DROP) program – During 1999, a DROP provision, retroactive to January 1, 1998, was added to the Plan. This enables an active member, who is eligible to retire, to elect to have their employee contributions, annual pension benefits and interest thereon, directed to a separate account for up to 5 years prior to retirement. The city share of pension contributions is excluded from the employee's DROP account but continues to be allocated to the Plan. The annual pension benefit is initially calculated as of the date of the election of the DROP. The pension benefit in subsequent years will include any benefit increases granted by the Board to retirees and widows. Upon retirement, the member begins to receive pension payments in the form of an annuity and the cumulative assets in the DROP account are paid to him in a lump sum. As of December 31, 2006, two employees had elected the DROP. For Note U purposes (unless otherwise stated), these employees are shown as active members and included in covered payroll.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. “Old Hire” Police Defined Benefit Plan (Continued)

Death and Disability Benefits - If an active member dies or becomes disabled while employed, the member’s spouse and dependent children will receive survivor benefits or the member will receive benefits under the State Fire and Police Pension Association (FPPA). These benefits are described below under Fire and Police Pension Association.

For an employee who retires or terminates on or after January 1, 1987, the surviving spouse is eligible for a benefit of the greater of (a) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member’s death; (b) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member’s termination (c) one-half of the pension the member was receiving at death; or (d) the minimum benefit set by the Board which is currently \$280.46. Dependent children of the employee are eligible for \$30 per month, if there is a surviving spouse. If there is no benefit due to a surviving spouse, the dependent children are eligible for an annuity divided over the number of dependent children.

For an employee who retired prior to January 1, 1987, the surviving spouse is eligible for a benefit of the greater of (a) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member’s death or retirement or (b) the minimum benefit set by the Board which is currently \$280.46. Employees who terminated prior to January 1, 1987, are covered by the retirement benefits provided under Colorado Revised Statutes, Title 31, Article 30, Parts 3 and 4, and as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981.

Benefits in excess of the State statutes have been granted and fully funded as follows:

- The first increased all widows and retirees to a minimum 1976 salary level.
- The second escalated all widows and retirees by 6% as of January 1, 1978.
- The third granted an increase based on years of service and changes in the CPI since 1978 and was effective January 1, 1988.
- The fourth was a 5% benefit increase granted retroactive to January 1, 1990.
- The fifth was granted to current retirees effective January 1, 1991, and was based on the following schedule: 5% if retired in the 1980’s; 6% if retired in the 1970’s and 7% if retired prior to January 1, 1970.
- The sixth of 3% was granted to current retirees effective January 1, 1993.
- The seventh was a 4.25% cost of living increase in 1996, retroactive to January 1, 1994, for retired and deferred vested member and beneficiaries as of January 1, 1994. The minimum biweekly pension for beneficiaries was increased, as of January 1, 1994, to \$244.29.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. “Old Hire” Police Defined Benefit Plan (Continued)

- The eighth granted an ad-hoc (one-time) 2% cost of living for retired and deferred vested members and beneficiaries as of January 1, 1996.
- An increase of 3% to retired and deferred vested members and beneficiaries was granted as of January 1, 1997. An additional increase of 3% was approved for January 1, 1998, effective only if an actuarial study indicated that such increases could be provided on an actuarially sound basis without necessitating any increase in current city or plan participant contribution rates.
- An annual increase of 3% to retired and deferred vested members and beneficiaries was approved as of January 1, 1999 and as of January 1, 2000. The increase of up to 3% can be granted by the Old Hire Police Pension Fund Board only after an actuarial study indicates that such increase could be provided on an actuarially sound basis without necessitating any increase in current city or plan participant contribution rates.

When any member dies, regardless of whether active, retired or terminated, the surviving spouse or the estate of the deceased member shall received a death benefit of \$100.

Actuarial Present Value of Accumulated Plan Benefits - Accumulated Plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service members have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated members or their beneficiaries, (b) beneficiaries of members who have died, and (c) present members or their beneficiaries. Benefits under the Plan are based on members' compensation. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

An actuarial study was prepared at January 1, 2006. It is the “Old Hire” Police Defined Benefit Plan Board of Trustees' policy to have an actuarial study prepared every two years or whenever a benefit change is being considered.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. “Old Hire” Police Defined Benefit Plan (Continued)

The covered employees included in the January 1, 2006, study were:

Actives	2
Retired	28
Beneficiaries	11
Terminated vested	8
Disabled	<u>6</u>
Total	<u>55</u>

The significant actuarial assumptions used in the valuation as of January 1, 2006, included the following:

- Actuarial cost method – entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age.
- Actuarial Value of Assets – determined by calculating an expected value equal to the prior year’s market value of assets, plus cash flows of contributions and benefit payments for the year and assuming a 7.50% interest return. The difference between this expected value and the actuarial market value is recognized over 3 years. The resulting value is limited to between 80% and 120% of the market value of assets.
- Annual Required Contribution – Calculated using a closed, level dollar amortization of unfunded actuarial liability over the remaining amortization period which is 20 years.
- Investment Earnings – 7.5% compounded annually, net of expenses
- Expenses – None assumed
- Cost of Living Adjustments – None assumed
- Retirement – Participants are assumed to retire upon age 50 with 20 years of service, or upon attainment of 25 years of service if earlier.
- Retiree Mortality – 1994 Group Annuity Mortality Tables for males and females are used.
- Minimum Death Benefit – A minimum death benefit of \$280.46 per pay period is used.
- 1st Class Firefighter Salary – The highest negotiation 1st Class Firefighter Salary is used to calculate death benefits. For 2008, this is projected to be \$2,487.72 per pay period.
- Marriage Rates – 90% active participants are assumed to be married. Male spouses are assumed to be three years older than their female spouses. Actual marital status is used for retirees.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. “Old Hire” Police Defined Benefit Plan (Continued)

- Form of Payment – All active participants are assumed to elect the normal form of payment.

During 1981, the Colorado State Legislature enacted Senate Bill 515, which established minimum funding rates in an effort to eliminate unfunded liabilities in police and fire pension plans in Colorado.

Historical Trend Information - During 1981, the Colorado State Legislature enacted Senate Bill 515, which established minimum funding rates in an effort to eliminate unfunded liabilities in police and fire pension plans in Colorado. The current contribution level of 4.0% plus \$363,000 contributed from the City exceeds the actuarially calculated contribution level of \$302,812 per year required to amortize the unfunded liability (which was \$3,318,537 at January 1, 2006) over 20 years from January 1, 2006. Six-year trend information may be found in the Required Supplementary Information immediately following these notes to the financial statements.

The City’s annual pension costs and net pension obligation for the “Old Hire” Police Defined Benefit Plan for the current year is as follows:

Annual required contributions (ARC)	\$ 303
Interest on net pension obligation (NPO)	(9)
Adjustment to ARC	<u>11</u>
Annual Pension Cost	305
City contributions	<u>370</u>
Increase (Decrease) in NPO	(65)
Net Pension Obligation (Prepaid)	
Beginning of Year	<u>(122)</u>
Net Pension Obligation (Prepaid)	
End of Year	<u>\$ (187)</u>

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	City Contributions	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
2006	305	370	121%	(187)
2005	364	370	102%	(122)
2004	364	371	102%	(116)

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

2. "Old Hire" Police Defined Benefit Plan (Continued)

The "Old Hire" Police Defined Benefit Plan financial statements as of December 31, 2006, are included in the City of Boulder Comprehensive Annual Financial Report under the heading of Fiduciary Fund Types; no separate financial statements are issued.

Plan net assets as of December 31, 2006, are as follows:

Assets:	
Investments	\$ <u>13,173</u>
Total assets	13,173
Liabilities:	
Accounts and accrued liabilities:	
Vouchers and accounts payable	46
Accrued pensions payable	<u>50</u>
Total liabilities	<u>96</u>
Net assets held in trust for pension benefits	\$ <u>13,077</u>

The changes in plan net assets for December 31, 2006, were as follows:

Additions:	
Pension contributions:	
City of Boulder	\$ 370
Employees	<u>6</u>
Total contributions	<u>376</u>
Investment earnings	1,415
Less investment expense	<u>(30)</u>
Net investment income	<u>1,385</u>
Total additions	<u>1,761</u>
Deductions:	
Benefits	1,157
Administrative	<u>31</u>
Total deductions	<u>1,188</u>
Net increase (decrease)	573
Net assets held in trust for pension benefits:	
Beginning of year	12,504
End of year	\$ <u>13,077</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan

The city's full-time firefighters hired prior to April 8, 1978, are members of the City of Boulder "Old Hire" Fire Pension Benefit Plan (Plan), a single employer defined benefit pension plan and a nonqualified plan with the IRS. The retirement benefits are provided under Colorado Revised Statutes, Title 31, Article 30, Part 4 and as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981.

The Plan is a joint-contributory retirement plan operating on an actuarial reserve basis. Contribution rates during 2006 were 2.451% and 7.833% of covered payroll for the city and employees, respectively. In addition, the city contributes \$133,792 to fund benefit increases in excess of State statute. City contributions must be at least equal to employee contributions.

Member and employer contributions are recognized as additions/revenues in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are presented at fair value. Administrative expenditures are recorded when incurred and are financed by the General Fund.

Benefits - Members aged 50 with 20 years of credited service are entitled to annual pension benefits equivalent to 50% of monthly compensation at the date of retirement. The Plan provides for an additional retirement benefit of two percent per year for each additional year of service after 20 years of service, credited after September 1, 1987, and attainment of age 50, up to a maximum of 10 percent prior to January 1, 2000. Beginning January 1, 2000, and on each successive January 1, all actives, who are eligible for normal retirement (age 50 and 20 years of service) are to receive a 3% increase of final salary, up to a maximum of 65% of final salary. On termination, members may receive a refund of their contributions without interest. This refund of contributions paid waives future rights to any benefits.

The city has funded benefits in excess of the State statutes five times. The first increased all widows and retirees to a minimum 1976 salary level. The second escalated all widows and retirees by 6% as of January 1, 1978. The third granted an increase based on years of service and changes in the CPI since 1978 and was effective January 1, 1988. In addition, a 5% increase to current retirees was granted effective January 1, 1990. Effective January 1, 2001, a 3% increase was granted to current retirees.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. “Old Hire” Fire Pension Plan (Continued)

Since 1999, the City of Boulder budget has included \$92,000 for benefits granted by the City Council during the 1999 budget process. The 1999 benefit increase allocated the \$92,000 across retirees and widows as follows: (1) widows were brought up to a minimum of \$264.36 per payperiod and (2) retirees were granted the lesser of a 40% increase or a maximum benefit of \$19,080 per year. Retirees with a benefit in excess of \$19,080 received no increase in 1999. During the Plan changes approved in 2000, a provision was added that authorized the Plan to absorb this cost in the future if/when an actuarial study indicates that sufficient “reserves” are available in the Plan to pay five years of 3% COLA’s to retirees and widows. The City contributions were increased to \$133,792 in 2006 to fully fund the Plan per the January 1, 2006 actuarial study.

During 2000, the actives voted and the City Council and the Fire and Police Pension Association (FPPA) approved the following Plan changes. A 3% annual cost of living increase was granted to retirees and widows effective January 1, 2000. In addition, a provision was added that granted authorization to the Board of Trustees to grant annual cost of living increases to retirees and widows, effective January 1, 2001 and each successive January 1. These increases are to be 0%, 1%, 2%, or 3%, as determined by the actuarial study.

Any pension benefit increase shall not negatively impact the actuarial soundness of the fund. An additional change was that benefit payments to beneficiaries continue if the widow of a deceased member remarries. A 3% annual cost of living increase was granted to retirees and widows effective January 1, 2001.

During 2000, the option of a lump sum distribution in lieu of on-going benefits was added to the Plan. And a “90-day window” for retirees to have an opportunity to select a lump-sum in lieu of on-going benefits was authorized.

Deferred Retirement Option Plan (DROP) program – During 2000, a DROP provision was added to the Plan. This enables an active member, who is eligible to retire, to elect to have their employee contributions, annual pension benefits and interest thereon, directed to a separate account for up to 5 years prior to retirement. The city share of pension contributions is excluded from the employee’s DROP account but continues to be allocated to the Plan. The annual pension benefit is initially calculated as of the date of the election of the DROP.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

The pension benefit in subsequent years will include any benefit increases granted by the Board to retirees and widows. Upon retirement, the member begins to receive pension payments in the form of an annuity and the cumulative assets in the DROP account are paid to him in a lump sum. As of December 31, 2006, one member has elected the DROP option. For Note U purposes (unless otherwise stated), these employees are shown as active members and included in covered payroll.

Death and Disability Benefits - If an active member dies or becomes disabled while employed, the member's spouse and dependent children will receive survivor benefits or the member will receive benefits under the State Fire and Police Pension Association (FPPA). See description under Fire and Police Pension Association below.

If a retiree who retired prior to January 1, 1990, dies, the surviving spouse is eligible for a benefit of the lesser of (a) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the member's death or (b) one-third of the monthly salary paid by the city to a first-class firefighter at the date of the employee's termination or (c) the Board established minimum widow benefit which is currently \$280.46. Dependent children of the employee are eligible for \$30 per month, if there is no surviving spouse.

The benefits of active employees as of January 1, 1990, include a widow's benefit equal to 100% of the active employees retirement benefit. This benefit change was approved during 1990 and is fully funded by employee contributions.

When any member dies, regardless of whether active, retired or terminated, the surviving spouse or the estate of the deceased member shall receive a death benefit of \$100.

Actuarial Present Value of Accumulated Plan Benefits - Accumulated Plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to the service members have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated members or their beneficiaries, (b) beneficiaries of members who have died, and (c) present members or their beneficiaries. Benefits under the Plan are based on members' compensation. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

An actuarial study was prepared at January 1, 2006, in accordance with FASB 35. It is the Fire Pension Board policy to have an actuarial study prepared every two years or whenever a benefit change is being considered. The covered employees included in the January 1, 2006, study by category were:

Actives	3
Retired (including DROP plan members)	31
Beneficiaries	11
Terminated vested	7
Disabled	<u>4</u>
Total	<u>56</u>

The significant actuarial assumptions used in the valuation as of January 1, 2006 included the following:

- Actuarial cost method – entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age.
- Actuarial Value of Assets – Market value
- Annual Required Contribution – Calculated using a closed, level dollar amortization of unfunded actuarial liability over the remaining amortization period which is 20 years.
- Investment Earnings – 7.5% compounded annually, net of expenses
- Expenses – None assumed
- Cost of Living Adjustments – None assumed
- Retirement – Participants are assumed to retire upon age 50 with 20 years of service.
- Retiree Mortality – 1994 Group Annuity Mortality Tables for males and females are used. For disabled retirees, 1983 Railroad Retirement Board Disabled Mortality tables are used.
- Minimum Death Benefit – A minimum death benefit of \$280.46 per pay period is used.
- 1st Class Firefighter Salary – The highest negotiation 1st Class Firefighter Salary is used to calculate death benefits. For 2008, this is projected to be \$2,487.72 per pay period.
- Marriage Rates – 90% active participants are assumed to be married. Male spouses are assumed to be three years older than their female spouses. Actual marital status is used for retirees.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. "Old Hire" Fire Pension Plan (Continued)

Historical Trend Information - During 1981, the Colorado State Legislature enacted Senate Bill 515, which established minimum funding rates in an effort to eliminate unfunded liabilities in police and fire pension plans in Colorado. The current contribution level of 10.284% plus \$133,792 contributed from the City exceeds the actuarially calculated contribution level of \$133,792 required to amortize the unfunded liability (which was \$1,466,239 at January 1, 2006) over 20 years from January 1, 2006. Six-year trend information may be found in the Required Supplementary Information immediately following these notes to the financial statements.

The City's annual pension costs and net pension obligation for the "Old Hire" Fire Defined Benefit Plan for the current year is as follows:

Annual required contributions (ARC)	\$ 134
Interest on net pension obligation (NPO)	(45)
Adjustment to ARC	<u>54</u>
Annual Pension Cost	143
City contributions	<u>141</u>
Increase (Decrease) in NPO	2
Net Pension Obligation (Prepaid)	
Beginning of Year	<u>(594)</u>
Net Pension Obligation (Prepaid)	
End of Year	<u><u>\$ (592)</u></u>

Three Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	City Contributions	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
2006	143	141	99%	(592)
2005	118	118	100%	(594)
2004	117	125	107%	(594)

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

3. “Old Hire” Fire Pension Plan (Continued)

The “Old Hire” Fire Defined Benefit Plan financial statements as of December 31, 2006, are included in the City of Boulder Comprehensive Annual Financial Report under the heading of Fiduciary Fund Types; no separate financial statements are issued.

Plan net assets as of December 31, 2006, are as follows:

Assets:	
Investments	\$ <u>11,465</u>
Total assets	11,465
Liabilities:	
Accounts and accrued liabilities:	
Accrued pensions payable	<u>42</u>
Total liabilities	<u>42</u>
Net assets held in trust for pension benefits	\$ <u>11,423</u>

The changes in plan net assets for December 31, 2006, were as follows:

Additions:	
Pension contributions:	
City of Boulder	\$ 141
Employees	<u>24</u>
Total contributions	<u>165</u>
Investment earnings	1,246
Less investment expense	<u>(30)</u>
Net investment income	<u>1,216</u>
Total additions	<u>1,381</u>
Deductions:	
Benefits	972
Administrative	<u>24</u>
Total deductions	<u>996</u>
Net increase (decrease)	385
Net assets held in trust for pension benefits:	
Beginning of year	<u>11,038</u>
End of year	\$ <u>11,423</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

4. Police and Fire Money Purchase Pension Plan

The city's full-time police officers and firefighters hired on or after April 8, 1978, are covered by the Police and Fire Money Purchase Plan (Plan), an Internal Revenue Code Section 401(a) plan. This Plan is a single employer defined contribution plan that was established by the City Council effective January 1, 1983. The Plan is administered by a Board of Trustees comprised of two elected Boulder Police department employees, two elected Boulder Fire Department employees and one appointed member who is not an employee of either the Police or Fire Departments and has business and/or investment experience within the community. The contribution levels are established at the time of labor negotiations and are detailed in the bargaining unit agreements for information only.

The Boulder Police Benevolent Association negotiated an economic agreement with the city which is in effect through December 31, 2007. The city's contribution requirement for the year ended December 31, 2006, was 13.8% of covered payroll. The employee contributions were 6.2% of covered payroll.

The International Association of Firefighters, Local 900, negotiated an economic agreement with the city, which is in effect through December 31, 2008. The city's contribution requirement for the year ended December 31, 2006, was 11% of covered payroll. The employee contributions were 8% of covered payroll.

City contributions and interest forfeited by employees who leave employment before five years of service are first used for administrative charges and second to reduce the city's current period contribution requirement. All participants may make additional contributions of up to 25% of their salary or \$30,000, whichever is less.

Benefits - An employee is eligible to receive benefits upon death, disability or normal retirement. Benefits are paid out of the employee's individual account. This account is made up of: 100% of the employee's contributions; 100% of the employer contributions; if the employee terminates because of death, disability or normal retirement, or a lesser percent based on the vesting schedule in the plan document, if the employee terminates for another reason; and the interest earnings either positive or negative, over the term of the employee's employment with the city. Benefits are distributed at the discretion of the administration committee either in a lump sum or over the employee's life expectancy or ten years, whichever is less.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE U - PENSION AND RETIREMENT PLANS (CONTINUED)

4. Police and Fire Money Purchase Pension Plan (Continued)

Death and Disability Benefits - If an active member dies or becomes disabled while employed, the member's spouse and dependent children will receive survivor benefits or the member will receive benefits under the State Fire and Police Pension Association (FPPA). See description under Fire and Police Pension Association below.

The Police and Fire Money Purchase Plan issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to City of Boulder Fire and Police Money Purchase Plan, 1805 33rd St., Boulder, Colorado, 80301.

5. Fire and Police Pension Association (FPPA)

All full-time police officers and firefighters are covered by the Fire and Police Pension Association (FPPA), a multiple-employer cost-sharing plan for preretirement death and disability. To date contributions to the plan have been determined and budgeted by the State legislature. State law provided that these contributions would continue in diminishing amounts until 1994. The State requires employees hired on or after January 1, 1997, to contribute 2.5% of salary. The city pays the 2.5% for all affected police officers. The city pays 1.25% for the affected firefighters. In 2006, 2005, and 2004 the city paid \$158,000, \$139,000, and \$115,000, respectively, equal to their required contributions for each year.

Actuarial Present Value of Accumulated Plan Benefits – The unfunded actuarial accrued liability of the FPPA Statewide Death and Disability Fund at January 1, 2006, (latest information available), determined through an actuarial valuation performed as of that date was \$9.4 million. The asset smoothing method was used in the calculation. FPPA does not make separate measurements of assets and pension obligations for individual employers.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Fire and Police Pension Association of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721 or by calling FPPA at (303) 770-3772 or 1-800-332-3772.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE V - DEFERRED COMPENSATION PLANS

The Colorado Revised Statutes allow any city to exempt the City Manager and key management staff who report directly to the City Manager or the City Council from membership in the Public Employees Retirement Association, provided each such person has executed a trust agreement and deferred compensation employment agreement with the International City Management Association Retirement Corporation (ICMA-RC), an Internal Revenue Code Section 401(a) plan. The assets of these two plans are held in a trust account and therefore are not reflected on the City of Boulder financial statements.

In addition to ICMA-RC, City Council authorized the establishment of a deferred compensation program for city employees. T. Rowe Price, through a bid process, was selected as administrator of the program. Deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The assets of this plan are held in a trust account and therefore are not reflected on the City of Boulder financial statements.

In the opinion of the city's legal counsel, the city has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE W – EXTRAORDINARY ITEM

Lakewood Pipeline

In 2004, the city's Water Utility Fund placed into service a reconstructed segment of the Lakewood pipeline, capitalized at an historic cost of \$30,820,848. This ten-mile pipeline brings raw water from western Boulder County to the Betasso Water Treatment Plant. While the pipeline was under reconstruction, it was discovered that approximately four miles of the pipe had been manufactured with defective welds.

Mediation sessions between the city and Barnard Construction (Barnard), the contractor that built and installed the defective pipe, were held to determine if the pipe would be more expensive to maintain and if the defects would shorten the life of the pipeline. In April 2005, Barnard filed a lawsuit against the city, claiming the city had not paid \$13,507,634 owed for work done on the three-year project. In May 2005, the city filed a counterclaim, requesting damages to be determined by jury trial.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2006

NOTE W – EXTRAORDINARY ITEM (CONTINUED)

Lakewood Pipeline (Continued)

During 2006, a settlement was reached between the city, the contractor and their insurance company. As part of the settlement, the city released \$13,507,633 in retainage and made a final settlement payment of \$1,242,367 to Barnard Construction to close out the construction contract. In return, the city received \$19,500,000 in insurance proceeds as compensation for the defective pipeline segment. In accordance with GASB 42, an impairment loss on the pipeline was then recognized in the amount of \$14,503,527, net of depreciation.

The insurance proceeds, net of the impairment loss and the other litigation and contract costs, resulted in an extraordinary gain in the Water Utility Fund in the amount of \$3,754,106 in 2006. Prior year litigation and evaluation costs were expensed in the year incurred. The city does not intend to replace the damaged pipeline, but plans on using the insurance proceeds to perform additional inspections and repairs expected to be incurred during the life of the pipeline.

NOTE X – SUBSEQUENT EVENTS

In May 2007, the city will be issuing approximately \$12,400,000 in Open Space Acquisition Refunding Bonds Series 2007 to advance refund a portion of the outstanding Open Space Acquisition Bonds, Series 2000, maturing on or after August 15, 2011 currently outstanding in the aggregate principal amount of \$11,560,000. In addition, the proceeds will be used to pay costs of issuance with respect to the Series 2007 Bonds. The Series 2000 Bonds maturing in the years 2007 through 2010 currently outstanding in the aggregate principal amount of \$4,175,000 are not part of this refunding.

In June 2007, the city will be issuing approximately \$25,600,000 in Water and Sewer Refunding Bonds, Series 2007, to advance refund the Water and Sewer Revenue Bonds, Series 1999 currently outstanding in the amount of \$11,790,000 and to advance refund the Water and Sewer Revenue Bonds, Series 2000 currently outstanding in the amount of \$17,265,000. In addition, the proceeds of the Series 2007 Bonds will be used to purchase a reserve fund surety policy and to pay costs of issuance with respect to the Series 2007 Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Police Pension Fund

(Amounts in 000's)

<u>Fiscal Year (1)</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability Entry Age (b)</u>	<u>Total Unfunded (Overfunded) Actuarial Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2001	1/1/2002	\$ 15,273	\$ 17,974	\$ 2,701	85.0 %	\$ 950	284.3 %
2002	1/1/2002	11,910	17,974	6,064	66.3	806	752.4
2003	1/1/2002	12,744	17,974	5,230	70.9	452	1,157.1
2004	1/1/2004	13,502	16,411	2,909	82.3	164	1,773.8
2005	1/1/2004	12,504	16,411	3,907	76.2	168	2,325.6
2006	1/1/2006	12,571	15,890	3,319	79.1	169	1,963.9

(1) The Board of Trustees' policy is to have actuarial studies performed biannually. Prior to 2002, the Aggregate Actuarial Cost Method was used. Beginning January 1, 2002, the Entry Age Actuarial method is being used.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Fire Pension Fund

(Amounts in 000's)

<u>Fiscal Year (2)</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability Entry Age (b)</u>	<u>Total Unfunded (Overfunded) Actuarial Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2001	1/1/2002	\$ 12,302	\$ 12,562	\$ 260	97.9 %	\$ 600	43.3 %
2002	1/1/2002	10,361	12,562	2,201	82.5	615	357.9
2003	1/1/2002	11,777	12,562	785	93.8	358	219.3
2004	1/1/2004	11,311	13,027	1,716	86.8	380	451.6
2005	1/1/2004	11,038	13,027	1,989	84.7	262	759.2
2006	1/1/2006	11,038	12,504	1,466	88.3	263	557.4

- (1) The Board of Trustees' policy is to have actuarial studies performed biannually. Prior to 2002, the Aggregate Actuarial Cost Method was used. Beginning January 1, 2002, the Entry Age Actuarial method is being used.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Employer Contributions -
Police and Fire Pension Funds

(Amounts in 000's)

Fiscal year	Police Pension Fund			Fire Pension Fund		
	<u>Annual Required Contributions</u>	<u>Actual City Contributions</u>	<u>Percentage Contributed</u>	<u>Annual Required Contributions</u>	<u>Actual City Contributions</u>	<u>Percentage Contributed</u>
2001	0	16	NA	0	133	NA
2002	147	172	117%	37	107	289%
2003	147	165	112%	37	108	292%
2004	363	371	102%	110	125	114%
2005	363	370	102%	110	118	107%
2006	303	370	122%	134	141	105%

NONMAJOR SPECIAL REVENUE FUNDS

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

Capital Development Fund - to account for development excise tax 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 - to account for State Conservation Trust Fund proceeds to be utilized for the refurbishment, capital improvement and debt service on park acquisitions.

Planning & Development Services Fund – to account for revenues and expenditures related to development and building services functions.

Affordable Housing Fund - to account for cash in lieu financial contributions from developers and General Fund contributions used to construct, purchase and maintain permanently affordable housing units in Boulder.

Community Housing Assistance Program (CHAP) Fund - to account for property tax, a housing excise tax and fees to be used to increase the supply of affordable housing in Boulder.

.15 Cent Sales Tax Fund - to account for earmarked sales tax authorized by the voters in 1992 for parks and recreation and general municipal purposes.

.25 Cent Sales Tax Fund - to account for earmarked sales tax authorized by the voters in 1995 for parks and recreation operating and capital needs.

Library Fund - to account for the operations of the City-owned library and branches. Financing is provided by general property taxes and General Fund contributions.

Recreation Activity Fund – to account for revenues and expenditures related to the provision of recreation, reservoir and golf course services/programs.

Airport Fund - to account for the operations of the City-owned municipal airport. Financing is provided by grants, rents and leases.

Transportation Development Fund - to account for development excise taxes to be utilized for the construction of transportation capital improvements related to new development and growth.

Transit Pass General Improvement District – to account for earmarked property tax authorized by the voters in 2000 to fund bus transit passes for participating neighborhoods.

Gifts and Contributions Fund - to account for funds received from the Boulder Library Foundation for programs benefiting the City-owned library.

Community Development Fund - to account for funds granted by the Community Development Block Grant program administered by the Department of Housing and Urban Development.

HOME Fund - to account for funds granted by the HOME program administered by the Department of Housing and Urban Development.

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NONMAJOR DEBT SERVICE FUNDS

The Debt Service Funds are established to accumulate moneys for payment of general long-term debt principal and interest. The City of Boulder has the following nonmajor debt service funds:

General Obligation Debt Service Fund - Financing is provided by investments accumulated for the retirement of specific notes payable that were retired in 1999. Earnings on those investments continue to fund paying agent and other debt administration fees.

.15 Cent Sales Tax Debt Service Fund - Financing is provided by earmarked sales tax.

NONMAJOR CAPITAL PROJECT FUNDS

The Capital Project Funds are established to account for financial resources to be utilized for acquisition, construction and improvement of capital assets (other than those financed by Proprietary Funds). The City of Boulder has the following nonmajor capital project funds:

1996 Parks Acquisition Bond Fund - to account for 1996 bond proceeds to be utilized for the acquisition of park properties and the construction of parks and recreation facilities.

Permanent Parks and Recreation Fund - to account for the construction of improvements to the City park systems and the maintenance thereof. Financing is provided by general property taxes, development excise taxes and park fees.

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2006

(Amounts in 000's)

<u>Assets</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ 452	\$ 2	\$ 93	\$ 547
Investments	22,261	131	4,711	27,103
Receivables:				
General property taxes	1,863	-	1,475	3,338
Sales and use taxes	1,033	179	-	1,212
Accounts	55	-	-	55
Accrued interest	181	1	38	220
Intergovernmental	1,321	-	-	1,321
Other	90	-	-	90
	<u>4,543</u>	<u>180</u>	<u>1,513</u>	<u>6,236</u>
Inventory of materials and supplies	47	-	-	47
Restricted assets:				
Investments for special purposes	653	-	-	653
Investments for capital projects	-	-	122	122
Investments for debt service	-	47	-	47
Total restricted assets	<u>653</u>	<u>47</u>	<u>122</u>	<u>822</u>
 Total assets	 <u>\$ 27,956</u>	 <u>\$ 360</u>	 <u>\$ 6,439</u>	 <u>\$ 34,755</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ 1,389	\$ -	\$ 30	\$ 1,419
Contracts and retainage payable	288	-	-	288
Accrued salaries, wages and amounts withheld from employees	649	-	6	655
Accrued interest	-	10	39	49
Due to other funds	31	-	-	31
Other liabilities	55	-	-	55
Deferred revenue:				
General property taxes	1,863	-	1,475	3,338
Other	138	-	-	138
Total liabilities	<u>4,413</u>	<u>10</u>	<u>1,550</u>	<u>5,973</u>
Fund equity:				
Fund balances:				
Reserved for:				
Encumbrances	5,577	-	75	5,652
Special purposes	644	-	-	644
Compensated absences	653	-	55	708
Capital projects	-	-	84	84
Debt service	-	47	-	47
Inventories	47	-	-	47
Unreserved:				
Designated:				
Special purposes	113	-	-	113
Undesignated	16,509	303	4,675	21,487
Total fund equity	<u>23,543</u>	<u>350</u>	<u>4,889</u>	<u>28,782</u>
 Total liabilities and fund equity	 <u>\$ 27,956</u>	 <u>\$ 360</u>	 <u>\$ 6,439</u>	 <u>\$ 34,755</u>

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended December 31, 2006

(Amounts in 000's)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ 7,945	\$ 1,402	\$ -	\$ 9,347
General property taxes	1,793	-	1,418	3,211
Other taxes	711	-	300	1,011
Charges for services	9,127	-	-	9,127
Sale of goods and capital assets	457	-	-	457
License, permits and fines	4,912	-	-	4,912
Intergovernmental	4,526	-	-	4,526
Leases, rents and royalties	1,359	-	6	1,365
Interest and investment earnings	1,187	33	237	1,457
Other	331	-	2	333
Total revenues	<u>32,348</u>	<u>1,435</u>	<u>1,963</u>	<u>35,746</u>
Expenditures:				
Current:				
General Government	206	-	-	206
Administrative Services	-	17	-	17
Public Works	3,716	-	-	3,716
Planning & Development Services	6,332	-	-	6,332
Culture and Recreation	18,915	-	-	18,915
Open Space and Real Estate	76	-	-	76
Housing and Human Services	8,218	-	-	8,218
Capital outlay	-	-	1,729	1,729
Debt service payments:				
Principal	3,020	425	-	3,445
Interest	1,146	134	(3)	1,277
Base rentals to Boulder Municipal Property Authority Debt Service Fund	525	-	50	575
Total expenditures	<u>42,154</u>	<u>576</u>	<u>1,776</u>	<u>44,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,806)</u>	<u>859</u>	<u>187</u>	<u>(8,760)</u>
Other financing sources (uses):				
Transfers in	10,162	-	-	10,162
Transfers out	<u>(1,755)</u>	<u>(857)</u>	<u>(58)</u>	<u>(2,670)</u>
Total other financing sources (uses)	<u>8,407</u>	<u>(857)</u>	<u>(58)</u>	<u>7,492</u>
Net change in fund balances	(1,399)	2	129	(1,268)
Fund balances, beginning of year	<u>24,942</u>	<u>348</u>	<u>4,760</u>	<u>30,050</u>
Fund balances, end of year	<u>\$ 23,543</u>	<u>\$ 350</u>	<u>\$ 4,889</u>	<u>\$ 28,782</u>

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CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2006

(Amounts in 000's)

<u>Assets</u>	Capital Development Fund	Lottery Fund	Planning & Development Services Fund	Affordable Housing Fund	CHAP Fund
Equity in pooled cash and cash equivalents	\$ 66	\$ 28	\$ 81	\$ 33	\$ 37
Investments	3,349	1,416	4,080	1,634	1,841
Receivables:					
General property taxes	-	-	-	-	1,311
Sales and use taxes	-	-	-	-	-
Accounts	-	-	9	-	-
Accrued interest	27	11	32	13	15
Intergovernmental	-	-	5	-	-
Other	21	-	-	-	15
	<u>48</u>	<u>11</u>	<u>46</u>	<u>13</u>	<u>1,341</u>
Inventory of materials and supplies	-	-	-	-	-
Restricted assets - investments for special purposes	-	-	10	-	-
	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>3,463</u>	\$ <u>1,455</u>	\$ <u>4,217</u>	\$ <u>1,680</u>	\$ <u>3,219</u>
 <u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts and accrued liabilities:					
Vouchers and accounts payable	\$ -	\$ -	\$ 79	\$ -	\$ 14
Contracts and retainage payable	-	13	-	-	-
Accrued salaries, wages and amounts withheld from employees	-	1	208	5	7
Due to other funds	-	10	-	4	-
Other liabilities	-	-	39	-	-
Deferred revenue:					
General property taxes	-	-	-	-	1,311
Other	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	\$ <u>-</u>	\$ <u>24</u>	\$ <u>326</u>	\$ <u>9</u>	\$ <u>1,332</u>
 Fund equity:					
Fund balances:					
Reserved for:					
Encumbrances	-	129	490	-	-
Special purposes	-	-	10	-	-
Compensated absences	-	-	404	13	21
Inventories	-	-	-	-	-
Unreserved:					
Designated:					
Special purposes	-	-	-	-	-
Undesignated	3,463	1,302	2,987	1,658	1,866
	<u>3,463</u>	<u>1,431</u>	<u>3,891</u>	<u>1,671</u>	<u>1,887</u>
Total fund equity	\$ <u>3,463</u>	\$ <u>1,431</u>	\$ <u>3,891</u>	\$ <u>1,671</u>	\$ <u>1,887</u>
 Total liabilities and fund equity	 \$ <u>3,463</u>	 \$ <u>1,455</u>	 \$ <u>4,217</u>	 \$ <u>1,680</u>	 \$ <u>3,219</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Balance Sheet,
continued

Nonmajor Special Revenue Funds

December 31, 2006

(Amounts in 000's)

<u>Assets</u>	<u>.15 Cent Sales Tax Fund</u>	<u>.25 Cent Sales Tax Fund</u>	<u>Library Fund</u>	<u>Recreation Activity Fund</u>
Equity in pooled cash and cash equivalents	\$ 35	\$ 51	\$ 11	\$ 20
Investments	1,732	2,581	489	586
Receivables:				
General property taxes	-	-	546	-
Sales and use taxes	287	746	-	-
Accounts	-	-	-	13
Accrued interest	13	22	4	5
Intergovernmental	-	-	-	-
Other	-	-	-	-
	<u>300</u>	<u>768</u>	<u>550</u>	<u>18</u>
Inventory of materials and supplies	-	-	-	47
Restricted assets - investments for special purposes	-	213	-	43
	<u>-</u>	<u>213</u>	<u>-</u>	<u>43</u>
Total assets	<u>\$ 2,067</u>	<u>\$ 3,613</u>	<u>\$ 1,050</u>	<u>\$ 714</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ 62	\$ 92	\$ 35	\$ 148
Contracts and retainage payable	-	45	-	-
Accrued salaries, wages and amounts withheld from employees	21	40	174	180
Due to other funds	-	-	-	-
Other liabilities	-	-	-	16
Deferred revenue:				
General property taxes	-	-	546	-
Other	-	39	-	16
Total liabilities	<u>83</u>	<u>216</u>	<u>755</u>	<u>360</u>
Fund equity:				
Fund balances:				
Reserved for:				
Encumbrances	-	366	175	-
Special purposes	-	213	-	43
Compensated absences	33	180	-	-
Inventories	-	-	-	47
Unreserved:				
Designated:				
Special purposes	-	-	-	-
Undesignated	1,951	2,638	120	264
Total fund equity	<u>1,984</u>	<u>3,397</u>	<u>295</u>	<u>354</u>
Total liabilities and fund equity	<u>\$ 2,067</u>	<u>\$ 3,613</u>	<u>\$ 1,050</u>	<u>\$ 714</u>

Airport Fund	Trans- portation Development Fund	Transit Pass General Improvement District	Gifts and Contributions Fund	Community Development Fund	HOME Fund	Total
\$ 12	\$ 78	\$ -	\$ -	\$ -	\$ -	\$ 452
611	3,941	1	-	-	-	22,261
-	-	6	-	-	-	1,863
-	-	-	-	-	-	1,033
33	-	-	-	-	-	55
5	31	-	3	-	-	181
-	1,242	-	-	68	6	1,321
-	54	-	-	-	-	90
<u>38</u>	<u>1,327</u>	<u>6</u>	<u>3</u>	<u>68</u>	<u>6</u>	<u>4,543</u>
-	-	-	-	-	-	47
-	-	-	387	-	-	653
<u>\$ 661</u>	<u>\$ 5,346</u>	<u>\$ 7</u>	<u>\$ 390</u>	<u>\$ 68</u>	<u>\$ 6</u>	<u>\$ 27,956</u>
\$ 25	\$ 871	\$ -	\$ 12	\$ 51	\$ -	\$ 1,389
-	230	-	-	-	-	288
3	4	-	-	4	2	649
-	-	-	-	13	4	31
-	-	-	-	-	-	55
-	-	6	-	-	-	1,863
-	83	-	-	-	-	138
<u>28</u>	<u>1,188</u>	<u>6</u>	<u>12</u>	<u>68</u>	<u>6</u>	<u>4,413</u>
25	4,392	-	-	-	-	5,577
-	-	-	378	-	-	644
2	-	-	-	-	-	653
-	-	-	-	-	-	47
-	113	-	-	-	-	113
<u>606</u>	<u>(347)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,509</u>
<u>633</u>	<u>4,158</u>	<u>1</u>	<u>378</u>	<u>-</u>	<u>-</u>	<u>23,543</u>
<u>\$ 661</u>	<u>\$ 5,346</u>	<u>\$ 7</u>	<u>\$ 390</u>	<u>\$ 68</u>	<u>\$ 6</u>	<u>\$ 27,956</u>

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CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year ended December 31, 2006

(Amounts in 000's)

	Capital Development <u>Fund</u>	Lottery <u>Fund</u>	Planning & Development Services <u>Fund</u>	Affordable Housing <u>Fund</u>	CHAP <u>Fund</u>
Revenues:					
Taxes:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
General property taxes	-	-	-	-	1,261
Other taxes	210	-	-	-	117
Charges for services	-	-	1,599	1,140	-
Sale of goods and capital assets	-	-	8	-	193
Licenses, permits and fines	-	-	4,682	-	-
Intergovernmental	-	1,074	5	-	-
Leases, rents and royalties	-	-	-	156	3
Interest and investment earnings	165	66	153	85	132
Other	-	-	(10)	31	-
Total revenues	<u>375</u>	<u>1,140</u>	<u>6,437</u>	<u>1,412</u>	<u>1,706</u>
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public Works	758	-	-	-	-
Planning & Development Services	-	-	6,332	-	-
Culture and Recreation	-	707	-	-	-
Open Space and Mountain Parks	-	76	-	-	-
Housing and Human Services	-	-	-	1,578	2,751
Debt service payments:					
Principal	-	-	-	480	-
Interest	-	-	-	164	-
Base rentals to Boulder Municipal Property Authority Debt Service Fund	-	296	-	229	-
Total expenditures	<u>758</u>	<u>1,079</u>	<u>6,332</u>	<u>2,451</u>	<u>2,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(383)</u>	<u>61</u>	<u>105</u>	<u>(1,039)</u>	<u>(1,045)</u>
Other financing sources (uses):					
Transfers in	-	-	2,606	391	23
Transfers out	(29)	-	(1,224)	(25)	(84)
Total other financing sources (uses)	<u>(29)</u>	<u>-</u>	<u>1,382</u>	<u>366</u>	<u>(61)</u>
Net change in fund balances	(412)	61	1,487	(673)	(1,106)
Fund balances, beginning of year	<u>3,875</u>	<u>1,370</u>	<u>2,404</u>	<u>2,344</u>	<u>2,993</u>
Fund balances, end of year	<u>\$ 3,463</u>	<u>\$ 1,431</u>	<u>\$ 3,891</u>	<u>\$ 1,671</u>	<u>\$ 1,887</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances,
continued

Nonmajor Special Revenue Funds

Year ended December 31, 2006

(Amounts in 000's)

	.15 Cent Sales Tax <u>Fund</u>	.25 Cent Sales Tax <u>Fund</u>	Library <u>Fund</u>	Recreation Activity <u>Fund</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ 2,102	\$ 5,843	\$ -	\$ -
General property taxes	-	-	525	-
Other taxes	-	-	-	-
Charges for services	-	-	156	6,225
Sale of goods and capital assets	-	-	-	256
Licenses, permits and fines	-	-	-	230
Intergovernmental	-	35	-	4
Leases, rents and royalties	-	5	8	877
Interest and investment earnings	74	169	28	31
Other	-	9	17	156
Total revenues	<u>2,176</u>	<u>6,061</u>	<u>734</u>	<u>7,779</u>
Expenditures:				
Current:				
General Government	206	-	-	-
Public Works	-	420	-	-
Planning & Development Services	-	-	-	-
Culture and Recreation	442	2,682	6,025	8,888
Open Space and Mountain Parks	-	-	-	-
Housing and Human Services	1,750	-	-	-
Debt service payments:				
Principal	-	1,440	-	-
Interest	-	945	-	-
Base rentals to Boulder Municipal Property Authority Debt Service Fund				
	-	-	-	-
Total expenditures	<u>2,398</u>	<u>5,487</u>	<u>6,025</u>	<u>8,888</u>
Excess (deficiency) of revenues over expenditures	<u>(222)</u>	<u>574</u>	<u>(5,291)</u>	<u>(1,109)</u>
Other financing sources (uses):				
Transfers in	344	-	5,302	1,429
Transfers out	(66)	(188)	-	(30)
Total other financing sources (uses)	<u>278</u>	<u>(188)</u>	<u>5,302</u>	<u>1,399</u>
Net change in fund balances	56	386	11	290
Fund balances, beginning of year	<u>1,928</u>	<u>3,011</u>	<u>284</u>	<u>64</u>
Fund balances, end of year	<u>\$ 1,984</u>	<u>\$ 3,397</u>	<u>\$ 295</u>	<u>\$ 354</u>

Airport Fund	Trans- portation Development Fund	Transit Pass General Improvement District	Gifts and Contributions Fund	Community Development Fund	HOME Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,945
-	-	7	-	-	-	1,793
-	384	-	-	-	-	711
7	-	-	-	-	-	9,127
-	-	-	-	-	-	457
-	-	-	-	-	-	4,912
40	1,226	-	-	1,135	1,007	4,526
310	-	-	-	-	-	1,359
29	213	-	18	24	-	1,187
-	3	-	107	18	-	331
<u>386</u>	<u>1,826</u>	<u>7</u>	<u>125</u>	<u>1,177</u>	<u>1,007</u>	<u>32,348</u>
-	-	-	-	-	-	206
341	2,187	10	-	-	-	3,716
-	-	-	-	-	-	6,332
-	-	-	171	-	-	18,915
-	-	-	-	-	-	76
-	-	-	-	1,136	1,003	8,218
-	-	-	-	1,100	-	3,020
-	-	-	-	37	-	1,146
-	-	-	-	-	-	525
<u>341</u>	<u>2,187</u>	<u>10</u>	<u>171</u>	<u>2,273</u>	<u>1,003</u>	<u>42,154</u>
<u>45</u>	<u>(361)</u>	<u>(3)</u>	<u>(46)</u>	<u>(1,096)</u>	<u>4</u>	<u>(9,806)</u>
-	-	4	-	63	-	10,162
<u>(53)</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>(41)</u>	<u>(4)</u>	<u>(1,755)</u>
<u>(53)</u>	<u>(11)</u>	<u>4</u>	<u>-</u>	<u>22</u>	<u>(4)</u>	<u>8,407</u>
<u>(8)</u>	<u>(372)</u>	<u>1</u>	<u>(46)</u>	<u>(1,074)</u>	<u>-</u>	<u>(1,399)</u>
<u>641</u>	<u>4,530</u>	<u>-</u>	<u>424</u>	<u>1,074</u>	<u>-</u>	<u>24,942</u>
<u>\$ 633</u>	<u>\$ 4,158</u>	<u>\$ 1</u>	<u>\$ 378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,543</u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Capital Development Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Other taxes	\$ 418	\$ 418	\$ 210	\$ (208)
Leases, rents and royalties	11	11	-	(11)
Interest and investment earnings	37	37	143	106
Total revenues	<u>466</u>	<u>466</u>	<u>353</u>	<u>(113)</u>
Expenditures:				
Current:				
Public Works	<u>80</u>	<u>2,400</u>	<u>758</u>	<u>1,642</u>
Excess (deficiency) of revenues over (under) expenditures	386	(1,934)	(405)	1,529
Other financing uses - transfers out	<u>(29)</u>	<u>(29)</u>	<u>(29)</u>	<u>-</u>
Net change in fund balance	\$ <u>357</u>	\$ <u>(1,963)</u>	(434)	\$ <u>1,529</u>
Fund balance, beginning of year, basis of budgeting			<u>3,907</u>	
Fund balance, end of year, basis of budgeting			3,473	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>(10)</u>	
Fund balance, end of year, GAAP basis			\$ <u>3,463</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Lottery Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Intergovernmental	\$ 875	\$ 875	\$ 1,074	\$ 199
Interest and investment earnings	<u>46</u>	<u>46</u>	<u>59</u>	<u>13</u>
Total revenues	<u>921</u>	<u>921</u>	<u>1,133</u>	<u>212</u>
Expenditures:				
Current:				
Culture and Recreation	323	1,012	784	228
Open Space and Mountain Parks	273	569	128	441
Debt service payments:				
Base rentals to Boulder Municipal Property Authority Debt Service Fund	<u>304</u>	<u>304</u>	<u>304</u>	<u>-</u>
Total expenditures	<u>900</u>	<u>1,885</u>	<u>1,216</u>	<u>669</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>21</u>	\$ <u>(964)</u>	(83)	\$ <u>881</u>
Encumbrances, end of year			129	
Fund balance, beginning of year, basis of budgeting			<u>1,400</u>	
Fund balance, end of year, basis of budgeting			1,446	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(4)	
Accrued salaries, wages and amounts withheld from employees			(1)	
Change in accrued interest payable			<u>(10)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,431</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Planning & Development Services Fund

Year ended December 31, 2006

(Amounts in 000's)

	Budgeted amounts		Actual amounts	Variance with final budget - Positive (Negative)
	Original	Final		
Basis of budgeting:				
Revenues:				
Charges for services	\$ 1,394	\$ 1,403	\$ 1,599	\$ 196
Sale of goods and capital assets	8	8	8	-
Licenses, permits and fines	3,662	3,662	4,682	1,020
Intergovernmental	-	5	5	-
Interest and investment earnings	41	41	145	104
Other	-	-	(10)	(10)
Total revenues	5,105	5,119	6,429	1,310
Expenditures:				
Current:				
Planning & Development Services	6,466	6,986	6,798	188
Excess (deficiency) of revenues over (under) expenditures	(1,361)	(1,867)	(369)	1,498
Other financing sources (uses):				
Transfers in	2,544	2,606	2,606	-
Transfers out	(1,224)	(1,224)	(1,224)	-
Total other financing sources (uses)	1,320	1,382	1,382	-
Net change in fund balance	\$ (41)	\$ (485)	1,013	\$ 1,498
Encumbrances, end of year			490	
Fund balance, beginning of year, basis of budgeting			2,585	
Fund balance, end of year, basis of budgeting			4,088	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(13)	
Accrued salaries, wages and amounts withheld from employees			(184)	
Fund balance, end of year, GAAP basis			\$ 3,891	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Affordable Housing Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Charges for services	\$ 1,454	\$ 1,454	\$ 1,140	\$ (314)
Leases, rents and royalties	156	156	156	-
Interest and investment earnings	-	-	72	72
Other	-	-	31	31
Total revenues	<u>1,610</u>	<u>1,610</u>	<u>1,399</u>	<u>(211)</u>
Expenditures:				
Current:				
Housing and Human Services	1,687	3,454	1,578	1,876
Debt service payments:				
Principal	480	480	480	-
Interest	180	180	164	16
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	229	229	229	-
Total expenditures	<u>2,576</u>	<u>4,343</u>	<u>2,451</u>	<u>1,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(966)</u>	<u>(2,733)</u>	<u>(1,052)</u>	<u>1,681</u>
Other financing sources (uses):				
Long-term loans issued	600	-	-	-
Transfers in	391	391	391	-
Transfers out	(25)	(25)	(25)	-
Total other financing sources (uses)	<u>966</u>	<u>366</u>	<u>366</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(2,367)</u>	(686)	\$ <u>1,681</u>
Fund balance, beginning of year, basis of budgeting			<u>2,367</u>	
Fund balance, end of year, basis of budgeting			1,681	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(5)	
Accrued salaries, wages and amounts withheld from employees			<u>(5)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,671</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

CHAP Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 1,296	\$ 1,296	\$ 1,261	\$ (35)
Other taxes	350	350	117	(233)
Sale of goods and capital assets	-	-	193	193
Leases, rents and royalties	-	-	3	3
Interest and investment earnings	60	60	106	46
Total revenues	<u>1,706</u>	<u>1,706</u>	<u>1,680</u>	<u>(26)</u>
Expenditures:				
Current:				
Housing and Human Services	<u>1,646</u>	<u>4,638</u>	<u>2,751</u>	<u>1,887</u>
Excess (deficiency) of revenues over (under) expenditures	60	(2,932)	(1,071)	1,861
Other financing sources (uses):				
Transfers in	24	23	23	-
Transfers out	<u>(84)</u>	<u>(84)</u>	<u>(84)</u>	<u>-</u>
Total other financing sources (uses)	<u>(60)</u>	<u>(61)</u>	<u>(61)</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(2,993)</u>	(1,132)	\$ <u>1,861</u>
Fund balance, beginning of year, basis of budgeting			<u>3,032</u>	
Fund balance, end of year, basis of budgeting			1,900	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(6)	
Accrued salaries, wages and amounts withheld from employees			<u>(7)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,887</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

.15 Cent Sales Tax Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 2,072	\$ 2,072	\$ 2,102	\$ 30
Sale of goods and capital assets	-	-	-	-
Interest and investment earnings	-	61	66	5
Other	-	-	-	-
Total revenues	<u>2,072</u>	<u>2,133</u>	<u>2,168</u>	<u>35</u>
Expenditures:				
Current:				
General Government	259	371	206	165
Culture and Recreation	426	568	442	126
Housing and Human Services	1,554	1,828	1,743	85
Total expenditures	<u>2,239</u>	<u>2,767</u>	<u>2,391</u>	<u>376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(167)</u>	<u>(634)</u>	<u>(223)</u>	<u>411</u>
Other financing sources (uses):				
Transfers in	-	335	382	47
Transfers out	<u>(38)</u>	<u>(99)</u>	<u>(104)</u>	<u>(5)</u>
Total other financing sources (uses)	<u>(38)</u>	<u>236</u>	<u>278</u>	<u>42</u>
Net change in fund balance	\$ <u>(205)</u>	\$ <u>(398)</u>	55	\$ <u>453</u>
Fund balance, beginning of year, basis of budgeting			<u>1,955</u>	
Fund balance, end of year, basis of budgeting			2,010	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(5)	
Accrued salaries, wages and amounts withheld from employees			<u>(21)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,984</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

.25 Cent Sales Tax Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 5,533	\$ 5,533	\$ 5,843	\$ 310
Intergovernmental	80	210	35	(175)
Leases, rents and royalties	-	-	5	5
Interest and investment earnings	137	137	157	20
Other	12	52	9	(43)
Total revenues	<u>5,762</u>	<u>5,932</u>	<u>6,049</u>	<u>117</u>
Expenditures:				
Current:				
Public Works	416	420	420	-
Culture and Recreation	2,811	5,032	3,057	1,975
Debt service payments:				
Principal	1,440	1,440	1,440	-
Interest	945	945	945	-
Total expenditures	<u>5,612</u>	<u>7,837</u>	<u>5,862</u>	<u>1,975</u>
Excess (deficiency) of revenues over (under) expenditures	150	(1,905)	187	2,092
Other financing uses - transfers out	<u>(188)</u>	<u>(188)</u>	<u>(188)</u>	<u>-</u>
Net change in fund balance	<u>\$ (38)</u>	<u>\$ (2,093)</u>	(1)	<u>\$ 2,092</u>
Encumbrances, end of year			366	
Fund balance, beginning of year, basis of budgeting			<u>3,077</u>	
Fund balance, end of year, basis of budgeting			3,442	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(9)	
Accrued salaries, wages and amounts withheld from employees			<u>(36)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 3,397</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Library Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 534	\$ 534	\$ 525	\$ (9)
Charges for services	109	112	156	44
Leases, rents and royalties	6	6	8	2
Interest and investment earnings	8	8	26	18
Other	24	37	17	(20)
Total revenues	<u>681</u>	<u>697</u>	<u>732</u>	<u>35</u>
Expenditures:				
Current:				
Culture and Recreation	<u>5,977</u>	<u>6,195</u>	<u>6,177</u>	<u>18</u>
Excess (deficiency) of revenues over (under) expenditures	(5,296)	(5,498)	(5,445)	53
Other financing sources - transfers in	<u>5,296</u>	<u>5,302</u>	<u>5,302</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>(196)</u></u>	(143)	\$ <u><u>53</u></u>
Encumbrances, end of year			175	
Fund balance, beginning of year, basis of budgeting			<u>419</u>	
Fund balance, end of year, basis of budgeting			451	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(2)	
Accrued salaries, wages and amounts withheld from employees			<u>(154)</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>295</u></u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Recreation Activity Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Charges for services	\$ 6,817	\$ 6,817	\$ 6,225	\$ (592)
Sale of goods and capital assets	-	-	256	256
Licenses, permits and fines	-	-	230	230
Intergovernmental	-	-	4	4
Leases, rents and royalties	320	320	877	557
Interest and investment earnings	-	24	31	7
Other	131	320	156	(164)
Total revenues	<u>7,268</u>	<u>7,481</u>	<u>7,779</u>	<u>298</u>
Expenditures:				
Current:				
Culture and Recreation	<u>8,746</u>	<u>8,935</u>	<u>8,886</u>	<u>49</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,478)</u>	<u>(1,454)</u>	<u>(1,107)</u>	<u>347</u>
Other financing sources (uses):				
Transfers in	1,429	1,429	1,429	-
Transfers out	-	(24)	(30)	(6)
Total other financing sources (uses)	<u>1,429</u>	<u>1,405</u>	<u>1,399</u>	<u>(6)</u>
Net change in fund balance	\$ <u>(49)</u>	\$ <u>(49)</u>	292	\$ <u>341</u>
Fund balance, beginning of year, basis of budgeting			<u>224</u>	
Fund balance, end of year, basis of budgeting			516	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(2)	
Accrued salaries, wages and amounts withheld from employees			<u>(160)</u>	
Fund balance, end of year, GAAP basis			\$ <u>354</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Airport Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Charges for services	\$ 3	\$ 3	\$ 7	\$ 4
Intergovernmental	8	81	40	(41)
Leases, rents and royalties	354	353	310	(43)
Interest and investment earnings	15	15	26	11
Total revenues	<u>380</u>	<u>452</u>	<u>383</u>	<u>(69)</u>
Expenditures:				
Current:				
Public Works	<u>342</u>	<u>462</u>	<u>363</u>	<u>99</u>
Excess (deficiency) of revenues over (under) expenditures	38	(10)	20	30
Other financing uses - transfers out	<u>(53)</u>	<u>(53)</u>	<u>(53)</u>	<u>-</u>
Net change in fund balance	\$ <u>(15)</u>	\$ <u>(63)</u>	(33)	\$ <u>30</u>
Encumbrances, end of year			25	
Fund balance, beginning of year, basis of budgeting			<u>646</u>	
Fund balance, end of year, basis of budgeting			638	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(2)	
Accrued salaries, wages and amounts withheld from employees			<u>(3)</u>	
Fund balance, end of year, GAAP basis			\$ <u>633</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Transportation Development Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Other taxes	\$ 1,060	\$ 1,060	\$ 384	\$ (676)
Intergovernmental	-	5,842	1,226	(4,616)
Interest and investment earnings	101	101	182	81
Other	100	100	3	(97)
Total revenues	<u>1,261</u>	<u>7,103</u>	<u>1,795</u>	<u>(5,308)</u>
Expenditures:				
Current:				
Public Works	<u>1,046</u>	<u>10,536</u>	<u>6,579</u>	<u>3,957</u>
Excess (deficiency) of revenues over (under) expenditures	215	(3,433)	(4,784)	(1,351)
Other financing uses - transfers out	<u>(11)</u>	<u>(11)</u>	<u>(11)</u>	<u>-</u>
Net change in fund balance	\$ <u>204</u>	\$ <u>(3,444)</u>	(4,795)	\$ <u>(1,351)</u>
Encumbrances, end of year			4,392	
Fund balance, beginning of year, basis of budgeting			<u>4,577</u>	
Fund balance, end of year, basis of budgeting			4,174	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(12)	
Accrued salaries, wages and amounts withheld from employees			<u>(4)</u>	
Fund balance, end of year, GAAP basis			\$ <u>4,158</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Transit Pass General Improvement District

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 7	\$ 7	\$ 7	\$ -
Expenditures:				
Current:				
Public Works	<u>11</u>	<u>11</u>	<u>10</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	(4)	(4)	(3)	1
Other financing sources - transfers in	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	1	\$ <u><u>1</u></u>
Fund balance, beginning of year, basis of budgeting			<u>-</u>	
Fund balance, end of year, basis of budgeting			1	
Basis of budgeting to GAAP basis reconciliation			<u>-</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>1</u></u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Community Development Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Intergovernmental	\$ 1,021	\$ 2,372	\$ 1,142	\$ (1,230)
Interest and investment earnings	24	24	24	-
Other	-	-	18	18
Total revenues	<u>1,045</u>	<u>2,396</u>	<u>1,184</u>	<u>(1,212)</u>
Expenditures:				
Current:				
Housing and Human Services	1,004	2,355	1,143	1,212
Debt service payments:				
Principal	1,100	1,100	1,100	-
Interest	63	63	63	-
Total expenditures	<u>2,167</u>	<u>3,518</u>	<u>2,306</u>	<u>1,212</u>
Excess (deficiency) of revenues over (under) expenditures	(1,122)	(1,122)	(1,122)	-
Other financing sources (uses):				
Transfers in	63	63	63	-
Transfers out	(41)	(41)	(41)	-
Total other financing sources (uses)	<u>22</u>	<u>22</u>	<u>22</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,100)</u>	<u>\$ (1,100)</u>	(1,100)	<u>\$ -</u>
Fund balance, beginning of year, basis of budgeting			<u>1,100</u>	
Fund balance, end of year, basis of budgeting			-	
Basis of budgeting to GAAP basis reconciliation			-	
Fund balance, end of year, GAAP basis			<u>\$ -</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

HOME Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Intergovernmental	\$ 822	\$ 1,987	\$ 1,006	\$ (981)
Expenditures:				
Current:				
Housing and Human Services	<u>818</u>	<u>1,983</u>	<u>1,002</u>	<u>981</u>
Excess (deficiency) of revenues over (under) expenditures	4	4	4	-
Other financing uses - transfers out	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance, beginning of year, basis of budgeting			<u>-</u>	
Fund balance, end of year, basis of budgeting			-	
Basis of budgeting to GAAP basis reconciliation			<u>-</u>	
Fund balance, end of year, GAAP basis			\$ <u>-</u>	

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CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Debt Service Funds

December 31, 2006

(Amounts in 000's)

<u>Assets</u>	General Obligation Debt Service <u>Fund</u>	.15 Cent Sales Tax Debt Service <u>Fund</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ 1	\$ 1	\$ 2
Investments	56	75	131
Receivables:			
Sales and use taxes	-	179	179
Accrued interest	-	1	1
	<u>-</u>	<u>180</u>	<u>180</u>
Restricted assets - investments for debt service	-	47	47
	<u>-</u>	<u>47</u>	<u>47</u>
Total assets	\$ <u>57</u>	\$ <u>303</u>	\$ <u>360</u>
 <u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts and accrued liabilities - accrued interest	\$ -	\$ 10	\$ 10
Fund equity:			
Fund balances:			
Reserved:			
Debt service	-	47	47
Unreserved:			
Undesignated	57	246	303
Total fund equity	<u>57</u>	<u>293</u>	<u>350</u>
Total liabilities and fund equity	\$ <u>57</u>	\$ <u>303</u>	\$ <u>360</u>

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CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

Year ended December 31, 2006

(Amounts in 000's)

	General Obligation Debt Service <u>Fund</u>	.15 Cent Sales Tax Debt Service <u>Fund</u>	<u>Total</u>
Revenues:			
Sales and use taxes	\$ -	\$ 1,402	\$ 1,402
Interest and investment earnings	3	30	33
Total revenues	<u>3</u>	<u>1,432</u>	<u>1,435</u>
Expenditures:			
Current:			
Administrative Services	17	-	17
Debt service payments:			
Principal	-	425	425
Interest	-	134	134
Total expenditures	<u>17</u>	<u>559</u>	<u>576</u>
Excess (deficiency) of revenues over (under) expenditures	(14)	873	859
Other financing uses - transfers out	<u>-</u>	<u>(857)</u>	<u>(857)</u>
Net change in fund balances	(14)	16	2
Fund balances, beginning of year	<u>71</u>	<u>277</u>	<u>348</u>
Fund balances, end of year	<u>\$ 57</u>	<u>\$ 293</u>	<u>\$ 350</u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Obligation Debt Service Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Interest and investment earnings	\$ -	\$ -	\$ 2	\$ 2
Expenditures:				
Current:				
Administrative Services	<u>25</u>	<u>25</u>	<u>17</u>	<u>8</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(25)</u>	\$ <u>(25)</u>	(15)	\$ <u>10</u>
Fund balance, beginning of year, basis of budgeting			<u>72</u>	
Fund balance, end of year, basis of budgeting			<u>57</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>-</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>57</u></u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

.15 Cent Sales Tax Debt Service Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
Sales and use taxes	\$ 1,165	\$ 1,654	\$ 1,402	\$ (252)
Interest and investment earnings	-	19	30	11
Total revenues	<u>1,165</u>	<u>1,673</u>	<u>1,432</u>	<u>(241)</u>
Expenditures:				
Debt service payments:				
Principal	425	425	425	-
Interest	<u>136</u>	<u>136</u>	<u>136</u>	<u>-</u>
Total expenditures	<u>561</u>	<u>561</u>	<u>561</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	604	1,112	871	(241)
Other financing uses - transfers out	<u>(399)</u>	<u>(907)</u>	<u>(857)</u>	<u>50</u>
Net change in fund balance	<u>\$ 205</u>	<u>\$ 205</u>	14	<u>\$ (191)</u>
Fund balance, beginning of year, basis of budgeting			<u>290</u>	
Fund balance, end of year, basis of budgeting			304	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(1)	
Change in accrued interest payable			<u>(10)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 293</u>	

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CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Capital Project Funds

December 31, 2006

(Amounts in 000's)

<u>Assets</u>	1996 Parks Acquisition <u>Bond Fund</u>	Permanent Parks and Recreation <u>Fund</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ -	\$ 93	\$ 93
Investments	-	4,711	4,711
Receivables:			
General property taxes	-	1,475	1,475
Accrued interest	1	37	38
	<u>1</u>	<u>1,512</u>	<u>1,513</u>
Restricted assets:			
Investments for capital projects	122	-	122
	<u>122</u>	<u>-</u>	<u>122</u>
Total assets	\$ <u>123</u>	\$ <u>6,316</u>	\$ <u>6,439</u>
 <u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	\$ -	\$ 30	\$ 30
Accrued salaries, wages and amounts withheld from employees	-	6	6
Accrued interest	39	-	39
Deferred revenue - general property taxes	-	1,475	1,475
Total liabilities	<u>39</u>	<u>1,511</u>	<u>1,550</u>
Fund equity:			
Fund balances:			
Reserved for:			
Encumbrances	-	75	75
Compensated absences	-	55	55
Capital projects	84	-	84
Unreserved:			
Undesignated	-	4,675	4,675
Total fund equity	<u>84</u>	<u>4,805</u>	<u>4,889</u>
Total liabilities and fund equity	\$ <u>123</u>	\$ <u>6,316</u>	\$ <u>6,439</u>

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CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Project Funds

Year ended December 31, 2006

(Amounts in 000's)

	1996 Parks Acquisition <u>Bond Fund</u>	Permanent Parks and Recreation <u>Fund</u>	<u>Total</u>
Revenues:			
Taxes:			
General property taxes	\$ -	\$ 1,418	\$ 1,418
Other taxes	-	300	300
Leases, rents and royalties	-	6	6
Interest and investment earnings	5	232	237
Other	-	2	2
Total revenues	<u>5</u>	<u>1,958</u>	<u>1,963</u>
Expenditures:			
Capital outlay	-	1,729	1,729
Debt service payments:			
Interest	(3)	-	(3)
Base rentals to Boulder Municipal Property Authority Debt Service Fund	-	50	50
Total expenditures	<u>(3)</u>	<u>1,779</u>	<u>1,776</u>
Excess (deficiency) of revenues over (under) expenditures	8	179	187
Other financing uses - transfers out	<u>-</u>	<u>(58)</u>	<u>(58)</u>
Net change in fund balances	8	121	129
Fund balances, beginning of year	<u>76</u>	<u>4,684</u>	<u>4,760</u>
Fund balances, end of year	<u>\$ 84</u>	<u>\$ 4,805</u>	<u>\$ 4,889</u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

1996 Parks Acquisition Bond Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	<u>Variance with final budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Interest and investment earnings	\$ -	\$ -	\$ 5	\$ 5
Expenditures:				
Capital outlay	-	7	-	7
Debt service payments:				
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (7)</u>	5	<u>\$ 12</u>
Fund balance, beginning of year, basis of budgeting			<u>119</u>	
Fund balance, end of year, basis of budgeting			124	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(1)	
Change in accrued interest payable			<u>(39)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 84</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Permanent Parks and Recreation Fund

Year ended December 31, 2006

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual amounts</u>	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Basis of budgeting:				
Revenues:				
Taxes:				
General property taxes	\$ 1,468	\$ 1,468	\$ 1,418	\$ (50)
Other taxes	142	142	300	158
Charges for services	60	60	-	(60)
Leases, rents and royalties	-	2	6	4
Interest and investment earnings	118	118	198	80
Other	14	14	2	(12)
Total revenues	<u>1,802</u>	<u>1,804</u>	<u>1,924</u>	<u>120</u>
Expenditures:				
Capital outlay	1,686	5,348	1,812	3,536
Debt service payments:				
Base rentals to Boulder Municipal Property Authority Debt Service Fund	50	50	50	-
Total expenditures	<u>1,736</u>	<u>5,398</u>	<u>1,862</u>	<u>3,536</u>
Excess (deficiency) of revenues over (under) expenditures	66	(3,594)	62	3,656
Other financing uses - transfers out	<u>(58)</u>	<u>(58)</u>	<u>(58)</u>	<u>-</u>
Net change in fund balance	<u>\$ 8</u>	<u>\$ (3,652)</u>	4	<u>\$ 3,656</u>
Encumbrances, end of year			75	
Fund balance, beginning of year, basis of budgeting			<u>4,746</u>	
Fund balance, end of year, basis of budgeting			4,825	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(14)	
Accrued salaries, wages and amounts withheld from employees			<u>(6)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 4,805</u>	

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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 - to account for the costs of operating, acquiring and maintaining telecommunications equipment used by all City departments.

Property and Casualty Insurance Fund - to account for property and casualty insurance expenditures and reserves funded through cost allocation to all City departments.

Workers Compensation Insurance Fund - to account for and facilitate the monitoring of the City's self-insured workers compensation plan.

Compensated Absences Fund - to account for payments of compensated absences to employees of the General and Library Funds. Funding is received primarily from the General Fund.

Fleet Fund - to account for the costs of operating, acquiring and maintaining automotive equipment used by other City departments. Such costs are billed to the other departments.

Computer Replacement Fund - to account 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 - to account for the costs of acquiring equipment used by other City departments. Such costs are billed to the other departments.

Facility Renovation and Replacement Fund - to account for the costs of maintaining, renovating and replacing facilities within the City. Such costs are billed to the other departments.

CITY OF BOULDER, COLORADO

Combining Statement of Net Assets

Internal Service Funds

December 31, 2006

(Amounts in 000's)

	Telecom- munications Fund	Property and Casualty Insurance Fund	Workers Compensation Insurance Fund	Compensated Absences Fund
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 31	\$ 66	\$ 70	\$ 51
Investments, at cost or amortized cost	1,550	3,351	3,560	2,550
Receivables, net:				
Accounts	53	-	2	-
Accrued interest	12	26	28	20
	<u>65</u>	<u>26</u>	<u>30</u>	<u>20</u>
Other assets - prepaid expenses	-	209	-	-
Total current assets	<u>1,646</u>	<u>3,652</u>	<u>3,660</u>	<u>2,621</u>
Noncurrent assets:				
Capital assets:				
Land and easements	-	-	-	-
Buildings	208	-	-	-
Improvements other than buildings	-	-	-	-
Vehicles	-	-	-	-
Machinery and equipment	1,608	-	-	-
	<u>1,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation	(633)	-	-	-
	<u>1,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Construction in progress	-	-	-	-
Total capital assets, net of accumulated depreciation	<u>1,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,829</u>	<u>3,652</u>	<u>3,660</u>	<u>2,621</u>
Liabilities:				
Current liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	35	-	89	-
Contracts and retainage payable	5	-	-	-
Accrued salaries, wages and amounts withheld from employees	-	-	1	6
Accrued insurance reimbursement	-	942	1,318	-
Total current liabilities	<u>40</u>	<u>942</u>	<u>1,408</u>	<u>6</u>
Non-current liabilities:				
Compensated absences:				
Accrued vacation pay	-	-	-	-
Accrued sick pay	-	-	-	-
Accrued appreciation bonus	-	-	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>40</u>	<u>942</u>	<u>1,408</u>	<u>6</u>
Net assets:				
Invested in capital assets, net of related debt	1,183	-	-	-
Restricted for - compensated absences	-	-	-	2,613
Unrestricted	<u>1,606</u>	<u>2,710</u>	<u>2,252</u>	<u>2</u>
Total net assets	<u>\$ 2,789</u>	<u>\$ 2,710</u>	<u>\$ 2,252</u>	<u>\$ 2,615</u>

Fleet Fund	Computer Replacement Fund	Equipment Replacement Fund	Facility Renovation and Replacement Fund	Total
\$ 102	\$ 75	\$ 77	\$ 50	\$ 522
5,195	3,774	3,925	2,531	26,436
14	-	-	-	69
41	30	31	20	208
55	30	31	20	277
-	-	-	-	209
<u>5,352</u>	<u>3,879</u>	<u>4,033</u>	<u>2,601</u>	<u>27,444</u>
-	-	-	102	102
2,382	-	-	62,831	65,421
1,437	-	-	6,837	8,274
22,163	-	-	-	22,163
72	4,362	2,258	7	8,307
26,054	4,362	2,258	69,777	104,267
(13,588)	(3,458)	(1,079)	(26,217)	(44,975)
12,466	904	1,179	43,560	59,292
-	-	-	430	430
<u>12,466</u>	<u>904</u>	<u>1,179</u>	<u>43,990</u>	<u>59,722</u>
<u>17,818</u>	<u>4,783</u>	<u>5,212</u>	<u>46,591</u>	<u>87,166</u>
84	30	31	47	316
-	-	-	-	5
56	-	1	2	66
-	-	-	-	2,260
<u>140</u>	<u>30</u>	<u>32</u>	<u>49</u>	<u>2,647</u>
57	-	-	-	57
57	-	-	-	57
45	-	-	-	45
<u>159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159</u>
<u>299</u>	<u>30</u>	<u>32</u>	<u>49</u>	<u>2,806</u>
12,466	904	1,179	43,990	59,722
-	-	-	-	2,613
<u>5,053</u>	<u>3,849</u>	<u>4,001</u>	<u>2,552</u>	<u>22,025</u>
<u>\$ 17,519</u>	<u>\$ 4,753</u>	<u>\$ 5,180</u>	<u>\$ 46,542</u>	<u>\$ 84,360</u>

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenses and Changes in Net Assets

Internal Service Funds

Year ended December 31, 2006

(Amounts in 000's)

	<u>Telecom- munications Fund</u>	<u>Property and Casualty Insurance Fund</u>	<u>Workers Compensation Insurance Fund</u>	<u>Compensated Absences Fund</u>
Operating revenues:				
Charges for services	\$ 700	\$ 1,609	\$ 1,162	\$ 661
Operating expenses:				
Personnel	-	6	192	788
Non-personnel	543	1,412	1,089	-
Depreciation	168	-	-	-
Total operating expenses	<u>711</u>	<u>1,418</u>	<u>1,281</u>	<u>788</u>
Operating income (loss)	<u>(11)</u>	<u>191</u>	<u>(119)</u>	<u>(127)</u>
Nonoperating revenues (expenses):				
Interest and investment earnings	61	133	163	116
Gain (loss) on sale of property and equipment	-	-	-	-
Other (net)	-	268	2	-
Total nonoperating revenues (expenses)	<u>61</u>	<u>401</u>	<u>165</u>	<u>116</u>
Income (loss) before capital contributions and transfers	50	592	46	(11)
Capital contributions	-	-	-	-
Transfers out	<u>(11)</u>	<u>(71)</u>	<u>(95)</u>	<u>(12)</u>
Changes in net assets	39	521	(49)	(23)
Total net assets, beginning of year	<u>2,750</u>	<u>2,189</u>	<u>2,301</u>	<u>2,638</u>
Total net assets, end of year	<u>\$ 2,789</u>	<u>\$ 2,710</u>	<u>\$ 2,252</u>	<u>\$ 2,615</u>

<u>Fleet Fund</u>	<u>Computer Replacement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Facility Renovation and Replacement Fund</u>	<u>Total</u>
\$ <u>5,645</u>	\$ <u>1,628</u>	\$ <u>619</u>	\$ <u>1,157</u>	\$ <u>13,181</u>
985	12	18	30	2,031
1,585	1,076	301	146	6,152
<u>2,067</u>	<u>297</u>	<u>210</u>	<u>3,140</u>	<u>5,882</u>
<u>4,637</u>	<u>1,385</u>	<u>529</u>	<u>3,316</u>	<u>14,065</u>
<u>1,008</u>	<u>243</u>	<u>90</u>	<u>(2,159)</u>	<u>(884)</u>
206	135	177	118	1,109
(119)	1	(38)	(59)	(215)
<u>2</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>348</u>
<u>89</u>	<u>136</u>	<u>139</u>	<u>135</u>	<u>1,242</u>
1,097	379	229	(2,024)	358
-	-	-	1,852	1,852
<u>(863)</u>	<u>(16)</u>	<u>(27)</u>	<u>(63)</u>	<u>(1,158)</u>
234	363	202	(235)	1,052
<u>17,285</u>	<u>4,390</u>	<u>4,978</u>	<u>46,777</u>	<u>83,308</u>
\$ <u><u>17,519</u></u>	\$ <u><u>4,753</u></u>	\$ <u><u>5,180</u></u>	\$ <u><u>46,542</u></u>	\$ <u><u>84,360</u></u>

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows

Internal Service Funds

Year ended December 31, 2006

(Amount in 000's)

	Telecom- munications <u>Fund</u>	Property and Casualty Insurance <u>Fund</u>	Workers Compensation Insurance <u>Fund</u>	Compensated Absences <u>Fund</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 64	\$ 268	\$ 8	\$ -
Receipts from interfund services provided	634	1,609	1,162	661
Payments to suppliers	(567)	(1,387)	(1,004)	-
Payments to employees	-	(6)	(197)	(827)
Net cash provided (used) by operating activities	<u>131</u>	<u>484</u>	<u>(31)</u>	<u>(166)</u>
Cash flows from noncapital financing activities:				
Transfers out	<u>(11)</u>	<u>(71)</u>	<u>(95)</u>	<u>(12)</u>
Net cash provided (used) by noncapital financing activities	<u>(11)</u>	<u>(71)</u>	<u>(95)</u>	<u>(12)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(33)	-	-	-
Proceeds from sale of property and equipment	-	-	-	-
Net cash provided (used) for capital and related financing activities	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investment securities	(5,098)	(11,021)	(11,710)	(8,388)
Proceeds from sale and maturities of investment securities	4,952	10,482	11,667	8,444
Interest on investments	51	114	141	100
Net cash provided (used) in investing activities	<u>(95)</u>	<u>(425)</u>	<u>98</u>	<u>156</u>
Net increase (decrease) in cash and cash equivalents	(8)	(12)	(28)	(22)
Equity in pooled cash and cash equivalents, January 1	<u>39</u>	<u>78</u>	<u>98</u>	<u>73</u>
Equity in pooled cash and cash equivalents, December 31	\$ <u><u>31</u></u>	\$ <u><u>66</u></u>	\$ <u><u>70</u></u>	\$ <u><u>51</u></u>
Reconciliation of cash and cash equivalents to balance sheet amounts:				
Equity in pooled cash and cash equivalents	\$ <u><u>31</u></u>	\$ <u><u>66</u></u>	\$ <u><u>70</u></u>	\$ <u><u>51</u></u>

	Fleet Fund	Computer Replacement Fund	Equipment Replacement Fund	Facility Renovation and Replacement Fund	Total
\$	57	\$ 3	\$ -	\$ 95	\$ 495
	5,582	1,625	619	1,157	13,049
	(1,655)	(1,099)	(277)	(157)	(6,146)
	<u>(936)</u>	<u>(12)</u>	<u>(18)</u>	<u>(30)</u>	<u>(2,026)</u>
	3,048	517	324	1,065	5,372
	<u>(863)</u>	<u>(16)</u>	<u>(27)</u>	<u>(63)</u>	<u>(1,158)</u>
	<u>(863)</u>	<u>(16)</u>	<u>(27)</u>	<u>(63)</u>	<u>(1,158)</u>
	(1,740)	(322)	(396)	(1,630)	(4,121)
	<u>292</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>293</u>
	<u>(1,448)</u>	<u>(321)</u>	<u>(396)</u>	<u>(1,630)</u>	<u>(3,828)</u>
	(17,086)	(12,414)	(12,910)	(8,326)	(86,953)
	16,158	12,101	12,827	8,819	85,450
	<u>175</u>	<u>112</u>	<u>152</u>	<u>101</u>	<u>946</u>
	<u>(753)</u>	<u>(201)</u>	<u>69</u>	<u>594</u>	<u>(557)</u>
	(16)	(21)	(30)	(34)	(171)
	<u>118</u>	<u>96</u>	<u>107</u>	<u>84</u>	<u>693</u>
\$	<u>102</u>	\$ <u>75</u>	\$ <u>77</u>	\$ <u>50</u>	\$ <u>522</u>
\$	<u>102</u>	\$ <u>75</u>	\$ <u>77</u>	\$ <u>50</u>	\$ <u>522</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continued

Internal Service Funds

Year ended December 31, 2006

(Amount in 000's)

	Telecom- munications <u>Fund</u>	Property and Casualty Insurance <u>Fund</u>	Workers Compensation Insurance <u>Fund</u>	Compensated Absences <u>Fund</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ <u>(11)</u>	\$ <u>191</u>	\$ <u>(119)</u>	\$ <u>(127)</u>
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	168	-	-	-
Other nonoperating revenues (expenses)	-	268	2	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(2)	-	6	-
Other assets - prepaid expenses	-	(6)	-	-
Increase (decrease) in liabilities:				
Vouchers and accounts payable	(24)	31	23	-
Contracts and retainage payable	-	-	-	-
Accrued salaries, wages and amounts withheld from employees	-	-	(5)	(39)
Accrued insurance reimbursement	-	-	62	-
Compensated absences	-	-	-	-
Total adjustments	<u>142</u>	<u>293</u>	<u>88</u>	<u>(39)</u>
Net cash provided (used) by operating activities	\$ <u><u>131</u></u>	\$ <u><u>484</u></u>	\$ <u><u>(31)</u></u>	\$ <u><u>(166)</u></u>
Noncash capital activities:				
Assets acquired through:				
Capital contributions - from other funds	-	-	-	-
Assets transferred to Enterprise Funds	-	-	-	-
Increase (decrease) in fair value of investments	<u>7</u>	<u>12</u>	<u>17</u>	<u>13</u>
	\$ <u><u>7</u></u>	\$ <u><u>12</u></u>	\$ <u><u>17</u></u>	\$ <u><u>13</u></u>

	<u>Fleet Fund</u>	<u>Computer Replacement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Facility Renovation and Replacement Fund</u>	<u>Total</u>
\$	<u>1,008</u>	\$ <u>243</u>	\$ <u>90</u>	\$ <u>(2,159)</u>	\$ <u>(884)</u>
	2,067	297	210	3,140	5,882
	2	-	-	76	348
	(8)	-	-	19	15
	-	-	-	-	(6)
	(70)	(23)	24	(11)	(50)
	-	-	-	-	-
	31	-	-	-	(13)
	-	-	-	-	62
	18	-	-	-	18
	<u>2,040</u>	<u>274</u>	<u>234</u>	<u>3,224</u>	<u>6,256</u>
\$	<u><u>3,048</u></u>	\$ <u><u>517</u></u>	\$ <u><u>324</u></u>	\$ <u><u>1,065</u></u>	\$ <u><u>5,372</u></u>
	-	-	-	1,839	1,839
	(615)	-	-	-	(615)
	18	16	19	17	119
\$	<u><u>(597)</u></u>	\$ <u><u>16</u></u>	\$ <u><u>19</u></u>	\$ <u><u>1,856</u></u>	\$ <u><u>1,343</u></u>

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SUPPLEMENTARY SCHEDULE

Supplementary Schedule

Combined Schedule of Long-Term Debt Payable

December 31, 2006

(Amounts in 000's)

	Interest rates	Dates <u>Issued</u> <u>Maturity</u>	Authorized and issued	<u>Outstanding</u>	Current portion
Governmental Activities:					
Supported by sales tax revenues and other financing sources:					
General Obligation Bonds:					
Open Space Acquisition Refunding	4.35 - 4.55 %	8/11/98 8/15/10	\$ 10,185	\$ 3,995	\$ 940
Open Space Acquisition Refunding	3.50 - 5.00	7/06/99 8/15/13	17,485	10,300	1,250
Parks Acquisition Refunding	4.50-5.375	9/07/99 12/15/15	22,385	16,925	1,550
Open Space Acquisition	5.00 - 7.50	4/25/00 8/15/18	20,095	15,735	965
Open Space Acquisition	4.00 - 5.50	6/20/06 8/15/19	20,115	20,115	1,210
Premium on Bonds				352	
Parks, Recreation, Muni., Cap., Imp., Ref.	4.00 - 4.30	9/11/01 12/1/12	5,255	2,925	445
Premium on Refunding Bonds			-	11	-
Refunding Bond Charges			-	(76)	-
Library Capital Improvement Refunding	3.50 - 4.20	1/08/02 10/01/11	9,250	4,915	940
Premium on Refunding Bonds			-	12	-
Refunding Bond Charges			-	(127)	-
			<u>104,770</u>	<u>75,082</u>	<u>7,300</u>
Sales Tax Revenue Bonds:					
Open Space Acquisition Sales Tax Revenue Refunding Bonds	4.75 - 5.25	7/15/99 8/15/14	15,835	9,855	1,045
FNMA Revolving Credit Facility Agreement	variable		3,000	1,920	384
Compensated Absences			-	9,545	2,679
Rebatable Arbitrage			-	42	-
Total Governmental Activities and total supported by sales tax revenues and other financing sources			\$ <u>123,605</u>	\$ <u>96,444</u>	\$ <u>11,408</u>
Business-type Activities:					
Supported by utility revenues:					
Revenue Bonds:					
Water and Sewer	4.125 - 5.125	5/25/99 12/01/19	15,830	11,790	685
Water and Sewer	5.00 - 5.75	7/06/00 12/01/20	25,365	17,265	1,325
Water and Sewer	4.00 - 5.50	12/19/01 12/01/21	28,830	23,665	1,170
Water and Sewer Revenue Refunding Bonds	3.00 - 3.75	5/01/05 12/01/16	7,900	7,065	605
Refunding Bond Charges			-	(178)	-
Water and Sewer	3.50 - 5.00	11/15/05 12/01/25	45,245	43,765	1,610
Premium on Bonds			-	1,083	-
Water and Sewer Revenue Refunding Bonds	3.00 - 3.50	5/01/05 12/01/12	1,110	910	140
Storm Water & Flood Mgmt Rev. Rfdg.	3.65 - 5.10	6/09/98 12/01/18	9,680	5,755	525
			<u>133,960</u>	<u>111,120</u>	<u>6,060</u>
Compensated Absences			-	1,340	376
Total supported by utility revenues			<u>133,960</u>	<u>112,460</u>	<u>6,436</u>
Supported by parking revenues:					
General Obligation General Improvement District Bonds:					
Central Area General Improvement District:					
Parking Facilities	2.50 - 4.20	6/17/03 8/15/23	12,500	11,535	505
Premium on Bonds			-	129	-
Parking Facilities Refunding	3.00 - 3.625	7/08/02 8/15/07	7,355	1,600	1,600
Premium on Refunding Bonds			-	17	-
Refunding Bond Charges			-	(33)	-
Parking Facilities	4.00 - 5.00	6/23/98 6/15/18	13,500	9,895	615
			<u>33,355</u>	<u>23,143</u>	<u>2,720</u>
Compensated Absences			-	102	29
Total supported by parking revenues			<u>33,355</u>	<u>23,245</u>	<u>2,749</u>

(continued)

CITY OF BOULDER, COLORADO

Supplementary Schedule

Combined Schedule of Long-Term Debt Payable,
(continued)

December 31, 2006

(Amounts in 000's)

	Interest rates	Dates		Authorized and issued	Outstanding	Current portion
		Issued	Maturity			
Business-type Activities (continued):						
Supported by base rentals:						
Refunding Certificates of Participation Series :						
Boulder Municipal Property Authority:						
East Boulder Community Center	4.125 - 5.00	1/08/98	12/01/12	5,750	3,055	450
Lease Purchase Revenue Notes:						
Boulder Municipal Property Authority:						
Open space acquisition:						
Beech	3.875 - 12.315	3/03/88	3/02/08	1,250	323	152
Autrey	Note 1989B-I	6.50	7/21/89	7/21/07	180	18
Autrey	Note 1989B-II	6.50	7/21/89	7/21/07	610	61
Autrey	Note 1989B-III	6.50	7/21/89	7/21/07	90	9
Autrey	Note 1989B-IV	6.50	7/21/89	7/21/07	90	9
K-Investments	Note 1990C	7.00	4/10/90	4/10/10	574	184
Mardick	Note 1991G	7.00	10/03/91	10/03/11	225	87
Anderson	Note 1992B	7.00	1/17/92	1/17/07	784	80
Johnson	Note 1992E	6.00	5/22/92	5/22/07	1,236	120
Schneider	Note 1992N	6.00	11/01/92	11/01/07	963	94
Stepanek	Note 1995A	6.00	6/07/95	6/07/10	249	89
Joder	Note 1996A	6.00	4/22/96	4/22/11	1,400	607
Lousberg	Note 1996B	6.00	5/30/96	6/01/11	850	369
Henrikson	Note 1997C	6.00	6/25/97	6/25/12	383	194
Hartmagle	Note 1997E	6.00	6/01/97	6/01/07	1,283	164
Foothills	Note 1997G	7.00	7/16/97	7/16/17	1,095	775
Marshall	Note 1997H-1	6.00	9/17/97	9/17/07	250	32
Marshall	Note 1997H-2	6.00	9/17/97	9/17/07	300	38
Degge	Note 1998A	6.00	11/12/98	11/12/08	440	110
Van Vleet	Note 1999B	6.00	3/5/99	3/5/14	2,500	1,598
Steele	Note 2000A	6.00	2/01/00	2/08/08	300	89
Wright	Note 2000B	6.00	2/18/00	2/18/10	450	212
Dexter	Note 2000C	6.00	2/01/00	2/01/10	750	353
Johnson, Family	Note 2001A-R1	6.00	1/10/01	1/10/11	245	140
Johnson, Wife	Note 2001A-R2	6.00	1/10/01	1/10/11	300	172
Hester	Note 2001B	6.00	6/01/01	6/01/11	580	332
Suits	Note 2001C	6.00	10/31/01	10/31/11	1,675	1,675
Abbott	Note 2001D	6.00	12/05/01	1/14/13	430	300
William & Assoc.	Note 2001E-R1	6.00	11/21/01	11/21/11	230	230
Suits, Enterprises	Note 2001E-R2	6.00	11/21/01	11/21/11	420	420
Edward H. Kolb	Note 2002A-R1	6.00	8/15/02	8/15/12	242	161
John B. Kolb	Note 2002A-R2	6.00	8/15/02	8/15/12	242	161
Frederick M. Kolb	Note 2002A-R3	6.00	8/15/02	8/15/12	242	161
Helayne B. Jones	Note 2003A	6.00	6/20/03	6/20/13	715	542
Dagle	Note 2004A	4.75	12/1/2004	12/1/2014	770	643
Gisle	Note 2005A	4.75	2/18/05	2/18/17	1,180	1,105
Hill	Note 2005B	4.75	4/05/05	4/05/15	910	837
Luchetta	Note 2005C	5.00	8/05/05	8/05/20	720	687
Boulder Valley Farm, Inc.	Note 2006A	5.00	6/16/06	6/16/16	3,550	3,550
Joel & Ruth Eisenberg	Note 2006B	5.00	6/07/06	6/07/16	1,206	1,206
				<u>29,909</u>	<u>17,937</u>	<u>2,405</u>
Parks Land acquisition:						
26th and Violet	Note 1997A	6.00	1/07/97	1/07/07	990	127
Degge	Note 1998B	6.00	11/12/98	11/12/08	1,250	311
				<u>2,240</u>	<u>438</u>	<u>278</u>
Boulder Transit Village acquisition:						
30th & Pearl, LLC	Note 2004B	6.50	10/14/04	11/01/14	2,600	1,412
				<u>34,749</u>	<u>19,787</u>	<u>2,955</u>
Total supported by base rentals						
				<u>40,499</u>	<u>22,842</u>	<u>3,405</u>
Total Business-type Activities						
				<u>\$ 207,814</u>	<u>\$ 158,547</u>	<u>\$ 12,590</u>

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CITY OF BOULDER, COLORADO

Statistical Section

Index

December 31, 2006

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

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These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year. The City implemented GASB 34 in Fiscal Year 2002, however, Fiscal Year 2001 amounts were recalculated using GASB 34 to allow for comparison. Schedules presenting government-wide information include information beginning in that year.

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CITY OF BOULDER, COLORADO

Statistical Data

Net Assets By Component

Last Six Fiscal Years

(Accrual Basis of Accounting)

(Amounts in 000's)

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Governmental activities:						
Invested in capital assets, net of related debt	\$ 141,073	\$ 167,654	\$ 187,518	\$ 200,574	\$ 329,926	\$ 343,319
Restricted	61,887	50,206	44,692	41,906	47,497	63,452
Unrestricted	28,068	30,829	31,408	34,929	39,282	20,176
Total governmental activities net assets	<u>\$ 231,028</u>	<u>\$ 248,689</u>	<u>\$ 263,618</u>	<u>\$ 277,409</u>	<u>\$ 416,705</u>	<u>\$ 426,947</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 229,880	\$ 250,463	\$ 258,051	\$ 266,227	\$ 267,873	\$ 269,527
Restricted	92	97	103	208	213	220
Unrestricted	35,670	29,094	32,991	32,862	32,291	53,147
Total business-type activities net assets	<u>\$ 265,642</u>	<u>\$ 279,654</u>	<u>\$ 291,145</u>	<u>\$ 299,297</u>	<u>\$ 300,377</u>	<u>\$ 322,894</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 370,953	\$ 418,117	\$ 445,569	\$ 466,801	\$ 597,799	\$ 612,846
Restricted	61,979	50,303	44,795	42,114	47,710	63,672
Unrestricted	63,738	59,923	64,399	67,791	71,573	73,323
Total primary government net assets	<u>\$ 496,670</u>	<u>\$ 528,343</u>	<u>\$ 554,763</u>	<u>\$ 576,706</u>	<u>\$ 717,082</u>	<u>\$ 749,841</u>

Note: The City implemented GASB Statement No. 34 in Fiscal Year 2002, however, Fiscal Year 2001 amounts were recalculated using GASB 34 to allow for comparison.

CITY OF BOULDER, COLORADO

Statistical Data

Changes In Net Assets

Last Six Fiscal Years

(Accrual Basis of Accounting)

(Amounts in 000's)

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Expenses:						
Governmental activities:						
General Government	\$ 7,705	\$ 10,271	\$ 8,073	\$ 7,803	\$ 7,632	\$ 8,429
Administrative Services	3,222	4,072	3,907	2,541	2,708	3,337
Public Safety	32,384	35,127	35,741	37,941	38,091	38,721
Public Works	22,658	18,720	19,073	19,156	28,773	32,657
Planning & Development Services	7,660	7,688	7,345	7,021	7,180	7,476
Culture and Recreation	21,625	22,231	25,113	24,170	24,357	25,901
Open Space and Mountain Parks	11,752	10,724	9,135	10,425	11,023	12,299
Housing and Human Services	12,351	10,344	10,452	10,926	11,692	14,720
Interest on long-term debt	5,126	4,732	4,666	4,496	4,016	4,137
Total governmental activities expenses	<u>124,483</u>	<u>123,909</u>	<u>123,505</u>	<u>124,479</u>	<u>135,472</u>	<u>147,677</u>
Business-type activities:						
Water utility	16,835	18,370	18,923	19,058	20,657	21,711
Wastewater utility	7,075	8,607	8,165	8,352	9,043	10,362
Stormwater and flood management	2,867	2,823	3,722	4,162	3,891	3,963
Parking facilities and services	4,571	4,224	4,212	4,478	5,223	5,374
Property and facility acquisition	1,884	1,852	1,701	1,559	1,460	1,411
Total business-type activities expenses	<u>33,232</u>	<u>35,876</u>	<u>36,723</u>	<u>37,609</u>	<u>40,274</u>	<u>42,821</u>
Total primary government expenses	<u>157,715</u>	<u>159,785</u>	<u>160,228</u>	<u>162,088</u>	<u>175,746</u>	<u>190,498</u>
Program revenue:						
Governmental activities:						
Charges for services:						
General Government	1,608	1,465	1,646	1,788	1,826	1,783
Administrative Services	258	393	188	281	116	98
Public Safety	476	678	742	1,043	1,075	990
Public works	749	950	904	835	928	719
Planning & Development Services	4,549	4,214	4,917	4,622	5,298	6,289
Culture and Recreation	6,329	6,232	7,173	7,090	7,341	8,057
Open Space and Mountain Parks	269	288	376	386	369	405
Housing and Human Services	741	532	730	1,642	1,529	1,527
Operating grants and contributions:	12,421	4,046	4,291	4,805	3,887	7,039
Capital grants and contributions	7,169	7,567	10,498	5,900	9,991	6,514
Total governmental activities program revenue	<u>34,569</u>	<u>26,365</u>	<u>31,465</u>	<u>28,392</u>	<u>32,360</u>	<u>33,421</u>
Business-type activities:						
Charges for services:						
Water utility	18,501	16,855	20,063	18,180	21,055	23,570
Wastewater utility	7,431	7,905	8,346	8,488	10,002	12,126
Stormwater and flood management	3,960	4,248	4,115	4,317	4,402	4,607
Parking facilities and services	2,777	2,876	2,953	3,193	3,607	3,808
Property and facility acquisition	4,890	5,063	4,527	4,647	5,090	4,444
Operating grants and contributions:	535	764	265	148	196	140
Capital grants and contributions:	7,028	8,555	4,478	6,091	6,738	6,618
Total business-type activities program revenues	<u>45,122</u>	<u>46,266</u>	<u>44,747</u>	<u>45,064</u>	<u>51,090</u>	<u>55,313</u>
Total primary government program revenues	<u>79,691</u>	<u>72,631</u>	<u>76,212</u>	<u>73,456</u>	<u>83,450</u>	<u>88,734</u>
Net (expense) revenue:						
Governmental activities	(89,914)	(97,544)	(92,040)	(96,087)	(103,112)	(114,256)
Business-type activities	11,890	10,390	8,024	7,455	10,816	12,492
Total primary government net expense	<u>(78,024)</u>	<u>(87,154)</u>	<u>(84,016)</u>	<u>(88,632)</u>	<u>(92,296)</u>	<u>(101,764)</u>

(continued)

Statistical Data

Changes In Net Assets (Continued)

Last Six Fiscal Years

(Accrual Basis of Accounting)
(Amounts in 000's)

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Sales and use taxes	\$ 72,374	\$ 71,624	\$ 67,891	\$ 71,688	\$ 76,624	\$ 80,057
Property taxes	16,467	17,528	18,432	19,275	19,391	19,854
Other taxes	13,430	12,652	13,229	13,799	15,686	14,053
Interest and investment earnings	7,416	3,641	1,685	1,348	2,315	4,869
Miscellaneous	5,403	5,077	6,230	4,312	5,125	5,002
Transfers	(654)	(213)	(498)	(544)	3,439	663
Special item	-	2,942	-	-	-	-
Total governmental activities	<u>114,436</u>	<u>113,251</u>	<u>106,969</u>	<u>109,878</u>	<u>122,580</u>	<u>124,498</u>
Business-type activities:						
Taxes:						
Sales and use tax increment	-	-	-	-	46	85
Property taxes	719	731	763	805	839	874
Property tax increment	-	-	-	-	44	500
Other taxes	68	68	58	68	433	664
Excess tax increment	-	-	-	-	-	(245)
Interest and investment earnings	4,637	2,536	1,262	1,167	1,585	5,215
Miscellaneous	(16)	74	886	(1,887)	(390)	(159)
Transfers	654	213	498	544	(3,439)	(663)
Extraordinary item	-	-	-	-	-	3,754
Total business-type activities	<u>6,062</u>	<u>3,622</u>	<u>3,467</u>	<u>697</u>	<u>(882)</u>	<u>10,025</u>
Total primary government	<u>120,498</u>	<u>116,873</u>	<u>110,436</u>	<u>110,575</u>	<u>121,698</u>	<u>134,523</u>
Changes in net assets:						
Governmental activities	24,522	15,707	14,929	13,791	19,468	10,242
Business-type activities	17,952	14,012	11,491	8,152	9,934	22,517
Total primary government	<u>\$ 42,474</u>	<u>\$ 29,719</u>	<u>\$ 26,420</u>	<u>\$ 21,943</u>	<u>\$ 29,402</u>	<u>\$ 32,759</u>

Note: The City implemented GASB Statement No. 34 in Fiscal Year 2002, however, Fiscal Year 2001 amounts were recalculated using GASB 34 to allow for comparison.

CITY OF BOULDER, COLORADO

Statistical Data

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Amounts in 000's)

	Fiscal Year			
	1997	1998	1999	2000
General Fund:				
Reserved	\$ 2,395	\$ 2,379	\$ 2,311	\$ 2,463
Unreserved	-	4,738	10,716	16,172
Total General Fund	<u>\$ 2,395</u>	<u>\$ 7,117</u>	<u>\$ 13,027</u>	<u>\$ 18,635</u>
All Other Governmental Funds:				
Reserved	\$ 38,708	\$ 32,982	\$ 19,382	\$ 28,666
Unreserved, reported in:				
Special revenue funds	23,743	33,285	38,413	49,942
Debt service funds	909	622	326	307
Capital projects funds	1,497	1,792	1,169	1,404
Total all other government funds	<u>\$ 64,857</u>	<u>\$ 68,681</u>	<u>\$ 59,290</u>	<u>\$ 80,319</u>

Fiscal Year

2001	2002	2003	2004	2005	2006
\$ 2,035	\$ 3,296	\$ 3,586	\$ 3,037	\$ 2,706	\$ 2,784
17,885	15,359	13,172	13,826	16,631	18,466
<u>\$ 19,920</u>	<u>\$ 18,655</u>	<u>\$ 16,758</u>	<u>\$ 16,863</u>	<u>\$ 19,337</u>	<u>\$ 21,250</u>
\$ 16,310	\$ 17,590	\$ 9,157	\$ 9,496	\$ 10,228	\$ 32,671
49,892	33,915	35,907	35,739	37,616	29,772
279	343	329	297	301	303
2,005	2,498	2,965	3,549	3,870	4,675
<u>\$ 68,486</u>	<u>\$ 54,346</u>	<u>\$ 48,358</u>	<u>\$ 49,081</u>	<u>\$ 52,015</u>	<u>\$ 67,421</u>

CITY OF BOULDER, COLORADO

Statistical Data

Changes In Fund Balances - Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)
(Amounts in 000's)

	Fiscal Year			
	1997	1998	1999	2000
Revenues:				
Taxes:				
Sales and use taxes	\$ 58,091	\$ 63,171	\$ 73,592	\$ 69,429
General property taxes	11,740	14,487	15,857	15,244
Other taxes	11,410	12,612	13,965	13,875
Charges for services	6,320	7,924	7,842	7,372
Sale of goods and capital assets	985	724	1,229	453
License, permits and fines	5,381	6,019	7,081	7,276
Intergovernmental	15,487	15,773	16,594	16,562
Leases, rents and royalties	5,211	6,655	7,490	6,777
Interest and investment earnings	4,260	4,845	6,689	2,531
Other	1,714	889	1,821	2,180
Total revenues	<u>120,599</u>	<u>133,099</u>	<u>152,160</u>	<u>141,699</u>
Expenditures:				
General Government	6,989	7,015	9,113	7,854
Administrative Services	7,246	7,484	7,917	8,512
Public Safety	21,822	24,090	30,198	26,950
Public Works	26,316	22,862	24,150	23,466
Planning & Development Services	21,731	23,665	23,310	23,413
Culture and Recreation	15,725	10,401	17,934	19,635
Open Space and Mountain Parks	12,679	7,726	9,531	7,951
Housing and Human Services	2,155	2,290	1,971	1,882
Rebate of Charges for Services	-	-	(795)	-
Capital outlay	10,628	4,038	3,184	4,914
Debt service payments:				
Principal	6,188	7,418	7,963	6,206
Interest	7,660	7,320	6,442	5,827
Base rentals to Boulder Municipal Property Authority Debt Service Fund	4,307	5,570	6,092	5,657
Cost of issuance - refunding bonds	-	-	-	-
Total expenditures	<u>143,446</u>	<u>129,879</u>	<u>147,010</u>	<u>142,267</u>
Excess of revenues (under expenditures)	<u>(22,847)</u>	<u>3,220</u>	<u>5,150</u>	<u>(568)</u>
Other financing sources (uses):				
Proceeds from bond issuance	4,041	15,930	20,095	55,810
Proceeds from notes/ loans payable	8,051	5,891	1,600	2,800
Capitalized lease inception revenue	31	-	-	-
Transfers in	8,719	9,733	9,925	10,207
Transfers from component unit	68	31	43	42
Transfers out	(8,283)	(9,687)	(10,176)	(10,085)
Assumption of advance from other funds	-	-	-	(113)
Payment to refunding bond escrow agent	(3,892)	(16,335)	-	(61,574)
Total other financing sources (uses)	<u>8,735</u>	<u>5,563</u>	<u>21,487</u>	<u>(2,913)</u>
Net changes in fund balance	<u>\$ (14,112)</u>	<u>\$ 8,783</u>	<u>\$ 26,637</u>	<u>\$ (3,481)</u>
Debt service as a percentage of noncapital expenditures	17.6%	18.3%	16.6%	15.3%

Fiscal Year						
	2001	2002	2003	2004	2005	2006
\$	72,374	\$ 71,624	\$ 67,891	\$ 71,688	\$ 76,624	\$ 80,057
	16,467	17,528	18,432	19,275	19,391	19,854
	13,430	12,652	13,229	13,799	15,686	14,053
	8,390	7,886	9,560	10,229	10,493	11,375
	1,235	1,017	1,816	5,598	1,635	738
	7,149	7,375	8,916	8,884	9,337	9,830
	18,339	10,710	13,882	8,788	9,956	14,252
	6,368	1,487	1,575	2,182	1,993	1,976
	6,136	2,700	1,587	1,073	1,748	3,760
	2,639	4,950	2,453	957	1,648	1,335
	<u>152,527</u>	<u>137,929</u>	<u>139,341</u>	<u>142,473</u>	<u>148,511</u>	<u>157,230</u>
	8,868	11,505	9,767	9,206	9,291	9,722
	8,489	9,235	9,358	7,981	8,021	8,473
	30,685	32,441	33,837	34,599	35,105	36,738
	27,482	27,347	29,952	23,234	23,374	27,950
	6,235	6,728	6,329	5,825	6,057	6,352
	23,385	28,765	24,425	21,509	22,977	23,412
	27,243	11,534	7,121	9,809	11,726	17,616
	11,381	9,477	12,738	14,362	9,925	13,602
	-	(810)	-	-	-	-
	3,222	2,231	1,961	1,826	1,390	1,729
	7,861	5,160	6,996	8,857	8,322	8,439
	7,267	4,679	4,613	4,447	3,961	4,102
	4,899	5,063	4,527	4,647	5,090	4,444
	-	76	-	-	-	-
	<u>167,017</u>	<u>153,431</u>	<u>151,624</u>	<u>146,302</u>	<u>145,239</u>	<u>162,579</u>
	<u>(14,490)</u>	<u>(15,502)</u>	<u>(12,283)</u>	<u>(3,829)</u>	<u>3,272</u>	<u>(5,349)</u>
	5,276	9,275	-	-	-	20,482
	3,880	-	1,940	2,520	-	-
	-	-	-	-	-	-
	18,837	18,862	24,735	18,805	18,188	18,540
	51	-	-	-	-	-
	(18,912)	(16,662)	(22,277)	(16,668)	(16,052)	(16,354)
	-	-	-	-	-	-
	<u>(5,190)</u>	<u>(9,194)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,942</u>	<u>2,281</u>	<u>4,398</u>	<u>4,657</u>	<u>2,136</u>	<u>22,668</u>
\$	<u>(10,548)</u>	<u>(13,221)</u>	<u>(7,885)</u>	<u>828</u>	<u>5,408</u>	<u>17,319</u>
	15.2%	11.5%	11.0%	13.2%	13.0%	10.4%

CITY OF BOULDER, COLORADO

Statistical Data

Taxable Sales by Market Sector

Last Ten Fiscal Years

(Amounts in 000's)

Market Sector	1997**	1998**	1999**	2000
Food Stores	\$ 214,223	\$ 247,993	\$ 255,290	\$ 253,714
Eating Places	188,135	207,374	216,001	237,054
Apparel Stores	76,974	90,310	93,156	88,267
Home Furnishings	86,608	99,131	153,967	91,285
General Retail	427,329	436,902	471,583	499,756
Transportation/Utilities	152,016	163,288	174,312	192,710
Automotive Trade	125,547	146,790	155,960	175,328
Building Material-Retail	54,635	58,828	60,634	58,951
Construction Use Tax	59,317	73,472	71,128	98,571
Construction Sales Tax	21,313	9,895	13,242	10,551
Consumer Electronics	-	-	-	73,998
Computer Related Business Sector	-	-	-	159,616
All Other	375,837	403,778	472,820	325,893
Refunds	-	-	(8,370)	(8,270)
Total Sales and Use Tax	<u>\$ 1,781,934</u>	<u>\$ 1,937,761</u>	<u>\$ 2,129,723</u>	<u>\$ 2,257,424</u>
Direct city sales tax rate	3.26%	3.26%	3.26%	3.26%
Food service sales tax	0.15%	0.15%	0.15%	0.15%
Total direct city sales tax	<u>3.41%</u>	<u>3.41%</u>	<u>3.41%</u>	<u>3.41%</u>

Source: Annual Sales and Use Tax Revenue Reports prepared by the City of Boulder Sales Tax Division.

Note: The City has an additional .15% sales tax on food service establishment collections. The food service sales tax is deposited into the General Fund and then the total is distributed to the Boulder Center for Conference Services and Cultural Affairs.

** Beginning in 2000, new categories for consumer electronics, computer related business sector and unclassified refunds were created and reported. These had been included in other categories for 1997, 1998 and 1999.

	2001	2002	2003	2004	2005	2006
\$	262,668	\$ 286,291	\$ 266,587	\$ 298,690	\$ 295,719	\$ 305,797
	236,480	249,040	231,091	254,215	264,788	281,966
	74,632	72,272	60,280	65,694	69,535	71,349
	82,357	86,034	77,585	79,635	81,784	80,872
	438,619	418,072	388,291	415,652	429,372	453,235
	201,209	182,449	179,423	192,758	203,096	211,510
	175,261	184,510	166,499	170,452	164,197	161,209
	52,829	54,365	50,528	55,579	58,356	87,678
	87,505	127,219	92,890	89,565	132,227	133,395
	9,569	9,406	9,086	8,335	8,126	8,602
	45,614	42,258	37,928	41,570	49,663	54,812
	206,557	156,316	117,945	139,012	162,849	145,538
	351,210	334,898	325,301	292,985	330,152	354,847
	(4,450)	(6,075)	(12,494)	(1,856)	(2,827)	(3,098)
\$	2,220,060	\$ 2,197,055	\$ 1,990,940	\$ 2,102,286	\$ 2,247,037	\$ 2,347,712
	3.26%	3.26%	3.41%	3.41%	3.41%	3.41%
	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
	3.41%	3.41%	3.56%	3.56%	3.56%	3.56%

CITY OF BOULDER, COLORADO

Statistical Data

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

Tax Year Levied	City Direct Rates							
	General Fund Sales Tax No Expiration	General Fund Sales Tax Expires 12/31/11	General Fund Sales Tax Expires 12/31/24	Public Safety Sales Tax Expires 12/31/04	Open Space Sales Tax No Expiration	Open Space Sales Tax Expires 12/31/18	Open Space Sales Tax Expires 12/31/19	Transportation Sales Tax No Expiration
1997	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%
1998	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%
1999	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%
2000	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%
2001	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%
2002	1.00%	0.38%	-	0.15%	0.40%	0.33%	-	0.60%
2003	1.00%	0.38%	-	0.15%	0.40%	0.33%	0.15%	0.60%
2004	1.00%	0.38%	0.15%	-	0.40%	0.33%	0.15%	0.60%
2005	1.00%	0.38%	0.15%	-	0.40%	0.33%	0.15%	0.60%
2006	1.00%	0.38%	0.15%	-	0.40%	0.33%	0.15%	0.60%

Source: City Sales Tax Division and the Colorado Department of Revenue

Notes: Food services establishments collections are deposited into the General Fund and a check written for the total to the Boulder

Overlapping rates are those of local, county, regional and state governments that apply to sales within the City.

				Overlapping Rates						
Parks & Rec & General Muni Sales Tax Expires 12/31/12	Parks Acquisition & Recreation Sales Tax Expires 12/31/15	Food Service Establishments Sales Tax No Expiration	Total Direct	State of Colorado	Regional Transportation District	Cultural District	Ball Stadium District	Boulder County	Total Overlapping	Total Direct and Overlapping
0.15%	0.25%	0.15%	3.41%	3.00%	0.60%	0.10%	0.10%	0.35%	4.15%	7.56%
0.15%	0.25%	0.15%	3.41%	3.00%	0.60%	0.10%	0.10%	0.35%	4.15%	7.56%
0.15%	0.25%	0.15%	3.41%	3.00%	0.60%	0.10%	0.10%	0.40%	4.20%	7.61%
0.15%	0.25%	0.15%	3.41%	3.00%	0.60%	0.10%	0.10%	0.40%	4.20%	7.61%
0.15%	0.25%	0.15%	3.41%	3.00%	0.60%	0.10%	0.10%	0.40%	4.20%	7.61%
0.15%	0.25%	0.15%	3.41%	2.90%	0.60%	0.10%	0.10%	0.55%	4.25%	7.66%
0.15%	0.25%	0.15%	3.56%	2.90%	0.60%	0.10%	0.10%	0.55%	4.25%	7.81%
0.15%	0.25%	0.15%	3.56%	2.90%	0.60%	0.10%	0.10%	0.55%	4.25%	7.81%
0.15%	0.25%	0.15%	3.56%	2.90%	1.00%	0.10%	0.10%	0.65%	4.75%	8.31%
0.15%	0.25%	0.15%	3.56%	2.90%	1.00%	0.10%	0.10%	0.65%	4.75%	8.31%

Center for Conference Services and Cultural Affairs.

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CITY OF BOULDER, COLORADO

Statistical Data

Largest Sales Tax Remitters by Market Sector

Current Year and Nine Years Ago

(Amounts in 000's)

Market Sector	2006			1997		
	Number Of Filers	Tax Liability	Percentage Of Total	Number Of Filers	Tax Liability	Percentage Of Total
Food Stores	4	\$ 5,948	7.43%	3	\$ 4,287	7.38%
Automotive Trade	1	1,919	2.40%	1	819	1.41%
Computer Related Business Sector	2	3,270	4.08%	2	2,408	4.14%
General Retail, Utilities, & Other	3	6,870	8.58%	4	5,402	9.30%
Total	10	\$ 18,007	22.49%	10	\$ 12,916	22.23%

Source: City of Boulder Sales Tax Division

Note: Individual sales tax payer information is confidential under Boulder Revised Code. Due to this, the names of the ten largest revenue payers are not available. Taxpayer information by industry for the ten largest payers is provided to present alternative information regarding the concentration of the city's sales tax revenue sources by industry.

CITY OF BOULDER, COLORADO

Statistical Data

Ratios of Net Outstanding Debt by Type

Last Ten Fiscal Years

(Amounts in 000's)
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities		
	General Obligation Bonds	Revenue Bonds	Revenue Notes Payable	Capitalized Lease Obligations	Loans Payable	General Obligation Bonds	Revenue Bonds	Lease Purchase Revenue Bonds
1997	\$ 72,745	\$ 15,130	\$ 3,787	\$ 626	\$ -	\$ 11,747	\$ 15,950	\$ 5,675
1998	71,035	14,595	2,956	520	4,200	24,603	21,290	-
1999	64,990	15,835	2,108	411	4,200	23,863	36,305	-
2000	82,695	15,200	1,612	302	4,200	22,523	58,760	-
2001	79,840	14,410	998	216	3,985	20,992	85,250	-
2002	76,264	13,580	767	233	3,635	19,747	81,860	-
2003	71,214	12,710	1,885	98	3,475	30,457	78,240	-
2004	65,929	11,800	317	34	5,000	28,492	74,445	-
2005	60,375	10,850	69	-	3,500	25,643	116,899	-
2006	75,082	9,855	-	-	1,920	23,143	111,120	-

(1) Population information is presented in the Demographic and Economic Statistics schedule.

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

Business-Type Activities				Total Primary Government	Market Value of Taxable Property	Percentage of Property Values	Per Capita (1)
Revenue Notes Payable	Certificates Of Participation	Lease Purchase Revenue Notes	Capitalized Lease Obligations				
\$ 3,000	\$ 3,620	\$ 23,183	\$ -	155,463	7,980,686	1.95%	\$ 1,653.86
2,815	8,950	21,664	-	172,628	8,616,559	2.00%	\$ 1,836.47
2,334	8,495	21,110	-	179,651	8,808,855	2.04%	\$ 1,891.06
2,449	7,705	19,087	-	214,533	9,746,376	2.20%	\$ 2,167.00
2,107	6,880	20,505	145	235,328	9,888,073	2.38%	\$ 2,377.05
1,500	6,025	18,592	50	222,253	13,111,076	1.70%	\$ 2,222.53
320	5,130	14,093	-	217,622	13,178,606	1.65%	\$ 2,133.55
219	4,190	18,033	-	208,459	15,002,072	1.39%	\$ 2,043.72
113	3,485	17,776	-	238,710	15,071,496	1.58%	\$ 2,340.29
-	3,055	19,787	-	243,962	15,963,605	1.53%	\$ 2,391.78

CITY OF BOULDER, COLORADO

Statistical Data

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts in 000's)
(Unaudited)

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Taxable Sales	Percentage of Taxable Sales (1)	Per Capita
	General Obligation Bonds	General Obligation Bonds				
1997	\$ 72,745	\$ 11,747	\$ 84,492	\$ 1,781,934	4.74%	\$ 898.85
1998	71,035	24,603	\$ 95,638	\$ 1,937,761	4.94%	\$ 1,017.43
1999	64,990	23,863	\$ 88,853	\$ 2,129,723	4.17%	\$ 935.29
2000	82,695	22,523	\$ 105,218	\$ 2,257,424	4.66%	\$ 1,062.81
2001	79,840	20,992	\$ 100,832	\$ 2,220,060	4.54%	\$ 1,018.51
2002	76,264	19,747	\$ 96,011	\$ 2,197,055	4.37%	\$ 960.11
2003	71,214	30,457	\$ 101,671	\$ 1,990,940	5.11%	\$ 996.77
2004	65,929	28,492	\$ 94,421	\$ 2,102,286	4.49%	\$ 925.70
2005	60,375	25,643	\$ 86,018	\$ 2,247,037	3.83%	\$ 843.31
2006	75,082	23,143	\$ 98,225	\$ 2,347,712	4.18%	\$ 962.99

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

(1) General bonded debt is repaid with sales tax revenues instead of property taxes. Taxable sales is used as a relevant basis for comparison.

CITY OF BOULDER, COLORADO

Statistical Data

Direct and Overlapping Debt

December 31, 2006

(Amounts in 000's)

<u>Jurisdiction</u>	<u>Par value of net General Obligation debt outstanding (1)</u>	<u>Percentage applicable to City of Boulder (2)</u>	<u>Amount applicable to City of Boulder (3)</u>
Boulder Valley School District RE-2	\$ 125,875	0.06 %	\$ 74
Boulder Central Area General Improvement District	23,143	100.00	23,143
Northern Colorado Water Conservancy District (NCWCD)	4,593	18.17	834
Boulder County	-	42.06	-
Urban Drainage and Flood Control District	-	6.47	-
Total Overlapping Debt			24,052
City Direct Governmental Activity Debt			86,857
Total Direct and Overlapping Debt			<u>\$ 110,909</u>

(1) Source for net General Obligation debt outstanding: Boulder Valley School District, NCWCD, Boulder County, and Urban Drainage and Flood Control District

(2) Source for percentage applicable to City of Boulder: 2005 Abstract of Assessment and Summary of Levies (Boulder County Assessor's Office), NCWCD, UDFC and Boulder Valley School District RE-2.

(3) The City of Boulder's valuation is divided by each jurisdiction's valuation, with the exception of the Boulder Central Area General Improvement District, which is wholly within the City limits.

For 2005, each jurisdiction had the following valuations (in 000's):

The City of Boulder	\$	2,091,962
Boulder Valley School District		3,551,751,028
NCWCD		11,515,167
Boulder County		4,973,525
Urban Drainage & Flood Control		32,352,556

CITY OF BOULDER, COLORADO

Statistical Data

Legal Debt Margin Information

Last Ten Fiscal Years

(Amounts in 000's)
(Unaudited)

	1997	1998	1999	2000	2001
Debt limit	\$37,393	\$39,592	\$40,593	\$45,254	\$45,899
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$37,393	\$39,592	\$40,593	\$45,254	\$45,899
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Note: The total indebtedness of the City, payable solely from the proceeds of ad valorem taxes, shall not exceed 3% of assessed value of taxable property in the municipality. Indebtedness payable in whole or in part from other revenue sources, or is subject to annual appropriations therefrom by the Boulder City Council, is not included in this limitation. (Charter of the City of Boulder, Sec. 97.)

(continued)

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 2,091,962
Debt limit - 3% of assessed value	<u>62,759</u>
Debt applicable to limit:	
Total bonded debt	98,225
Deductions allowed by law:	
Self-supporting General Obligation bo	(98,225)
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 62,759</u></u>

	2002	2003	2004	2005	2006
	\$57,372	\$57,886	\$59,129	\$59,120	\$ 62,759
	-	-	-	-	-
	<u>\$57,372</u>	<u>\$57,886</u>	<u>\$59,129</u>	<u>\$59,120</u>	<u>\$ 62,759</u>

	0.00%	0.00%	0.00%	0.00%	0.00%
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CITY OF BOULDER, COLORADO

Statistical Data

Pledged Revenue Coverage

Last Ten Years

(Amounts in 000's)

Cross - Pledged Water and Sewer Bonds

<u>Fiscal year</u>	<u>Gross revenue(1)</u>	<u>Direct operating expense(2)</u>	<u>Net revenue available for debt service</u>	<u>Maximum annual debt service requirement</u>	<u>Coverage (3)</u>
1997	23,087	13,517	9,570	1,606	5.96
1998	25,404	14,314	11,090	1,608	6.90
1999	26,965	15,315	11,650	2,361	4.93
2000	29,733	16,128	13,605	4,640	2.93
2001	33,244	16,241	17,003	6,856	2.48
2002	29,763	16,639	13,124	6,856	1.91
2003	33,672	17,669	16,003	6,856	2.33
2004	31,978	18,830	13,148	6,856	1.92
2005	37,657	19,633	18,024	10,325	1.75
2006	43,761	20,657	23,104	10,325	2.24

- (1) Gross revenue as defined by applicable bond ordinances includes gross Operating and Nonoperating Revenues and Plant investment fees and Special assessments in the Water Utility and Wastewater Utility Funds.
- (2) Direct operating expense equals Total Operating Expenses less Depreciation and Amortization Expense. In 2004, all prior year direct operating expense totals were restated to include the portion of the annual payment to the Municipal Subdistrict, Northern Colorado Water Conservancy District, that reduces the deferred credit for future water rights in the Water Utility Fund.
- (3) Prior to issuing additional parity bonds, the City must meet the following "facilities earnings test":

The annual gross revenue derived from the operation of the facilities for the fiscal year immediately preceding the date of the issuance of additional parity bonds must be sufficient to pay the annual operation and maintenance expenses of the facilities for that fiscal year, and, in addition, sufficient to pay an amount representing 125% of the combined maximum annual principal and interest requirements of the outstanding bonds, and any other bonds payable from and constituting a lien upon net income of the facilities, and the bonds proposed to be issued. (Per Section 7.03(b) of the 1999 Water and Sewer Revenue Bond Ordinance #6068, Section 7.03(b) of the 2000 Water and Sewer Revenue Bond Ordinance #7058, Section 7.03(b) of the 2001 Water and Sewer Revenue Bond Ordinance #7170, and Section 7.03(b) of the 2005 Water and Sewer Revenue Bond Ordinance # 7421, and Section 7.03(b) of the 2005 Water and Sewer Revenue Bond Ordinance #7440.)

CITY OF BOULDER, COLORADO

Statistical Data

Pledged Revenue Coverage

Last Ten Years

(Amounts in 000's)

Stormwater and Flood Management Bonds

Fiscal year	Gross income(4)	Operating and Maintenance expense(5)	Net revenue available for debt service	Average annual debt service requirement total	Coverage (6)
1997	3,564	953	2,611	365	7.15
1998	3,881	1,687	2,194	701	3.13
1999	3,859	1,935	1,924	694	2.77
2000	4,486	3,016	1,470	687	2.14
2001	4,298	1,591	2,707	679	3.99
2002	4,050	1,421	2,629	671	3.92
2003	4,315	2,365	1,950	662	2.95
2004	4,693	2,854	1,839	651	2.82
2005	4,734	2,586	2,148	639	3.36
2006	5,215	2,751	2,464	625	3.94

(4) Gross income as defined by applicable bond ordinances means all income and revenues derived directly or indirectly by the City from the Fees, including interest earnings on moneys in any fund or account created by the bond ordinance and includes all revenues earned by the City therefrom.

(5) Operating and Maintenance Expenses means all reasonable and necessary current expenses of the City paid or accrued, of operating, maintaining and repairing the Flood Control System. It does not include depreciation, capital replacements, or operating, maintenance or repair reserves.

(6) Prior to issuing additional parity bonds, the City must meet the following "fee test":

The annual gross income for the fiscal year immediately preceding the date of the issuance of additional parity bonds shall have been sufficient to pay the annual operation and maintenance expenses of the Flood Control System for said fiscal year, and, in addition, sufficient to pay an amount representing 125% of the combined average annual principal and interest requirements of the Outstanding Series 1998 Bonds of the City payable from and constituting a lien upon net income from the Fees and the bonds proposed to be issued.

(1998 Storm Water and Flood Management Revenue Refunding and Improvement Bond Ordinance #5981.)

CITY OF BOULDER, COLORADO

Statistical Data

Demographic and Economic Statistics

Last Ten Fiscal Years

(Amounts in 000's)
(Unaudited)

Fiscal Year Ended April 30	City of Boulder Population (1)	Boulder County, Colorado				Unemployment Rate (5)
		Population (2) (6)	Total Personal Income (3)(6)	Per Capita Income (4)		
1997	94	270,744	\$ 8,536,223	\$ 31.529	3.0%	
1998	94	277,562	9,346,188	\$ 33.672	3.6%	
1999	95	285,901	10,304,130	\$ 36.041	2.9%	
2000	99	292,985	11,825,466	\$ 40.362	2.6%	
2001	99	298,887	12,085,925	\$ 40.436	3.0%	
2002	100	278,604	11,274,954	\$ 40.469	6.1%	
2003	102	277,987	11,541,201	\$ 41.517	6.1%	
2004	102	279,551	12,199,592	\$ 43.640	5.7%	
2005	102	286,000	12,500,000	\$ 43.706	5.1%	
2006	102	292,500	12,800,000	\$ 43.761	4.3%	

(1) Source: The City of Boulder Challenged the 2000 U.S. Census and in 2004, the State Demographer's Office and the Denver Regional Council of Governments (DRCOG) accepted Boulder's Challenge, revising their 2000 population number for Boulder from 94,673 to 99,093. The U.S. Census Bureau will not change its number. The new number will be used for statewide and local planning purposes.

The City Planning Department projects population using certificates of occupancy issued by the Department of Building Services.

(2) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Colorado Population by County, released April 2006

(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Colorado Personal Income by County, released April 2006

(4) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Colorado Per Capita Personal Income by County, released April 2006

(5) Source: Colorado Department of Labor and Employment (average annual rate for the City of Boulder).

(6) Note: Amounts for 2005 and 2006 were estimated based on Boulder Economic Council estimates and current economic trends.

Note: Total personal income information is not available for the City of Boulder. Boulder County population and personal income information was used.

CITY OF BOULDER, COLORADO

Statistical Data

Principal Employers

Current Year and Nine Years Ago

(Unaudited)

Employer	2006			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank *	Percentage of Total County Employment
University of Colorado at Boulder	7,050	1	4.32%	4,832		3.41%
IBM Corp	4,200	2	2.58%	4,000		2.82%
Sun Microsystems Inc	3,800	3	2.33%			0.00%
Boulder Valley School District	3,600	4	2.21%	3,062		0.00%
Ball Corp	3,000	5	1.84%	1,500		1.06%
State of Colorado	2,820	6	1.73%	**		0.00%
Level 3 Communications Inc.	2,000	7	1.23%			0.00%
Boulder Community Hospital	1,907	8	1.17%	1,700		1.20%
Boulder County	1,600	9	0.98%	949		0.67%
St. Vrain Valley School District	1,463	10	0.90%	**		0.00%
City of Boulder				1,178		0.83%
Neodata Services Inc				2,500		1.76%
Storage Technology Corp				3,300		2.33%
Exabyte Corp				1,164		0.82%
	<u>31,440</u>		<u>19.28%</u>	<u>24,185</u>		<u>14.89%</u>

Source: The Boulder County Business Report Book of Lists; University of Colorado At Boulder Office of Planning, Budget and Analysis; Boulder County Comprehensive Annual Financial Report for 12-31-2005.

The Boulder County Business Report did not include public-sector employers prior to 2004.

Note: This list is the 10 largest employers in Boulder and Broomfield counties. Employment information specific to the City of Boulder is not available.

* Ranking information is not available due to missing FTE information.

** Information was not available.

CITY OF BOULDER, COLORADO

Statistical Data

Full-Time Equivalent City Employees By Functions/Programs

Last Ten Fiscal Years

(Unaudited)

<u>Functions/Program</u>	<u>Full-Time Equivalent Employees</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government:					
City Council	1.00	1.00	1.00	1.00	1.00
Municipal Court	17.00	17.00	17.00	19.90	19.90
City Attorney	18.75	18.75	20.00	20.00	20.00
City Manager- Administration	10.00	10.00	10.00	10.00	13.00
City Manager- Environmental Affairs	6.00	6.00	4.00	5.00	5.00
City Manager- Downtown & University Hill Mgt	40.50	40.50	40.50	38.00	37.50
City Manager- Communications	11.50	11.50	11.00	11.50	11.50
City Manager- Urban Renewal Authority	-	-	-	3.00	3.00
Administrative Services:					
Human Resources	14.25	13.75	15.25	18.25	18.25
Finance	27.25	27.25	30.25	31.25	30.25
Information Technology	32.75	32.75	35.50	36.50	36.50
Public Safety:					
Police	263.25	263.25	256.25	276.50	280.50
Fire	111.33	111.33	108.33	112.33	113.33
Planning & Development Services:	64.74	64.71	65.00	73.58	78.08
Public Works:					
Administration	-	-	4.05	13.22	14.22
Fleet	16.90	16.90	17.25	17.05	17.05
Transportation	62.97	62.97	64.08	64.33	66.33
Utilities	150.44	150.44	148.67	142.42	141.42
Facility / Asset Management	13.51	13.51	13.10	15.80	15.80
Culture and Recreation:					
Parks and Recreation	145.25	149.22	144.50	159.25	159.25
Library	78.95	78.35	71.40	88.01	91.39
Arts	1.50	1.50	1.00	1.00	1.00
Open Space / Mountain Parks:	77.58	69.00	70.50	77.00	75.00
Housing and Human Services:	53.42	52.43	54.55	55.80	55.42
Total	<u>1,218.84</u>	<u>1,212.11</u>	<u>1,203.18</u>	<u>1,290.69</u>	<u>1,304.69</u>

Source: City of Boulder Summary of Standard FTE's per the annual budget document.

Note: Number of FTE's budgeted and approved for each fiscal year.

(Continued)

Full-Time Equivalent Employees

2001	2000	1999	1998	1997
1.00	1.00	1.00	1.00	1.00
19.90	20.90	14.90	11.85	11.85
20.00	20.00	19.00	18.00	18.00
13.00	13.00	5.00	6.00	6.00
4.00	4.00	5.00	5.00	5.00
39.00	39.00	38.05	5.75	5.75
10.50	10.50	11.50	11.56	11.56
3.00	3.00	3.00	4.00	4.00
18.25	18.25	18.27	18.75	19.75
30.25	30.25	37.00	37.00	39.00
36.50	33.50	33.50	31.50	19.35
279.50	252.50	250.00	206.00	213.00
112.33	112.33	100.33	94.33	94.33
73.20	73.20	71.00	75.09	79.09
16.15	16.15	23.15	23.25	27.25
17.00	17.00	17.00	16.00	16.00
67.30	64.80	64.50	103.63	102.73
140.00	138.00	133.00	131.75	131.75
15.75	12.75	12.75	12.50	12.50
169.75	149.75	152.00	145.50	145.50
91.14	90.89	90.39	90.61	88.13
1.00	0.50	0.50	0.50	0.50
66.50	66.50	66.50	66.58	69.58
51.68	51.71	53.17	59.71	56.34
1,296.70	1,239.48	1,220.51	1,175.86	1,177.96

CITY OF BOULDER, COLORADO

Statistical Data

Operating Indicators By Function/Program

Last Ten Fiscal Years

(Unaudited)

Function/Program	1997	1998	1999	2000
General Government:				
Municipal Court				
Traffic tickets processed	7,873	7,397	13,076	11,399
General summons processed	2,394	2,261	2,560	2,971
Animal summons processed	1,513	735	882	605
Arraignments	8,636	6,539	6,046	5,710
Court trials	247	242	247	226
Jury trials	7	10	7	12
Public Safety:				
Police				
Number of police officers	139	153	169	173
DUI arrests	804	1,303	847	1,184
Traffic summons	15,787	15,479	20,717	23,875
Total traffic accidents	4,338	4,235	4,233	4,380
Total calls for service	59,288	62,002	55,518	64,289
Emergency calls for service	17,058	17,502	17,989	17,805
Fire				
Number of firefighters	86	88	96	106
Total annual responses	6,834	7,055	7,514	7,957
Percentage of responses within 6 minutes	73%	70%	72%	75%
Planning & Development Services:				
Number of applications received	**	**	**	5,451
Number of zoning and environmental code enforcement cases	**	**	**	3,872
Public Works				
Transportation				
Daily vehicle miles of travel in Boulder Valley	**	**	**	2.61 million
Culture and Recreation:				
Parks and Recreation				
Recreation center attendance	**	**	**	468,395
Outdoor pool attendance	**	**	**	51,474
Adult athletics participation	**	**	**	116,624
Recreation class enrollment	**	**	**	25,226
Reservoir attendance	**	**	**	199,000
Rounds of golf	**	**	**	52,238
Library				
Circulation of books, videos, tapes	**	**	**	1,202,766
Remote use of library resources online	**	**	**	141,570
Adults participating in cultural and educational programs	**	**	**	62,642
Attendance at outreach program activities	**	**	**	9,733
Arts				
Participants in Boulder Arts Resource	**	**	**	78
Housing and Human Services:				
Number of permanently affordable housing units added on an annual basis	**	**	**	122

Source: City of Boulder departmental records.

** Indicator not available

2001	2002	2003	2004	2005	2006
11,850	8,489	11,738	13,554	11,928	12,554
3,069	3,187	2,917	3,079	3,306	4,249
452	490	598	752	707	1,459
5,483	4,432	5,192	4,595	4,986	5,030
255	329	219	194	185	150
16	10	6	2	6	4
173	176	176	171	171	171
1,369	1,028	748	919	1,115	1,163
21,816	14,278	17,275	19,336	18,226	17,914
4,433	4,298	4,159	4,180	3,644	3,552
72,277	66,896	79,738	77,392	79,354	84,747
15,444	14,984	20,815	19,348	15,541	18,009
104	103	92	95	95	95
8,370	8,283	8,015	7,735	8,327	8,679
71%	73%	**	84%	85%	69%
5,891	5,727	5,911	5,698	5,689	5,642
1,853	1,958	2,594	2,921	3,920	3,260
2.65 million	2.76 million	2.63 million	2.63 million	2.62 million	2.61 million
397,828	298,325	421,713	416,370	412,049	432,901
49,052	33,402	39,570	34,160	41,406	41,558
118,216	212,201	204,335	198,944	198,944	201,040
25,434	23,401	25,757	25,311	24,966	25,818
184,000	198,000	200,000	200,000	117,194	91,207
50,195	51,740	45,445	42,955	48,052	47,966
1,212,046	1,288,814	1,138,367	1,058,470	1,088,504	1,109,619
152,854	254,756	306,965	562,819	737,227	1,630,945
80,561	66,560	65,760	48,802	54,136	62,211
10,660	7,023	6,054	5,237	5,424	8,647
216	250	275	310	456	523
148	152	192	202	61	117

CITY OF BOULDER, COLORADO

Statistical Data

Capital Asset Statistics By Function/Program

Last Ten Fiscal Years

(Unaudited)

Function/Program	1997	1998	1999	2000
Public Safety:				
Police				
Number of stations and annexes	1	1	3	4
Fire				
Number of stations	6	6	6	7
Public Works:				
Fleet Services				
Cars, Pickups and Vans	**	**	**	**
Fire Apparatus	11	11	11	11
Other Heavy Trucks and Equipment	**	**	**	**
Total Equipment in Fleet	754	733	801	766
Transportation				
Miles of streets	272	273	275	290
Number so street lights	4,097	4,136	4,170	4,258
Utilities - Water				
Number of water accounts	27,100	27,100	27,400	27,890
Average daily water consumption (000's)	19,770	21,030	20,715	21,844
Miles of water mains	414	415	415	425
Utilities - Sewer				
Miles of sanitary sewer mains	338	338	338	343
Miles of storm sewers	113	113	113	120
Culture and Recreation:				
Parks and Recreation				
Acres of urban parks	**	8,392	8,392	1,814 (1)
Library				
Number of libraries	4	4	4	4
Number of library items in collection	428,447	434,747	438,212	444,499
Open Space / Mountain Parks:				
Acres of mountain parks and open space	**	28,907	28,907	39,677 (1)

Source: City of Boulder departmental records.

(1) 6,578 acres of mountain parks were transferred from Parks to Open Space in 2000

(2) Vehicle records were not available prior to 2003

** Indicator not available

2001	2002	2003	2004	2005	2006
4	4	4	3	3	3
7	7	7	7	7	7
**	**	286	280	282	281
11	11	11	11	11	11
**	**	494	503	493	490
780	787	1,571(2)	1,577	1,562	1,554
290	290	290	294	285	287
4,274	4,430	4,517	4,546	4,525	4,562
27,958	28,147	28,273	28,303	28,426	28,555
20,932	18,545	17,529	17,055	17,326	18,187
430	439	440	440	441	449
344	346	345	346	348	349
151	124	124	121	138	138
1,911	1,880	1,880	1,880	1,880	1,880
4	4	4	4	4	4
430,764	441,656	435,090	408,163	418,417	419,339
41,158	42,635	42,766	42,873	43,221	43,497

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CITY OF BOULDER, COLORADO
Schedule of Expenditures of Federal Awards

For the year ended December 31, 2006

(Amounts in 000's)

<u>Agency/Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>2006 Expenditures</u>
Department of Agriculture:		
Passed through Colorado State Forest Service:		
Cooperative Forestry Assistance	10.664	\$ <u>4</u> 4
Department of Housing and Urban Development:		
Direct Programs:		
Community Development Block Grant	14.218	1,135
HOME Investment Partnerships Program	14.239	<u>1,006</u> 2,141
Department of Interior:		
Direct Program:		
Historic Preservation Fund Grants-In-Aid:		
Colorado Historical Society 2006 CLG	15.904	<u>5</u> 5
Department of Justice:		
Direct Program:		
Bulletproof Vest Partnership Program	16.607	1
Edward Byrne Memorial Justice Assistance Grant Program - 2005	16.738	24
Edward Byrne Memorial Justice Assistance Grant Program - 2006	16.738	44
Passed through Colorado Department of Criminal Justice:		
Juvenile Justice and Delinquency Prevention	16.540	4
Passed through Colorado Department of Revenue:		
Enforcing Underage Drinking Laws Program	16.727	20
Passed through Colorado Department of Transportation:		
Enforcing Underage Drinking Laws Program	16.727	<u>5</u> 98
Department of Transportation:		
Direct Programs:		
Airport Improvement Program	20.106	34
Passed through Colorado Department of Transportation:		
Highway Planning and Construction:		
Transportation Equity Act	20.205	1,828
Congestion Mitigation Air Quality	20.205	<u>42</u> 1,904
Environmental Protection Agency:		
Passed through Colorado Department of Public Health & Environment:		
Nonpoint Source Implementation Grants:		
Neighborhood Stewardship Grant	66.460	10
Passed through Colorado Department of Natural Resources:		
Regional Wetland Program Development Grants	66.461	<u>38</u> 48
Department of Health and Human Services:		
Direct Programs:		
Early Learning Fund	93.577	557
Passed through Colorado Department of Human Services:		
Child Care & Development Block Grant:		
Quality Expansion	93.575	31
School Readiness Grant - ECEC	93.575	85
Passed through Qualistar Early Learning:		
Child Care Mandatory & Matching Funds of the		
Child Care & Development Fund	93.596	<u>91</u> 764
Department of Homeland Security:		
Passed through Colorado Department of Local Affairs:		
Buffer Zone Protection Plan	97.078	<u>43</u> 43
		<u>\$ 5,007</u>

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF BOULDER, COLORADO

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2006

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards included the federal grant activity of the City of Boulder, Colorado for year ended December 31, 2006. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

City of Boulder, Colorado

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2006**

Number	Comment	Status	Corrective Action or Other Explanation
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No prior year findings

McGladrey & Pullen

Certified Public Accountants

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Boulder, Colorado
Boulder, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Boulder, Colorado as of and for the year ended December 31, 2006, and have issued our report thereon dated May 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered the City of Boulder, Colorado's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Boulder, Colorado's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 06-II-A and 06-II-B to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Boulder, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Boulder, Colorado in a separate letter dated May 25, 2007.

The City of Boulder, Colorado's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Boulder, Colorado's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of City Council, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
May 25, 2007

McGladrey & Pullen

Certified Public Accountants

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 (Unqualified Opinion on Compliance and Significant Deficiencies in Internal Control Over Compliance Identified)

To the Honorable Mayor and
Members of the City Council
City of Boulder, Colorado
Boulder, Colorado

Compliance

We have audited the compliance of City of Boulder, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement*, that are applicable to each of its major federal programs for the year ended December 31, 2006. The City of Boulder, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Boulder, Colorado's management. Our responsibility is to express an opinion on the City of Boulder, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Boulder, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Boulder, Colorado's compliance with those requirements.

In our opinion, the City of Boulder, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

The management of the City of Boulder, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Boulder, Colorado's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 06-III-A and 06-III-B to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The City of Boulder, Colorado's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Boulder, Colorado's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and members of the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davenport, Iowa
May 25, 2007

City of Boulder, Colorado

Schedule of Findings and Questioned Costs
Year Ended December 31, 2006

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Investment Partnership Program
93.577	Early Learning Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2006

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

Reportable Conditions in Internal Control

06-II-A

Finding: There is a limited segregation of duties over the disbursement function.

Condition: An employee has the ability to add a new vendor to the system, purchase and receive the goods/services, generate a check for payment and has access to the blank check stock and check signatures. In addition, many employees have the ability to purchase and receive goods/services, have the ability to approve an invoice for payment and also have access to the check generated for payment to the vendor.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend the following:

- The authorization of purchases of a good/service should be segregated from the person receiving the good/service.
- A person separate from the receipt of the good/service should approve an invoice for payment
- The ability to purchase or receive a good/service should be segregated from the person with the ability to generate or handle a check for payment to the vendor.

Response and corrective action: Soon after finance staff became aware of the auditor's findings, additional controls over disbursements were added. The accounts payable supervisor now reviews all additions, deletions and changes made to the vendor listings in the accounts payable system on a monthly basis. In addition, the accounts payable supervisor reviews all disbursements made by the accounts payable staff on a monthly basis.

While segregation of duties may be desirable, the benefits of this type of internal control should outway the costs. Other controls such as finance staff performing sampling and analyzing compliance with appropriate procedures are in place to help offset general concerns over segregation of duties. The finance department will continue to work with departments to implement acceptable controls and encourage segregation of these duties when cost beneficial.

(Continued)

City of Boulder, Colorado

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2006

06-II-B

Finding: Boulder Card internal controls are not effective operationally as they are not functioning as designed.

Condition: 10 of 12 items tested had statements that were not signed by the Department Boulder Card Liaison. The policy states "Once the steps are completed, the Department Liaison shall sign the statement indicating their review." Two of 12 items tested had statements that were not signed by the Supervisor or Department Boulder Card Liaison. One of 12 items tested did not have a receipt for over \$100 attached to the statement and did not have a missing receipt form signed by the department director.

Context: A deficiency in operation of the Boulder Card exists in that a properly designed control does not operate as designed.

Effect: Misstatements could occur and not be detected timely.

Recommendation: We recommend the controls over the Boulder Cards be followed as designed and all supporting documentation be reviewed, signed and retained.

Response and corrective action plan: The City of Boulder takes appropriate documentation and approval of disbursements seriously and strives to have appropriate controls and processes in place to help verify this. One of these controls over the City's purchasing card program, the Boulder Card, is a detailed review and approval by appropriate personnel, such as the department's Boulder Card liaisons and/or appropriate supervisors. While the City believes the liaisons and supervisors are performing this review, in many instances, the documentation of the review was not clearly evidenced by their initials or signatures. One of the weaknesses in the current form is there is no signature line for the liaisons. We have recomunicated the requirement for a complete review of Boulder Card statements and supporting documentation as evidenced by the reviewer's signature. The finance department will monitor compliance with this requirement during the periodic Boulder Card audits of the various departments. Later in 2007, a new software system will replace the current system and during the implementation training all of these items will be covered. Finance staff is also committed to provide ongoing training and help in making sure the proper compliance is obtained.

Compliance Findings

None

(Continued)

Findings and Questioned Costs for Federal Awards

A. Reportable Conditions in Internal Control

06-III-A

**Department of Health and Human Services
Early Learning Fund (CFDA 93.577)
Federal Award Year 2005-2006**

Finding: The City does not ensure vendors used for the Early Learning Fund are not suspended or debarred from participation in federal programs.

Condition: Currently, the City does not have a system in place to ensure vendors used have not been suspended or debarred from participation in federal programs.

Criteria: OMB Circular A-133 dictates when a nonfederal entity (i.e. the Organization) enters into a contract or purchase order with an entity (vendor), the nonfederal entity must verify the entity is not suspended or debarred from participation in federal programs/grants when expending \$25,000 or more in a year with the vendor.

Recommendation: We recommend the City implement a system by either having vendors sign purchase orders or contracts with the necessary verbiage or reviewing *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) to ensure vendors used are not suspended or debarred, prior to entering into contracts or purchase orders, for all transactions (federal and nonfederal). Another option is to implement a system using the available website to ensure the vendors used are not suspended or debarred.

Response and corrective action plan: The City of Boulder recognizes the need to verify that vendors used on federal programs have not been suspended or debarred from participation in federal programs. The City has no reason to believe the vendors it currently uses are not eligible for participation in its federal programs. To comply with this requirement, the City will implement a system to periodically verify and formally document the vendors used are not suspended or debarred per the U.S. Government's General Services Administration (GSA) Excluded Parties List System as suggested.

(Continued)

City of Boulder, Colorado

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2006

06-III-B

**Department of Housing and Urban Development
HOME Investment Partnership Program (CFDA 14.239)
Federal Award Year - 2006**

Finding: The City did not have records supporting the allocation of wages for split-funded employees whose time is partially charged to federal grants during the fiscal year ending December 31, 2006.

Condition: Split-funded employees charged time based on a budgeted amount of hours to each cost objective each pay period. Formal documentation of actual hours or reconciliations of actual to budget were not maintained by the City.

Questioned Costs: None.

Criteria: The Office of Management and Budget Circular A-87 requires a distribution of salaries be supported by personnel activity reports or equivalent documentation for all employees who work for more than one cost objective and the documentation be signed by the employee.

Recommendation: We recommend the City maintain actual timecards, personnel activity reports or equivalent documentation for employees working for more than one federal program or cost objective to support the time charged to the federal program. This documentation should be signed by the employee. The actual time allocated to the grant should be reconciled to the budgeted salary amount charged to the grant on a quarterly basis.

Response and corrective action plan: The City of Boulder acknowledges the need to clearly document actual time spent on each grant when the City employee works on more than one program. The City currently utilizes timesheets and will implement a process to document the actual time worked on the different grant programs as needed. Salary costs allocated to each program will be reconciled to these time allocation records on a periodic basis as suggested.

B. Instance of noncompliance

None

City of Boulder, Colorado

Corrective Action Plan
Year Ended December 31, 2006

Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
-------------------	---------	------------------------	-----------------------------------	----------------

Findings Related to Financial Statements:

Reportable Conditions in Internal Control:

06-II-A	There is limited segregation of duties over the disbursement function.	See response and corrective action plan at 06-II-A.	December 31, 2007	Bob Eichem, Finance Director
06-II-B	Boulder Cards internal controls are not effective operationally as they are not functioning as designed.	See response and corrective action plan at 06-II-B.	December 31, 2007	Bob Eichem, Finance Director

Findings Related to Federal Awards:

Reportable Conditions in Internal Control:

06-III-A	The City does not have an adequate system in place for ensuring that vendors used are not suspended or debarred from participation in federal programs.	See response and corrective action plan at 06-III-A.	December 31, 2007	Bob Eichem, Finance Director
06-III-B	The City did not have records supporting the allocation of wages for split-funded employees whose time is partially charged to federal grants during the fiscal year ended December 31, 2006.	See response and corrective action plan at 06-III-B.	December 31, 2007	Bob Eichem, Finance Director

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT	City or County: Boulder
	YEAR ENDING : December 2006

This Information From The Records Of: City of Boulder	Prepared By: Melody Agruso, Sr. Financial Manager Phone: 303-441-3252
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	6,171,740
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,695,911
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,964,376
2. General fund appropriations	2,882,475	b. Snow and ice removal	968,352
3. Other local imposts (from page 2)	8,435,437	c. Other	1,504,576
4. Miscellaneous local receipts (from page 2)	924,723	d. Total (a. through c.)	4,437,304
5. Transfers from toll facilities	0	4. General administration & miscellaneous	2,395,476
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,685,487
a. Bonds - Original Issues	0	6. Total (1 through 5)	17,385,917
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	12,242,635	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,494,113	2. Notes:	
D. Receipts from Federal Government (from page 2)	3,482,293	a. Interest	0
E. Total receipts (A.7 + B + C + D)	18,219,041	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	17,385,917

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
Transportation Funds ⁽¹⁾	13,884,511	15,336,566	14,700,430	14,520,647	0
General Fund	(444,210)	2,882,475	2,685,487	(247,222)	0
Total All Funds	13,440,301	18,219,041	17,385,917	14,273,425	0

Note: ⁽¹⁾ The Transportation Funds Beginning Balance was reduced by \$2,471,425 for a correction to 2005 revenue accruals occurring after the 2005 report was submitted. These revenues were received in 2006 and are reflected in the Transportation Funds Ending Balance.

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado
	YEAR ENDING (mm/yy): December 2006

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	152,930	a. Interest on investments	559,129
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	7,682,238	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	384,085	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Other (County R&B)	216,184	g. Other Misc. Receipts	365,594
6. Total (1. through 5.)	8,282,507	h. Other	
c. Total (a. + b.)	8,435,437	i. Total (a. through h.)	924,723
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,252,511	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle	241,602	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	3,482,293
f. Total (a. through e.)	241,602	g. Total (a. through f.)	3,482,293
4. Total (1. + 2. + 3.f)	2,494,113	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	1,701	1,701
b. Engineering Costs	440,618	323,675	764,294
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	563,391	26,703	590,094
(3). System Preservation	1,931,513	1,584,909	3,516,421
(4). System Enhancement & Operation	1,256,679	42,550	1,299,229
(5). Total Construction (1) + (2) + (3) + (4)	3,751,583	1,654,162	5,405,744
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	4,192,201	1,979,538	6,171,740
			(Carry forward to page 1)

Notes and Comments:

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