



City of Boulder, Colorado

Popular Annual Financial Report

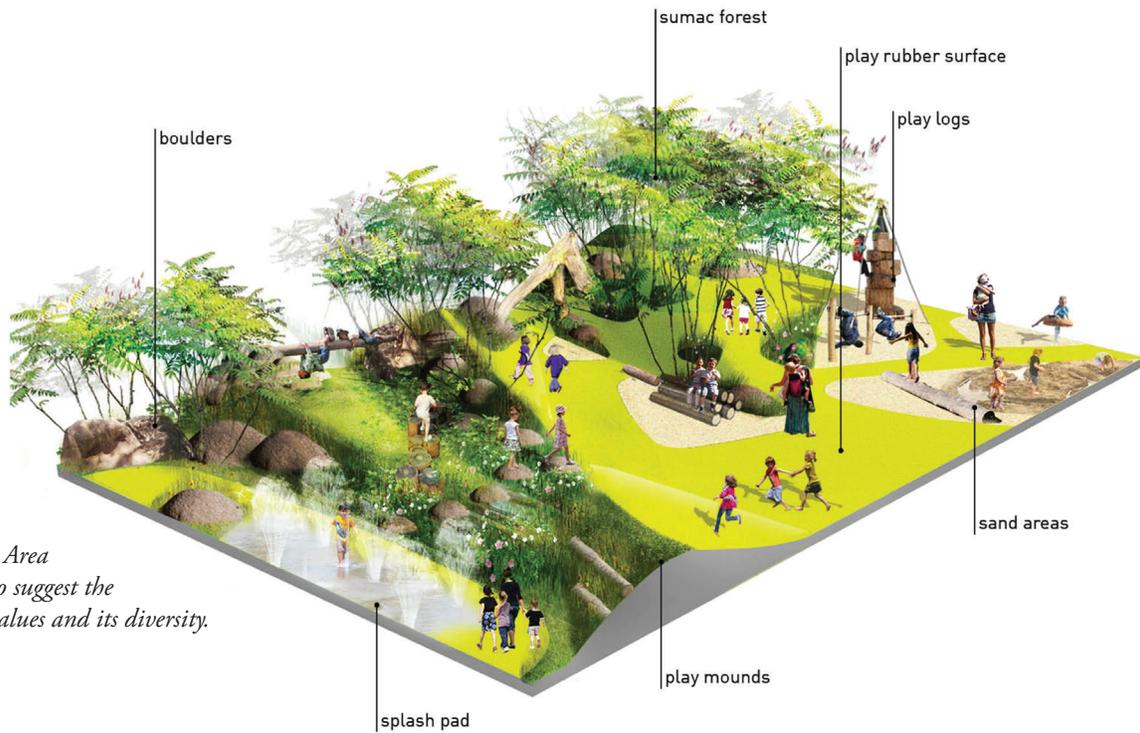


Photograph by @Katie Edwards

Fiscal Year

Ending December 31

2015



*Boulder Civic Area
Master Plan to suggest the
community's values and its diversity.*

This Popular Annual Financial Report (PAFR) is a summary of the financial activities of the city's funds as reported in the 2015 Comprehensive Annual Financial Report (CAFR). The CAFR is an audited document prepared in accordance with generally accepted accounting principles (GAAP). To conform to GAAP, the CAFR must include the city's component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

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

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

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

Short History of Boulder:

Originally, Boulder was the home of Native Americans. In 1858, gold seekers established the first non-native settlement. City government was formalized in November 1871. On Oct. 30, 1917, the city became a home rule city and adopted a charter pursuant to Article XX of the Constitution of the State of Colorado by vote of the electorate.

Quick Facts about Boulder

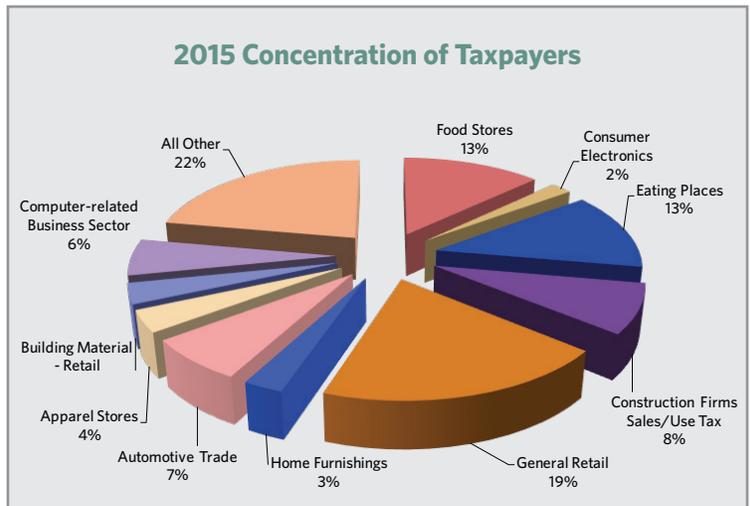
Population	105,000
Unemployment rate	2.8%
Sales and use tax rate	3.86%
City employees	1,359
City operating budget	\$250 million
City capital Budget	\$69 million

Top 5 City of Boulder Employers

Over 1,900 employees: University of Colorado, St. Vrain Valley School District, Boulder Valley School District, IBM Corporation and Boulder County.

Other Major Employers

SCL Health System, Ball Corporation, Covidien, Boulder Community Hospital, and City of Boulder.



Significant Events

- In January 2015, the city successfully implemented all core finance modules of its new Enterprise Resource Planning (ERP) system. The payroll module was implemented in January of 2016. The 2014 Transform Boulder Business Initiative (TBBI) is expected to be completed during fiscal year 2017.
- During 2015, Council Member Matt Appelbaum attended various summits and conferences on the subject of global climate and sustainability. These summits and conferences included a trip to Rome to attend a climate change summit hosted by Pope Francis. In October, he attended "Our City, Our Climate," hosted by Secretary of State John Kerry. In November he attended the "United Nations' Climate Change Conference" as a steering committee member of the National League of Cities' Sustainable Cities Institute. He also served as co-chair of International Council for Local Environmental Initiatives' North America Regional Executive Committee.
- Pursuant to a vote in November of 2014, the sales and use tax rate changed on Jan. 1, 2015 from 3.56 percent to 3.86 percent. The additional 0.30 percent tax was approved for a three-year period and is earmarked for specific capital projects related to "Community Culture and Safety."
- In June 2015, City Council accepted the updated Boulder Civic Area Master Plan. The long-term vision of the plan is to transform the Boulder downtown civic area into an even more unique place that reflects the community's shared values and diversity. More information can be found in the city's website at <https://bouldercolorado.gov/civic-area>.
- Main Library renovations and the construction of Fire Station No. 8 were both completed in 2015. These projects were both funded by Capital Improvement Bonds approved by voters in November 2011.
- In December 2015, the city purchased all properties deemed part of the Broadway Community Hospital Broadway campus. This endeavor has been named "A Boulder Community Project - Alpine Balsam". More information can be found in the city's website at: <https://bouldercolorado.gov/planning/alpinebalsam>.
- Throughout 2015, the city continued to explore options to provide the community with clean, reliable, low-cost and local energy, including the creation of a municipal utility. Voters approved a \$1.9 million utility occupation tax in 2011 that is funding much of this effort. This project is the city's top external initiative.



Boulder Community Hospital – 1928.

In December 2015, the hospital site was purchased by the City of Boulder.



2015 Housing Market Growth

Operating Indicators & Statistics

	2015	2014
Public Works		
Daily vehicle miles in Boulder Valley.	2.9 mil	2.5 mil
Utilities		
Water accounts	28,829	28,944
Gallons of water consumed daily.	15.7 mil	15.8 mil
Public Safety		
Police officers.	176	179
Traffic accidents.	3,449	3,593
Police calls for service	108,279	105,315
Firefighters	96	96
Fire responses	9,910	10,669
Fire responses within 6 minutes.	47%	66%
Parks and Recreation		
Acres of Open Space & Mountain Parks	45,518	45,606
Acres of urban parks	1,800	1,800
Recreation center attendance.	727,531	488,707
Reservoir attendance	156,034	139,396
Library		
Circulation of books, videos, and tapes	1.31 mil	1.35 mil
Planning and Development Services		
Building permit applications	6,115	6,170
Zoning enforcement actions	821	1,178
Municipal Court		
Traffic violations	10,998	8,273



In 2015, the Boulder Library Teen Center renovation was completed.

2015 Best of Boulder

- **The Top 10 Metro Areas for Female Entrepreneurship (#1)**
- *Fast Company*, Oct. 26, 2015
- **Great Places in America: Public Spaces (Pearl Street Mall)**
- *American Planning Association (APA)*, October 2015
- **10 Best Cities for Millennial Entrepreneurs (#3)**
- *Thumbtack*, Sept. 29, 2015
- **The 10 Best Cities For Starting A Business In 2015 (#1)**
- *Forbes*, April 30, 2015
- **The Best Housing Markets for Growth and Stability (#1)**
- *SmartAsset*, July 8, 2015
- **The Most Fitness-Friendly Cities in America (#1)**
- *Huffpost Healthy Living*, July 2, 2015
- **Top 50 College Towns in America (#1)**
- *City Described*, March 2015
- **Top 10 Healthiest Cities to Live and Retire**
- No. 6 – *AARP* magazine [58]
- **Best Farmers Market in the U.S.**
- *USA Today 10Best*, August 2015

Financial Statements

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

1. The government-wide statements are designed to provide readers with a **long-term overview** of the city's finances. These statements include the Statement of Net Position and the Statement of Activities. The government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant

portion of their costs through user fees and charges (**business-type activities**). The governmental activities encompass general government, administrative, public safety, public works including streets and transportation, planning and development, culture and recreation, open space and mountain parks, housing and human services and property and facility acquisition services. The business-type activities of the city include the water and wastewater utilities, stormwater and flood management and parking facilities.

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



2015 Bee Boulder Festival celebrated our friendly pollinators and efforts to protect them.

Component Units

The City of Boulder's financial reporting entity is comprised of the primary government and its component units. The primary government consists of all funds and departments that are not legally separate from the city, while component units are legally separate organizations for which the city is financially accountable. The financial information of the city's component units is blended with the primary government and reported in the same manner as any other city operation.

City of Boulder Blended Component Units:

1. Downtown Commercial District and University Hill

Commercial District — These districts provide parking facilities and services and are administered by the City Council.

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

3. Boulder Junction Access General Improvement District — This district is tasked with implementation of the transit-oriented development goals of shared, unbundled parking and travel demand management programs.

Statement of Net Position — Government-wide

The Government-wide Balance Sheet, known as the Statement of Net Position, presents information about the city's assets and deferred outflows of resources as well as its liabilities and deferred inflows of resources, with the difference reported as net position. Deferred outflows and inflows of resources represent expenses and revenues that will be recognized in a future period. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The accompanying table of net position presents a summary of the city's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of 2015, 2014 and 2013. The city's assets exceeded its liabilities by \$1,044.6 million at Dec. 31, 2015. The largest portion of the city's net position, \$865 million (83%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, machinery and equipment, utility plants, and underground drainage facilities), net of related debt. The city uses these capital assets to provide services to the public; consequently, these assets are not available to fund current operations. An additional portion of the city's net position, \$65.9 million (6%), denotes resources that are subject to usage restrictions. The remaining unrestricted balance of net position, \$113.7 million (11%), may be used to meet the city's ongoing obligations.

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

Assets	2015	2014*	2013
Current and Other Assets	\$403,041	\$342,833	\$327,955
Capital Assets	1,049,750	998,264	936,982
Total Assets	1,452,791	1,341,097	1,291,937
Deferred Outflows of Resources	19,178	3,393	4,081
Liabilities			
Noncurrent Liabilities	249,918	199,138	208,921
Other Liabilities	138,551	26,681	27,682
Total Liabilities	388,469	225,819	236,603
Deferred Inflows of Resources	38,915	32,227	32,463
Net Position			
Invested in Capital Assets	864,957	839,358	811,417
Restricted	65,963	61,679	34,087
Unrestricted	113,665	185,407	181,448
Total Net Position	\$1,044,585	\$1,086,444	\$1,026,952

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



East Boulder Recreation Center Solar panels



Many volunteers help the Open Space and Mountain Parks clean for the community enjoyment.



2015 Summer Festival sponsored by Boulder Library and the Parks and Recreation department

Statement of Activities — Government-wide

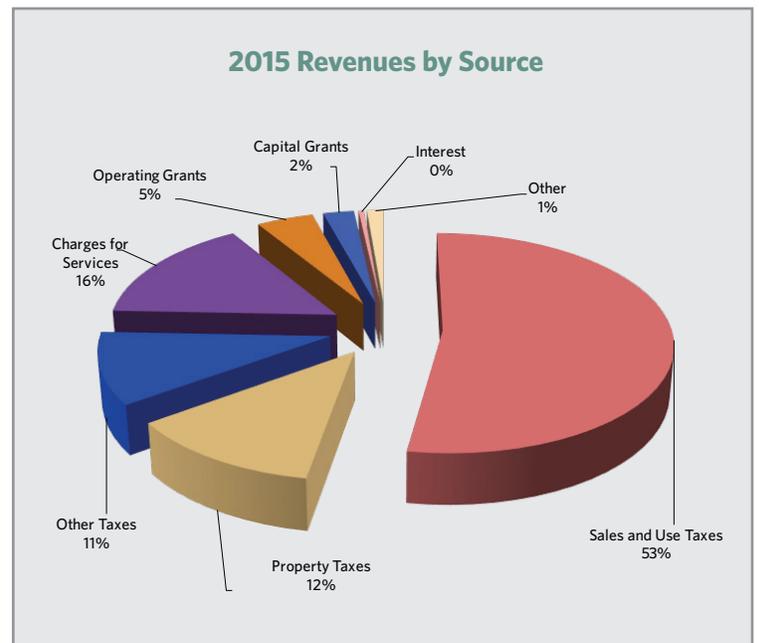
The **Government-wide Income Statement**, known as the *Statement of Activities*, details the money received and spent by the city during the fiscal year.

Revenues — Where the money comes from . . .

- Sales and use taxes are the city's largest source of revenues and are collected on retail sales and other business activity. The \$15 million increase in 2015 compared to 2014 was mainly due to a 0.30 sales and use tax rate increase, recreational marijuana revenue and an overall increase in consumer spending.
- Property taxes are collected by Boulder County and remitted to the city net of county fees. In 2015, property tax revenues were comparable to prior years.
- Other taxes include accommodation, franchise, specific ownership, tobacco and excise taxes. Other taxes increased \$2.5 million during 2015 primarily due to a full year of recreational marijuana excise taxes and increased development excise taxes collected on construction.
- Charges for services are payments received directly by the city for services performed. These revenues include parking charges, utility service charges and licensing fees. In 2015, charges for services revenues increased \$14.2 million due to increased collections from the water and wastewater utilities and the storm water and flood management utility.

- Operating grants and contributions are resources received from external entities and are generally restricted to finance one or more specific projects. In 2015, operating grants exceeded 2014 by \$1.1 million.
- Capital grants and contributions received by the city are used to purchase, construct or renovate specific capital assets. Capital grants and contributions decreased \$15.1 million when compared to 2014 due to large FEMA reimbursements received in 2014 for the 2013 flood damage.
- Interest revenues are earned on the city's fixed income investments. In 2015, interest revenues increased \$0.4 million due to higher yields on the investment portfolio.
- Other revenues are derived from a variety of sources including insurance proceeds and gains on sales of capital assets. Other revenues increased \$2.3 million in 2015 due to the sale of capital assets.

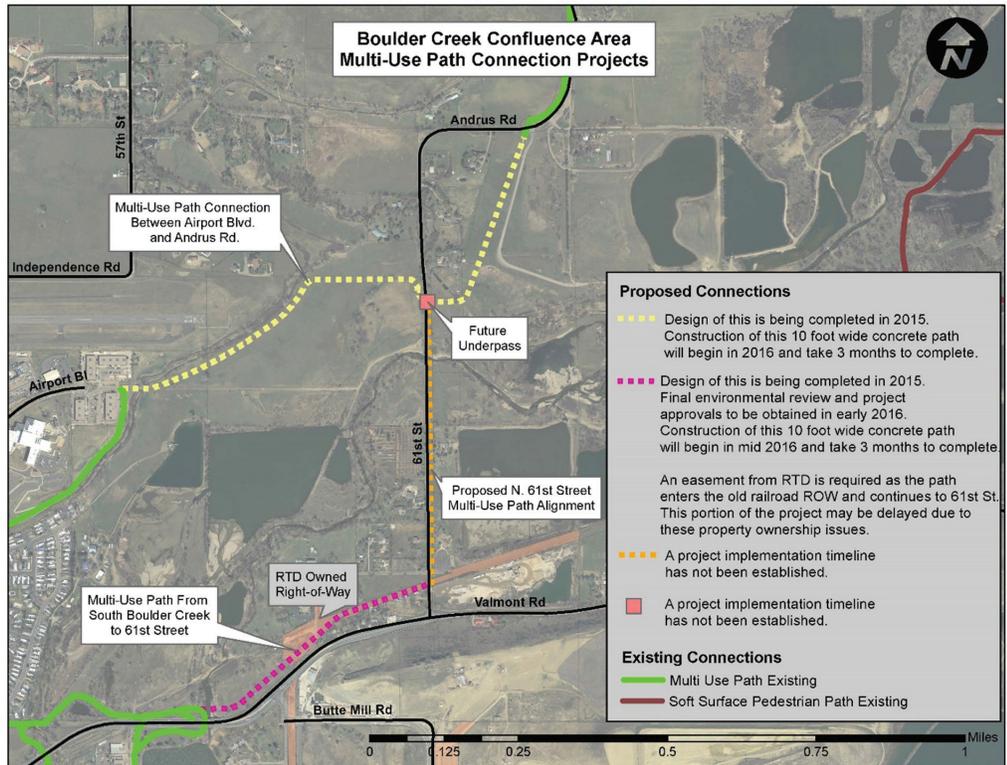
Revenues by Source for the Year Ended December 31, 20XX (in thousands)	2015	2014	2013
Sales and Use Taxes	\$131,323	\$116,316	\$104,254
Property Taxes	32,024	32,366	31,410
Other Taxes	26,427	23,924	22,088
Charges for Services	103,930	89,748	87,041
Operating Grants	13,331	12,213	5,962
Capital Grants	11,840	26,889	14,128
Interest	1,583	1,230	1,056
Other	3,928	1,601	5,647
Total Revenues	\$324,386	\$304,287	\$271,586



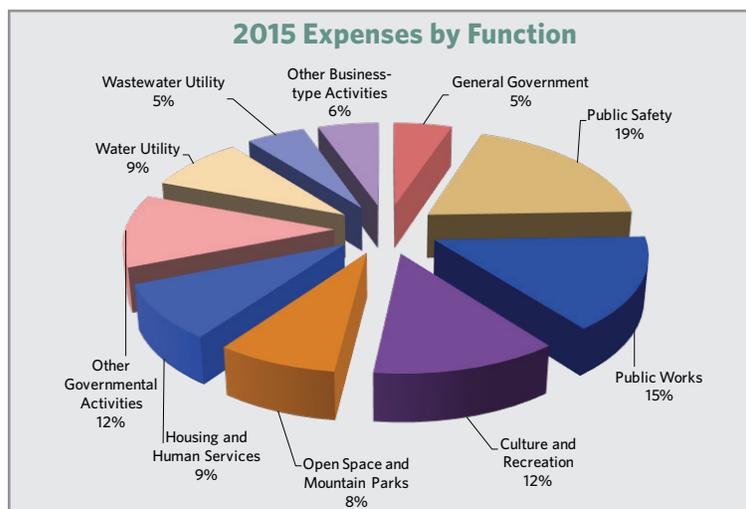
Expenses — Where the money goes . . .

- General Government expenses are primarily made up of personnel and operating expenses. These costs decreased by \$9 million from 2014 to 2015 primarily due to an accounting reallocation of General Government expenses to Planning and Development Services.
- Public Safety constitutes the city's largest expense and includes both the police and fire departments. In 2015, Public Safety expenses were consistent with prior years.
- Public Works is composed of costs associated with the repair, construction, acquisition, and maintenance of public roads, bike paths, and other city assets. Public Works expenses increased \$1.7 million in 2015 primarily due to the implementation of a pavement management program and capital projects.
- Culture and Recreation embodies the operating costs of parks, libraries and senior services. Costs associated with these services increased \$1.4 million in 2015.
- Open Space and Mountain Parks represents the cost of land acquisition, land restoration and trails management. Additional staffing and land acquisition contributed to a \$4.1 million increase in expenses during 2015.
- Housing and Human Services expenses increased \$3.6 million due to an increase in affordable housing projects during 2015.
- Other Governmental Activities include Planning and Development Services, administrative services and interest on long-term debt. In 2015, expenses increased \$14.1 million. This increase is mostly attributable to a significant increase in planning and development services resulting from an accounting allocation change moving \$9 million from General Government to Planning and Development Services. An increase in interest on long term debt during 2015 also contributed to this increase.

- Water and Wastewater denotes the operating costs of these utilities, including annual upgrades and maintenance of water, wastewater, and sewer lines and treatment plants. Water and Wastewater expenses have remained relatively constant over the past several years.
- Other Business-type Activities consist of flood management, parking facilities, and property and facility acquisition services. These expenses remained relatively constant in 2015.



In 2015, Multi-Use Path Project starts its design phase



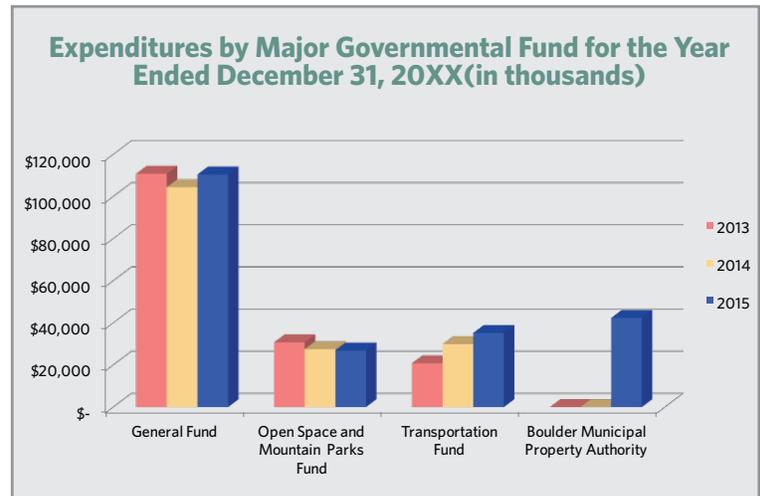
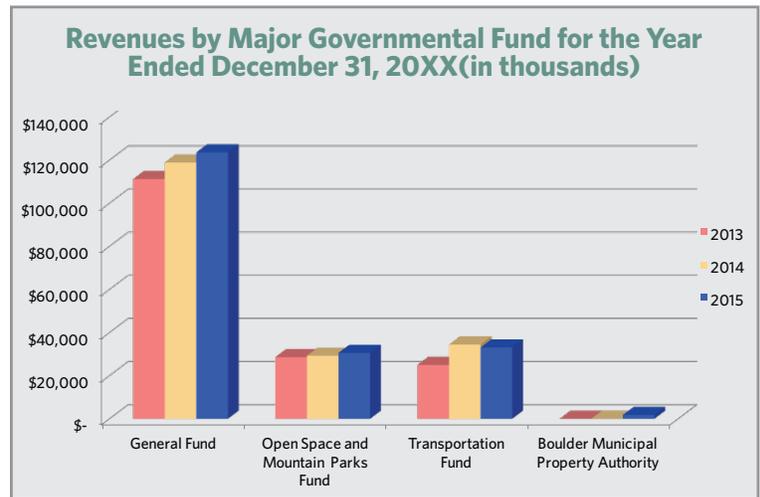
Expenses by Function for the Year Ended December 31, 20XX (in thousands)	2015	2014	2013
General Government	\$13,436	\$22,406	\$22,851
Public Safety	50,190	50,662	50,468
Public Works	39,117	37,406	27,558
Culture and Recreation	32,247	30,819	30,749
Open Space and Mountain Parks	20,922	16,774	16,023
Housing and Human Services	23,400	19,795	17,937
Other Governmental Activities	30,525	16,375	14,006
Water Utility	22,546	22,644	22,605
Wastewater Utility	13,550	14,703	13,916
Other Business-type Activities	14,074	14,167	12,432
Total Expenses	\$260,007	\$245,751	\$228,545



2015 Howl-O-Ween celebration. City of Boulder promotes a dog-friendly environment.

Governmental Fund Highlights

- The General Fund is the primary operating fund of the city. The General Fund balance grew \$3.5 million to \$54.6 million, with an unrestricted fund balance of \$52.1 million at Dec. 31, 2015. Unrestricted fund balance includes the fund balance committed by City Council, fund balance assigned by city management and unassigned fund balance. In 2015, General Fund revenues increased \$4.8 million as a result of a 0.30 percent sales and use tax rate increase and a full year of recreational marijuana revenue. General Fund expenditures increased \$6 million primarily due to increased spending in Planning & Development and increased activity in Affordable Housing.
- The Open Space and Mountain Parks Fund is a major special revenue fund with fund balance restricted for special purposes. The fund balance of the Open Space and Mountain Parks Fund was \$35.8 million at Dec. 31, 2015, an increase of \$5.7 million from 2014. Revenues grew \$1.3 due to an increase in sales and use tax revenue while expenditures decreased \$0.6 million.
- The Transportation Fund is another major special revenue fund with its fund balance restricted for special purposes. Its fund balance fell \$1.1 million to \$15.3 million at Dec. 31, 2015, while revenues decreased \$1.4 million and expenditures increased \$5.3 million. The decrease in revenues is attributable to fewer intergovernmental grants received from CDOT. Expenditures increased \$5.3 million due to a variety of capital improvement projects and the implementation of a pavement management program.
- The Boulder Municipal Property Authority Fund was reclassified as a Special Revenue Major Governmental fund in 2015. This fund's balance is restricted to certain capital projects by bond covenants. The Boulder Municipal Property Authority's fund balance increased \$0.9 million to \$1.1 million at Dec. 31, 2015.



Betasso Water Treatment Plant, with its capacity to treat approximately 55 million gallons of water per day, will start improvements to maintain compliance with federal Safe Drinking Water Act regulations based on the 2015 approved budget.

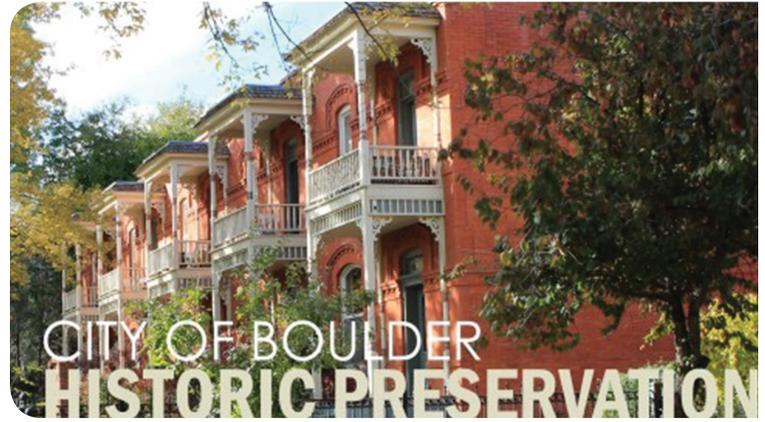
Capital Asset Highlights

Governmental Activities

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

Business-type Activities

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



The Historic Preservation program helps preserve the community's unique heritage, culture and character by protecting physical assets from Boulder's past.

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

Assets	2015	2014	2013
Land and Easements	\$350,347	\$345,486	\$339,999
Buildings	82,897	80,697	84,833
Improvements Other than Buildings	53,535	45,877	42,290
Infrastructure	108,827	108,620	99,387
Utility Plant in Service and Undergrounds	313,570	315,890	320,401
Machinery, Equipment, and Vehicles	25,988	27,606	27,090
Construction in Progress	114,586	74,088	49,982
Total Capital Assets	\$1,049,750	\$998,264	\$963,982

The City of Boulder and Boulder County have jointly adopted a comprehensive plan that guides land use decisions. The Boulder Valley Comprehensive Plan (BVCP) articulates the community's vision. In 2015, BVCP conducted a series of events to gather community input.



Cash and Investments

The primary objective of the city's cash and investment strategy is the preservation and protection of investment principal. All investments held in 2015 met City Code standards. For detailed investment requirements, see Boulder Revised Code Title 2, Chapter 10 https://www.municode.com/library/co/boulder/codes/municipal_code.

At Dec. 31, 2015, the fair market value of the city's cash and investments was \$302.5 million with an average market yield to maturity of 0.99 percent. Cash and investments include outstanding capital improvement bond proceeds that are invested separately because of the short-term nature of the bond project funds.

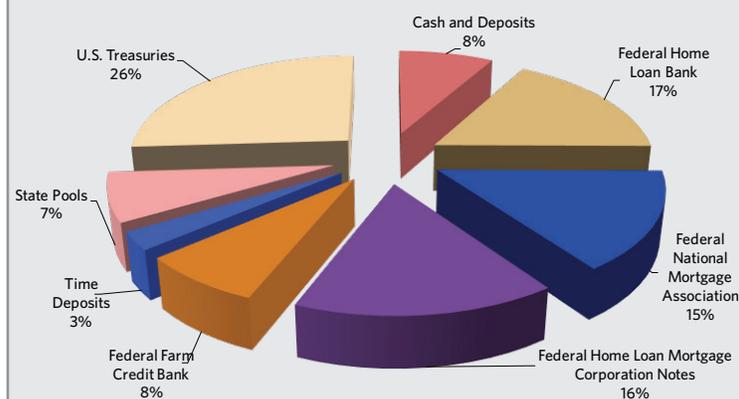
Long-Term Liabilities - Debt

The city's bond credit rating was AA+ by Standard & Poor's and Aa1 by Moody's Investors Service at Dec. 31, 2015. These highly favorable investment ratings allow the city to pay less interest on its bond and other debt issuances.

According to the City Charter, the city's general obligation debt is subject to a legal limitation of three percent of total assessed real and personal property value. At Dec. 31, 2015, all of the city's bonded debt was self-supporting, meaning that the ratio of general obligation debt to assessed property value was zero.

At Dec. 31, 2015, the city had total bonded debt of \$178.7 million. Of this amount, \$79.9 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$91.3 million represented bonds secured by specified revenue sources (revenue bonds). The remaining \$7.5 million pertained to pension obligation bonds, which are not backed by either specified revenue sources or taxes. Certificates of Participation (COP) totaled \$41.6 million at Dec. 31, 2015. Additional details can be found in Note O of the CAFR's basic financial statements.

Cash and Investments at Dec. 31, 2015 (in thousands)



THE FINCH-PADDOCK HOUSE

1909

CITY OF BOULDER LOCAL LANDMARK 2015

This Craftsman bungalow house was originally located at 1243 Grandview Avenue. Proposed for demolition, the house was moved by Christian Griffith in 2014 to 1630 9th Street. Edwin and Rose Finch lived in the house from 1909 to 1931. Edwin worked as a bookkeeper for the Boulder National Bank and was a prominent Mason. Rose was well known in Boulder through the Daughters of the American Revolution and the Christian Science Church. In the 1930s, the house was purchased by Percy Paddock. Percy served as Boulder Postmaster from 1934-1946. He was the son of Boulder pioneer L.C. Paddock, owner and editor of the Boulder Daily Camera Newspaper.



1909



2014

THE KELSO HOUSE

1903

CITY OF BOULDER LOCAL LANDMARK 2015

Leslie & Lola Kelso and family lived in this Edwardian cottage from 1911 until 1933. Leslie was born in Missouri in 1885, moved to Boulder in 1902, and served as Deputy County Coroner under John G. Trezise from 1910-1912. He succeeded Trezise as Coroner in 1913. A few years later, Leslie opened a funeral parlor in the Odd Fellows building at the corner of 16th and Pearl Streets, which he operated for nearly thirty years. In 1984, Historic Boulder, Inc. purchased and restored the property as part of a restoration workshop, which received an award from the National Trust for Historic Preservation. The Kelso House adds to the architectural diversity of the Whittier neighborhood.

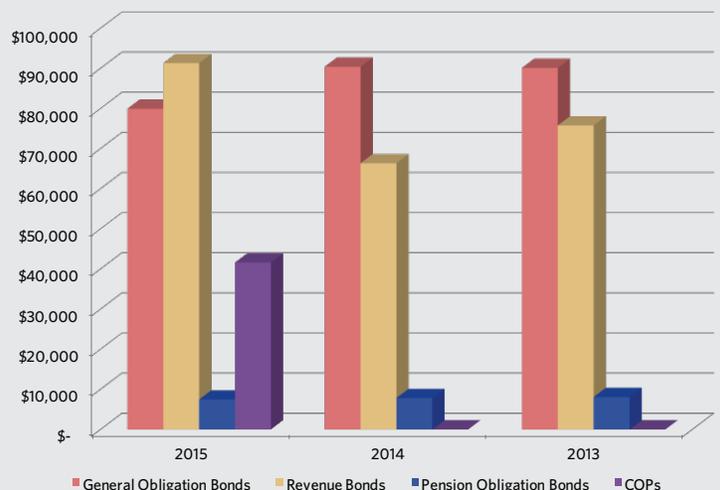


1903



2014

Long-Term Liabilities - Debt at Dec. 31, 20XX (in thousands)



Meet Your Council Members



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

City Government

The City of Boulder is governed by nine City Council members who are elected at-large and are non-partisan. The council appoints a full-time city manager to oversee operations (Jane Brautigam), a city attorney (Tom Carr) and a municipal judge (Linda Cooke).

If you have questions about this report or need additional financial information, please contact the Finance Department of the City of Boulder by email at gilbertr@bouldercolorado.gov, by phone at 303-441-1958, or by mail at Finance Department, City of Boulder, P.O. Box 791, Boulder, CO 80306.

Mail to:

Office of City Council
P.O. Box 791
Boulder, CO 80306

Email:

council@bouldercolorado.gov

Mail to:

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

Email:

brautigamj@bouldercolorado.gov

and City Manager



Jane S. Brautigam



Reflecting the Vision of
the City of Boulder:

“Service excellence for
an inspired future”





Contact Information

www.BoulderColorado.gov

City Information Desk	303-441-3040	Human Resources	303-441-3070
Non-Emergency Police	303-441-3333	Library - Main Branch	303-441-4107
Non-Emergency Fire	303-441-3350	Municipal Court	303-441-1843
Office of Emergency Mgmt.	303-441-3390	Open Space & Mtn. Parks	303-441-3440
Animal Care & Control	303-442-4030	Building Inspections & Permits	303-441-1880
Boulder Public Library	303-441-3100	Public Works	303-441-3200
City Council Office	303-441-3002	Taxes & Licensing	303-441-3051
Sales Tax & License Division	303-441-4192	Senior Services	303-441-4150
City Manager's Office	303-441-3090	Special Events Permit	303-441-3315
Finance & Budget Office	303-441-3040		
Housing	303-441-3157		

Social Networking:

Twitter, Facebook, Instagram, Vimeo & YouTube