

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P “AAA”
Moody’s “Aaa”**

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance by the City of Boulder, Colorado (the “City”) with certain covenants, interest on the 2014 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, to the extent excludable from gross income for federal income tax purposes, interest on the 2014 Bonds is not subject to State of Colorado income taxation and is not included in the calculation of alternative minimum taxable income for purposes of the Colorado alternative minimum tax. See “TAX MATTERS” herein for a more detailed discussion.

**\$10,000,000
CITY OF BOULDER, COLORADO
OPEN SPACE ACQUISITION BONDS
SERIES 2014**

Dated: Date of Delivery

Due: August 15, as shown herein

The 2014 Bonds are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The 2014 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2014 Bonds. Purchases of the 2014 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2014 Bonds. See “THE 2014 BONDS--Book-Entry Only System.” The 2014 Bonds bear interest at the rates set forth herein, payable on February 15, 2015, and semiannually thereafter on February 15 and August 15 of each year, to and including the maturity dates on the inside cover hereof (unless the 2014 Bonds are redeemed earlier), to the registered owner of the 2014 Bonds, initially Cede & Co. The principal of, and premium, if any, on the 2014 Bonds will be payable upon presentation and surrender at U.S. Bank National Association, at its operations center in St. Paul, Minnesota, or its successor, as the paying agent for the 2014 Bonds. See “THE 2014 BONDS.”

The 2014 Bonds are subject to redemption prior to maturity at the option of the City and also are subject to mandatory sinking fund redemption as described in “THE 2014 BONDS--Redemption of the 2014 Bonds.”

Proceeds of the 2014 Bonds will be used to: (i) finance open space acquisition by the City; and (ii) pay the costs of issuing the 2014 Bonds. See “SOURCES AND USES OF FUNDS.”

The 2014 Bonds are issued pursuant to an ordinance adopted by the City of Boulder, Colorado (the “City”). The 2014 Bonds are payable from a pledge of certain City sales and use tax revenues and are additionally secured by a pledge of the full faith and credit of the City.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

STIFEL

The 2014 Bonds are offered when, as, and if issued by the City and accepted by the Underwriter subject to the approval of legality of the 2014 Bonds by Kutak Rock LLP, Denver, Colorado, Bond Counsel, and the satisfaction of certain other conditions. Butler Snow LLP, Denver, Colorado, has acted as special counsel to the City in connection with the Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. Piper Jaffray & Co., Denver, Colorado, is acting as financial advisor to the City. It is expected that the 2014 Bonds will be available for delivery through the facilities of DTC, on or about October 9, 2014.

PiperJaffray®

This Official Statement is dated September 2, 2014.

\$10,000,000
CITY OF BOULDER, COLORADO
OPEN SPACE ACQUISITION BONDS
SERIES 2014

MATURITY SCHEDULE
(CUSIP© 6-DIGIT ISSUER NUMBER: 101421)

Maturing (August 15)	Principal Amount	Interest Rate	Yield*	CUSIP©	Maturing (August 15)	Principal Amount	Interest Rate	Yield*	CUSIP©
				Issue Number					Issue Number
2015	\$370,000	2.000%	0.150%	G58	2023	\$470,000	2.250%	2.000%	H57
2016	435,000	2.000	0.340	G66	2024	480,000	2.250	2.100	H65
2017	435,000	2.000	0.550	G74	2025	495,000	2.250	2.350	H73
2018	440,000	2.000	0.800	G82	2026	505,000	2.375	2.500	H81
2019	440,000	2.000	1.080	G90	2027	520,000	2.500	2.600	H99
2020	445,000	2.000	1.370	H24	2028	530,000	3.000	2.750	J22
2021	455,000	2.000	1.610	H32	2029	545,000	3.000	2.850	J30
2022	460,000	2.250	1.840	H40	2030	560,000	3.000	2.900	J48

\$1,175,000 3.00%Term Bonds due August 15, 2032 Yield 3.000% CUSIP Issue Number J63

\$1,240,000 3.00%Term Bonds due August 15, 2034 Yield 3.085% CUSIP Issue Number J89

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* Provided by Stifel Nicolaus & Company, Inc., the initial purchaser of the 2014 Bonds. See "UNDERWRITING."

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2014 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2014 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter. The City maintains an internet website; however, the information presented there is not to be relied upon in making an investment decision with respect to the 2014 Bonds.

The information set forth in this Official Statement has been obtained from the City, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information received from parties other than the City. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

In accordance with their responsibilities under federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2014 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2014 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2014 Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2014 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2014 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2014 BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF BOULDER, COLORADO

CITY COUNCIL

Matthew Appelbaum, Mayor
George Karakehian, Mayor Pro Tem
Lisa Morzel, Council member
Macon Cowles, Council member
Suzanne Jones, Council member
Tim Plass, Council member
Andrew Shoemaker, Council member
Sam Weaver, Council member
Mary Young, Council member

CITY OFFICIALS

Jane S. Brautigam, City Manager
Tom Carr, City Attorney
Bob Eichem, Chief Financial Officer

BOND COUNSEL

Kutak Rock LLP
Denver, Colorado

SPECIAL COUNSEL

Butler Snow LLP
Denver, Colorado

REGISTRAR AND PAYING AGENT

U.S. Bank National Association

FINANCIAL ADVISOR

Piper Jaffray & Co.
Denver, Colorado

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OFFICIAL STATEMENT
\$10,000,000
CITY OF BOULDER, COLORADO
OPEN SPACE ACQUISITION BONDS
SERIES 2014

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and appendices, is furnished by the City of Boulder (the “City”), a political subdivision of the State of Colorado (the “State”), to provide information about the City and its \$10,000,000 Open Space Acquisition Bonds, Series 2014 (the “2014 Bonds”). The 2014 Bonds will be issued pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City (the “City Council”) prior to the issuance of the 2014 Bonds.

The offering of the 2014 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2014 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein have the meanings given to them in the Ordinance.

The Issuer

The City 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 Colorado Constitution by vote of the electorate on October 30, 1917 (the “City Charter”). The City is located in north central Colorado, approximately 25 miles northwest from Denver via the Denver-Boulder Turnpike (U.S. 36). The City is situated at the base of the foothills of the Front Range of the Rocky Mountains at an altitude of 5,354 feet. The City encompasses 25 square miles, and is the county seat of Boulder County (the “County”). As of 2013, the population of the City was estimated to be 103,166 persons. See “THE CITY.”

Authority for Issuance

The 2014 Bonds are issued pursuant to the Constitution and laws of the State, including particularly the City Charter, the Election and the Ordinance.

The Election. At an election held on November 3, 2009, City voters approved the issuance of general obligation bonds for the purpose of open space acquisition in a principal amount not to exceed \$33,450,000, with a total repayment cost not to exceed \$80,863,800 (the “Election”). The City may not exceed these limitations for any reason without additional voter approval. See “SECURITY FOR THE 2014 BONDS,” “DEBT SERVICE REQUIREMENTS”

and “LEGAL MATTERS--Certain Constitutional Limitations.” The City has not previously issued any debt obligations using the authorization provided by the Election.

Purpose

Proceeds of the 2014 Bonds will be used to: (i) finance open space acquisition by the City (the “Project”); and (ii) pay the costs of issuing the 2014 Bonds. See “SOURCES AND USES OF FUNDS.”

Security

The 2014 Bonds will be secured by a pledge of and a first and prior (but not an exclusive) lien on the hereinafter-defined Net Pledged Revenues, consisting of certain sales and use tax revenues of the City, and moneys on deposit in the Bond Fund established by the Ordinance, to the extent described herein. The 2014 Bonds will be additionally secured by a pledge of the full faith and credit of the City.

In general, the Net Pledged Revenues consist of those City sales and use tax revenues dedicated to use for open space purposes, after certain allowable deductions. Such revenues are derived from three separately enacted tax measures, but all such revenues are accounted for in the City’s Open Space Fund. On November 7, 1967, the citizens of the City voted to impose an additional 1% sales and use tax. The sales and use tax was authorized to finance two programs: 40% of the revenue was earmarked for the acquisition and protection of open space lands and 60% of the revenue was earmarked for authorized transportation expenses. Forty percent of the sales and use tax revenues (after reasonable and necessary costs and expenses of collection, if any) attributable to such levy and collection after deduction of tax refunds required by Section 3-2-39 of the Boulder Revised Code, 1981, as amended (the “Code”), are referred to herein as the “Forty Percent Net Pledged Revenues.”

On November 7, 1989, the citizens of the City voted to impose an additional 0.33% sales and use tax. This sales and use tax was authorized to provide funds for the acquisition, maintenance, preservation, retention and use of open space lands as defined in Section 170 of the Charter and the payment of any indebtedness and tax refunds related thereto. The tax was to expire on December 31, 2004, but in the November 1997 city general election, the City electors extended the expiration date to December 31, 2018. Sales and use tax revenues (after reasonable and necessary costs and expenses of collection, if any) attributable to the levy and collection of such 0.33% sales and use tax after deduction of tax refunds required by the Code are referred to herein as the “Thirty Three Percent Net Pledged Revenues.”

On November 4, 2003, the citizens of the City voted to impose an additional 0.15% sales and use tax. This sales and use tax was authorized to provide additional funds for the acquisition, maintenance, preservation, retention and use of open space lands as defined in Section 170 of the Charter and the payment of any indebtedness and tax refunds related thereto. The tax commenced on January 1, 2004 and will expire on December 31, 2019. Sales and use tax revenues (after reasonable and necessary costs and expenses of collection, if any) attributable to the levy and collection of such 0.15% sales and use tax after deduction of tax refunds required by the Code are referred to herein as the “Fifteen Percent Net Pledged Revenues”.

In the November 2013 City general election, the City electors extended the 0.15% sales and use tax expiration date to December 31, 2039. However, the revenue will be used for

transportation purposes starting in 2020 and for general municipal services starting in 2030. The City electors also voted to extend the 0.33% sales and use tax indefinitely. However, starting in 2019, Open Space will receive 0.22% (the “Twenty-Two Percent Net Pledged Revenues”) and the General Fund will receive 0.11% of the 0.33% sales tax until December 31, 2034. The ratios will change to 0.10% for Open Space (the “Ten Percent Net Pledged Revenues”) and 0.23% for General Fund starting in 2035. These changes in sales and use tax changes are referred to herein as the “Future Changes in Net Pledged Revenues.” *Therefore, beginning in 2019 and 2020, the percentage of City sales and use taxes constituting Net Pledged Revenues will materially decrease as described above.* The Forty Percent Net Pledged Revenues, the Thirty-Three Percent Net Pledged Revenues, the Twenty-Two Percent Net Pledged Revenues, the Fifteen Percent Net Pledged Revenues and the Ten Percent Net Pledged Revenues are collectively referred to herein as the “Net Pledged Revenues.”

The 2014 Bonds; Prior Redemption

The 2014 Bonds are issuable as fully registered bonds in the denominations of \$5,000 and integral multiples thereof. The 2014 Bonds are dated as of the date of delivery and bear interest from their date or such later date to which interest has been paid, payable semiannually on February 15 and August 15 of each year, commencing on February 15, 2015. The 2014 Bonds bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

The 2014 Bonds will be issued as fully registered bonds without coupons and will initially be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company (“DTC”), as securities depository for the 2014 Bonds. Purchases of the 2014 Bonds are to be made in book entry only form in principal amounts of \$5,000 or any integral multiple thereof. The principal of and premium, if any, on the 2014 Bonds are payable at U.S. Bank National Association, at its operations center in St. Paul, Minnesota (together with any successors or assignees, the “Paying Agent”). Payment of interest on any 2014 Bond will be payable by wire transfer on the interest payment date to Cede & Co. Payments to the owners of the 2014 Bonds are to be made as described in “APPENDIX B – Book Entry Only System.”

The City has made arrangements for custodial deposit of the 2014 Bonds with DTC in New York, New York. The Ordinance contains such provisions and provides for the issuance of the 2014 Bonds in such a manner as to make them eligible for such custodial deposit. After the initial deposit of the 2014 Bonds with DTC, they may not be removed from such custodial deposit, transferred or exchanged except as provided in the Ordinance.

The 2014 Bonds are subject to redemption prior to maturity at the option of the City and also are subject to mandatory sinking fund redemption as described in “THE 2014 BONDS--Redemption of the 2014 Bonds.”

Professionals

Kutak Rock LLP, Denver, Colorado, has acted as Bond Counsel in connection with the execution and delivery of the 2014 Bonds. Butler Snow, LLP, Denver, Colorado, has acted as special counsel to the City in connection with this Official Statement. As is customary, the fees of Kutak Rock LLP and Butler Snow LLP will be paid only at closing from the proceeds of the 2014 Bonds. Certain legal matters will be passed on for the City by the City Attorney. U.S. Bank National Association, will act as the paying agent and registrar for the 2014 Bonds

(the “Paying Agent” and “Registrar”). The basic financial statements of the City included in this Official Statement as Appendix A have been audited by BKD LLP, Certified Public Accountants and Advisors, Denver, Colorado. See “INDEPENDENT AUDITORS.” Piper Jaffray & Co., Denver, Colorado, is acting as the Financial Advisor to the City (the “Financial Advisor”). The fees of the Financial Advisor also will be paid only from 2014 Bond proceeds at closing.

Tax Status

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance by the City with certain covenants, interest on the 2014 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2014 Bonds is not subject to State of Colorado income taxation and is not included in the calculation of alternative minimum taxable income for purposes of the Colorado alternative minimum tax. See “TAX MATTERS” herein for a more detailed discussion.

Continuing Disclosure Undertaking

The City will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) at the time of the closing for the 2014 Bonds. The Disclosure Undertaking will be executed for the benefit of the beneficial owners of the 2014 Bonds and the City will covenant in the Ordinance to comply with the terms of the Disclosure Undertaking. The Disclosure Undertaking will provide that so long as the 2014 Bonds remains outstanding, the City will provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Undertaking. The form of the Disclosure Undertaking is attached hereto as Appendix C.

The City has previously entered into several similar continuing disclosure undertakings. In certain circumstances in the past five years, the City has accidentally delayed filing updated data for tables presented in previous official statements. The City has since updated the information contained in those tables on EMMA. The City additionally notes that it did not file material event notices with respect to bond insurer downgrades or global recalibrations by rating agencies as the City does not consider those changes to be material. The City has procedures in place to assist with compliance with its continuing disclosure undertakings in the future.

Additional Information

This introduction is only a brief summary of the provisions of the 2014 Bonds, the Ordinance and the Project; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2014 Bonds, the Ordinance and the City are included in this Official Statement. All references herein to the 2014 Bonds, the Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the City and the Financial Advisor:

City of Boulder, Colorado
Attn: Finance Department
1777 Broadway
Boulder, Colorado 80302
Telephone: (303) 441-3040

Piper Jaffray & Co.
1200 17th Street, Suite 1250
Denver, Colorado 80202
Telephone: (303) 405-0848.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the 2014 Bonds are expected to be applied in the following manner:

Sources and Uses of Funds

<u>Sources of Funds:</u>	<u>Amount</u>
Par amount of 2014 Bonds.....	\$10,000,000.00
Plus: net original issue premium.....	<u>123,440.20</u>
Total	<u>\$10,123,440.20</u>
<u>Uses of Funds:</u>	
The Project	\$9,902,220.20
Costs of issuance (including Underwriter's discount)	<u>221,220.00</u>
Total	<u>\$10,123,440.20</u>

Source: The Financial Advisor.

THE 2014 BONDS

Description

The 2014 Bonds are issuable as fully registered bonds in the denominations of \$5,000 and integral multiples thereof. The 2014 Bonds are dated as of the date of delivery and bear interest from their date or such later date to which interest has been paid, payable semiannually on February 15 and August 15 of each year, commencing on February 15, 2015. The 2014 Bonds bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

Book-Entry Only System

The 2014 Bonds will be issued as fully registered bonds without coupons and will initially be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company (“DTC”), as securities depository for the 2014 Bonds. Purchases of the 2014 Bonds are to be made in book entry only form in principal amounts of \$5,000 or any integral multiple thereof. The principal of and premium, if any, on the 2014 Bonds are payable at U.S. Bank National Association, at its operations center in St. Paul, Minnesota (together with any successors or assignees, the “Paying Agent”). Payment of interest on any 2014 Bond will be payable by wire transfer on the interest payment date to Cede & Co. Payments to the owners of the 2014 Bonds are to be made as described in “APPENDIX B — Book Entry Only System.”

The City has made arrangements for custodial deposit of the 2014 Bonds with DTC in New York, New York. The Ordinance contains such provisions and provides for the issuance of the 2014 Bonds in such a manner as to make them eligible for such custodial deposit. After the initial deposit of the 2014 Bonds with DTC, they may not be removed from such custodial deposit, transferred or exchanged except as provided in the Ordinance.

Discontinuation of Book Entry Only System

The Beneficial Owners of the 2014 Bonds have no right to a Securities Depository for the 2014 Bonds. DTC or any successor Securities Depository may resign as Securities Depository for the 2014 Bonds by giving notice to the City and discharging its responsibilities under applicable law. In addition, the City may remove DTC or a successor Securities Depository at any time. In such event, the City will (a) appoint a Securities Depository qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, notify the prior Securities Depository of the appointment of such successor Securities Depository and transfer one or more separate bond certificates to such successor Securities Depository or (b) notify the Securities Depository of the availability through the Securities Depository of bond certificates and transfer one or more separate bond certificates to Direct Participants having 2014 Bonds credited to their accounts at the Securities Depository. In such event, such 2014 Bonds will no longer be restricted to being registered in the name of the Securities Depository or its nominee, but may be registered in the name of the successor Securities Depository or its nominee, or in whatever name or names the Direct Participants receiving such 2014 Bonds designate, in accordance with the provisions of the Ordinance.

If no qualified Securities Depository is a registered owner of the 2014 Bonds, the Beneficial Owners will be paid by the Paying Agent by check for interest mailed to the person

registered on the Record Date as the holder of the 2014 Bonds and upon presentation at the principal office of the Paying Agent for the principal of the 2014 Bonds.

Transfer and Exchange

The following provisions do not apply as long as the 2014 Bonds are in book entry only form.

The Paying Agent will maintain on behalf of the City books for the purpose of registration and transfer of the 2014 Bonds, and such books will specify the person entitled to the 2014 Bonds and the rights evidenced thereby, and all transfers of the 2014 Bonds and the rights evidenced thereby. The 2014 Bonds may be transferred or exchanged without cost, except for any tax or governmental charge required to be paid with respect to such transfer or exchange, at U.S. Bank National Association in Denver, Colorado. The 2014 Bonds may be exchanged for a like aggregate principal amount of 2014 Bonds of other authorized denominations of the same maturity and interest rate. Upon surrender for transfer of any 2014 Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or the Registered Owner's attorney duly authorized in writing, the City will execute and the Paying Agent will authenticate and deliver in the name of the transferee or transferees a new 2014 Bond or 2014 Bonds of the same maturity and interest rate for a like aggregate principal amount. The Person in whose name any 2014 Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes.

Additional Bonds

The Ordinance will permit the issuance of additional bonds of the City, payable from the Net Pledged Revenues, and additionally secured by a pledge of the City's full faith and credit, on a parity with or subordinate to the 2014 Bonds. See "THE ORDINANCE--Additional Bonds." The Ordinance will also permit, after payment of amounts due on the 2014 Bonds and Parity Lien Bonds, the application of Net Pledged Revenues to fund any reserve fund deficiencies for other bonds.

Redemption of 2014 Bonds

Optional Redemption. The 2014 Bonds maturing on and after August 15, 2025 are 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 determines and by lot within a maturity on August 15, 2024, and on any date thereafter, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The 2014 Bonds maturing on August 15, 2032 are subject to mandatory sinking fund redemption by lot, in the manner designated by the Paying Agent, on the dates and in the principal amounts as follows:

**Series 2014 Bonds Maturing
August 15, 2032**

Date (August 15)	Principal Amount
2031	\$580,000
2032	595,000*

* Final Maturity.

The 2014 Bonds maturing on August 15, 2034 are subject to mandatory sinking fund redemption by lot, in the manner designated by the Paying Agent, on the dates and in the principal amounts as follows:

**Series 2014 Bonds Maturing
August 15, 2034**

Date (August 15)	Principal Amount
2033	\$610,000
2034	630,000*

* Final Maturity.

The City must give the Paying Agent notice of its intent to redeem 2014 Bonds at least 45 days prior to the redemption date.

Notice of Redemption. Notice of any redemption of 2014 Bonds will be given by the Paying Agent in the name of the City by sending a copy of such notice by certified or registered first class, postage prepaid mail, at least 30 days prior to the redemption date, to the Registered Owner of each of the 2014 Bonds being redeemed. Such notice must specify the number or numbers of the 2014 Bonds so to be redeemed (if redemption is in part) and the redemption date. If any of the 2014 Bonds have been duly called for redemption and if, on or before the redemption date, there has been deposited with the Paying Agent in accordance with the Ordinance funds sufficient to pay the redemption price of such 2014 Bonds at the redemption date, then said 2014 Bonds will become due and payable at such redemption date, and from and after such date interest will cease to accrue thereon. Any 2014 Bond redeemed prior to its maturity by call for prior redemption or otherwise will not be reissued and will be cancelled.

The City may provide that if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Paying Agent moneys sufficient to redeem all the 2014 Bonds called for redemption, such notice may state that it is conditional and subject to the deposit of the redemption moneys with the Paying Agent not later than the opening of business five business days prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be cancelled and on such cancellation date notice of such cancellation will be mailed to the Registered Owners, in the manner provided in the form of such 2014 Bonds.

THE ORDINANCE

Set forth below are excerpts of certain provisions of the Ordinance.

Definitions of Certain Terms used in the Ordinance:

“Bond Fund” has the meaning set forth under “Flow of Funds; Transfer of Funds, Section (d)(ii)” below.

“Code” means Section 3-2-39 of the Boulder Revised Code, 1981, as amended.

“Fifteen Percent Net Pledged Revenues” means the revenues attributable to the levy and collection of 0.15% sales and use tax through December 31, 2019 which will be used to provide additional revenues for open space purposes as set forth in subsection 3-2-39(i) of the Code, which revenues will be deposited into or accounted for in the Open Space Fund and used exclusively for open space purposes, as described under “Flow of Funds; Transfer of Funds, Section (c)” below, and deducting therefrom only the amounts required or permitted to be disbursed, and which amounts have actually been disbursed pursuant to “Flow of Funds; Transfer of Funds; Reserve Fund, Section (d)(i)” below.

“Forty Percent Net Pledged Revenues” means 40% of the amount remaining after taking the total amount deposited, or required to be deposited (whichever is the greater), into the Open Space and Street Fund, pursuant to “Flow of Funds; Transfer of Funds, Section (a)” below, and deducting therefrom only the amounts required or permitted to be disbursed, and which amounts have actually been so disbursed, pursuant to “Flow of Funds; Transfer of Funds, Section (d)(i)” below.

“Net Pledged Revenues” means, collectively, the Forty Percent Net Pledged Revenues, the Thirty-Three Percent Net Pledged Revenues and the Fifteen Percent Net Pledged Revenues.

“Net Sales and Use Tax Revenues” means the Sales and Use Tax Revenues after deduction only of the reasonable and necessary costs and expenses of collecting and enforcing the Sales and Use Tax, if any.

“Open Space and Street Fund” has the meaning set forth under “Flow of Funds; Transfer of Funds, Section (a)” below.

“Open Space Fund” has the meaning set forth under “Flow of Funds; Transfer of Funds, Sections (b) and (c)” below.

“Parity Lien Bonds” means any bonds or other obligations payable from, pledging and having a lien upon the Net Pledged Revenues equal to and on a parity with the lien thereon of the 2014 Bonds authorized in the Ordinance, including the Series 2006 Bonds and the Series 2007 Bonds.

“Permitted Investments” means any investment permitted by the laws of the State and the City’s investment policies.

“Sales and Use Tax” or “Sales and Use Taxes” means the sales and use tax heretofore established and being collected by the City, pursuant to Title 3, Chapter 2 of the Code,

pertaining to the sale, lease, rental, purchase, use, storage, distribution or consumption of tangible personal property and taxable services as therein more fully set forth and defined.

“Tax Code” means the Internal Revenue Code of 1986, as amended and any Income Tax Regulations promulgated thereunder.

“Tax Letter of Instructions” means the Tax Letter of Instructions, dated the date of delivery of the 2014 Bonds, delivered by Kutak Rock LLP to the City, as the same may be superseded or amended as provided under “Rebate, Section (a)” below.

“Ten Percent Net Pledged Revenues” means the amount deposited, or required to be deposited (whichever is greater), into an Open Space Fund, established pursuant to subsection 3-2-39(f) of the Code, pursuant to “Flow of Funds; Transfer of Funds, Section (b)”, and deducting therefrom only the amounts required or permitted to be disbursed, and which amounts have actually been disbursed, pursuant to “Flow of Funds; Transfer of Funds, Section (d)(i).”

“Thirty-Three Percent Net Pledged Revenues” means the amount deposited, or required to be deposited (whichever is greater), into an Open Space Fund, established pursuant to subsection 3-2-39(f) of the Code, pursuant to “Flow of Funds; Transfer of Funds, Section (b)”, and deducting therefrom only the amounts required or permitted to be disbursed, and which amounts have actually been disbursed, pursuant to “Flow of Funds; Transfer of Funds, Section (d)(i);” provided, however, that pursuant to the 0.33% Sales and Use Tax Ballot Question, (a) beginning January 1, 2019 the Thirty Three Percent Net Pledged Revenues will convert to Twenty-Two Percent Net Pledged Revenues and (b) beginning January 1, 2035, the Twenty-Two Percent Net Pledged Revenues will convert to Ten Percent Net Pledged Revenues.

“Twenty-Two Percent Net Pledged Revenues” means the amount deposited, or required to be deposited (whichever is greater), into an Open Space Fund, established pursuant to subsection 3-2-39(f) of the Code, pursuant to subsection “Flow of Funds; Transfer of Funds, Section (b)”, and deducting therefrom only the amounts required or permitted to be disbursed, and which amounts have actually been disbursed, pursuant to “Flow of Funds; Transfer of Funds, Section (d)(i)” hereof.

“0.33% Sales and Use Tax Ballot Question” means the ballot question approved by the voters of the City at an election held November 5, 2013, reducing the 0.33% sales and use tax as set forth in the Ordinance,

Covenant With Respect to Sales and Use Tax

The Council covenants and agrees that, so long as any of the 2014 Bonds remain outstanding, it will take no action to reduce the rate or rates of the Sales and Use Tax, or alter, exempt or modify the transactions, properties or items subject to such taxes, or provide tax refunds from the Sales and Use Tax giving rise to the Net Pledged Revenues, to such an extent that the Net Pledged Revenues available in any year will be less than 110% of the amount necessary to pay the principal of, premium, if any, and interest when due on the 2014 Bonds and any Parity Lien Bonds and Subordinate Lien Bonds heretofore or hereafter issued.

Flow of Funds; Transfer of Funds.

(a) There has heretofore been established and created, pursuant to Section 3-2-39 of the Code, and there is now in existence, a separate special fund designated as the “Open Space and Street Fund,” into which will be set aside and deposited as received \$.01 of the Net Sales and Use Tax Revenues of the City (i.e., the Net Sales and Use Tax Revenues attributable to a 1% Sales and Use Tax).

(b) There has heretofore been established and created pursuant to Section 3-2-39 of the Code, a separate special fund designated as an “Open Space Fund” into which will be set aside and deposited as received \$.0033 of the Net Sales and Use Tax Revenues of the City (i.e., the Net Sales and Use Tax Revenues attributable to a 0.33% Sales and Use Tax), as amended by the 0.33% Sales and Use Tax Ballot Question to (A) commencing January 1, 2019, \$.0022 of the Net Sales and Use Tax Revenues of the City (i.e. the Net Sales and Use Tax Revenues attributable to a 0.22% Sales and Use Tax) and (B) commencing January 1, 2035, \$.0010 of the Net Sales and Use Tax Revenues of the City (i.e. the Net Sales and Use Tax Revenues attributable to a 0.10% Sales and Use Tax).

(c) Pursuant to Section 3-2-39 of the Code, \$.0015 of the Net Sales and Use Tax Revenues of the City (i.e., the Net Sales and Use Tax Revenues attributable to a 0.15% Sales and Use Tax through December 31, 2019) will be deposited to the Open Space Fund and used exclusively for open space purposes.

(d) Except as hereinafter specifically provided to the contrary, moneys deposited in said Open Space and Street Fund and Open Space Fund are irrevocably pledged, earmarked and committed to the following uses and will be disbursed, expended and used only in the following manner and order:

(i) To pay a portion of the tax refund program as provided in Chapter 3-5 of the Code and paragraph 3-2-39(a)(1) of the Code.

(ii) After the disbursements required or permitted by Section (d)(i) above, there will be deposited to the “Open Space Acquisition Bond and Interest Fund” (the “Bond Fund”) established by Ordinance No. 3864 (1972) and ratified and continued by Ordinance No. 4496 (1980), Ordinance No. 4950 (1985), Ordinance No. 5188 (1989), Ordinance No. 5277 (1990), Ordinance No. 5668 (1994), Ordinance No. 5996 (1998), Ordinance No. 6072 (1999), Ordinance No. 6081 (1999), Ordinance No. 7046 (2000), Ordinance No. 7467 (2006), Ordinance No. 7520 (2007), Ordinance No. 7666 (2009); Ordinance No. 7667 (2009) and ratified and continued (notwithstanding the fact that certain of said ordinances and the obligations of the City thereunder have been discharged), on or before the 15th day of each February and August, commencing February 15, 2015, but only from the Net Pledged Revenues (i.e., the Forty Percent Net Pledged Revenues, the Thirty Three Percent Net Pledged Revenues (or the Twenty-Two Percent Net Pledged Revenues or Ten Percent Net Pledged Revenues, as applicable) and the Fifteen Percent Net Pledged Revenues through December 31, 2019) as and to the extent hereinafter provided, an amount equal to the interest coming due on the 2014 Bonds and any other Parity Lien Bonds then outstanding on such date and an amount equal to the principal coming due on the 2014 Bonds and any other Parity Lien Bonds then outstanding on such date. The moneys credited to the Bond Fund will be used to pay the principal of and interest on the 2014 Bonds and any additional Parity Lien Bonds heretofore or hereafter issued. Any Subordinate Lien Bonds heretofore or hereafter issued will be payable from a fund or funds

into which deposits will be made from the Open Space and Street Fund or the Open Space Fund after and subject to the prior deposits required or permitted by this Section, but may be made prior to the uses permitted under Section (d)(iii). The 2014 Bonds authorized in the Ordinance, together with any additional Parity Lien Bonds heretofore or hereafter issued, will, from and after the issuance and delivery thereof, constitute an irrevocable and first (but not exclusive) lien upon the Net Pledged Revenues, derived and to be derived by the City from its Sales and Use Taxes, and upon said Bond Fund, for the payment of said principal and interest.

(iii) On August 15 of each year, or such earlier date upon which there will have been deposited sufficient funds to meet all obligations described in (i) and (ii) above, any moneys remaining in said Open Space and Street Fund and said Open Space Fund may be used for any lawful and authorized purpose of said Open Space and Street Fund and said Open Space Fund, respectively, all as more fully set forth and specified in Section 3-2-39 of the Code.

(e) The revenues and expenditures of said Open Space and Street Fund and said Open Space Fund will be periodically reviewed and budgeted by the City Council in accordance with the applicable provisions of Section 3-2-39 of the Code.

Pledge of Full Faith and Credit

Pursuant to the provisions of Section 97 of the City Charter, the full faith and credit of the City are pledged as additional security for the payment of the principal of and interest on the 2014 Bonds; such pledge will be implemented, to the extent required, by a levy of ad valorem taxes on all taxable property within the City without limitation as to rate or amount.

Covenant Upon Deficiency in Bond Fund. In furtherance of said pledge of the full faith and credit of the City, it is irrevocably covenanted and agreed that in the event that any time while any of the 2014 Bonds remain outstanding the payments required to be made pursuant to “Flow of Funds; Transfer of Funds, Section (d)(ii)” above are not made in strict accordance with the terms thereof (unless other moneys sufficient to pay the principal of and interest on the 2014 Bonds when due will be on deposit in the Bond Fund), the Council will promptly transfer from the general funds of the City to the Bond Fund from moneys previously appropriated, and will promptly pass and adopt supplemental or emergency appropriation ordinances or resolutions and make such allocations and deposits of moneys from general funds of the City to the Bond Fund, as are necessary in all cases to bring the amount on deposit in the Bond Fund to the level at which it would have been had the City strictly complied with the provisions of “Flow of Funds; Transfer of Funds, Section (d)(ii)” above. Said actions will be initiated and completed at such a time and in such a manner as to ensure strict compliance with the requirement to make deposits to the Bond Fund. Thereafter said transfers, appropriations, allocations and deposits will continue to be made in such amounts and with sufficient frequency to assure that the sums of money required to be deposited in the Bond Fund, together with other moneys on deposit in the Bond Fund pursuant to “Flow of Funds; Transfer of Funds, Section (d)(ii)” above, will be sufficient to pay the principal of and interest on the 2014 Bonds when due.

Rebate Fund

(a) There is created and established by the City a separate special fund to be designated the “Open Space Acquisition Bonds, Series 2014 Rebate Fund” (the “Rebate Fund”), which will be expended in accordance with the provisions of the Ordinance and the Tax Letter of Instructions, and there is further established within said Rebate Fund the Rebate Principal

Account and the Rebate Income Account. The City will make deposits and disbursements from the Rebate Fund in accordance with the Tax Letter of Instructions, will invest the Rebate Fund only in legal investments for funds of the City and pursuant to said Tax Letter of Instructions, and will deposit income from said investments immediately upon receipt thereof in the Rebate Income Account, all as set forth in the Tax Letter of Instructions. The City will make the calculations, deposits, disbursements and investments as may be required by the immediately preceding sentence, or, to the extent it deems necessary in order to ensure the tax exempt status of interest on the 2014 Bonds, will employ at its expense a person or firm with recognized expertise in the area of rebate calculation, to make such calculations. The Tax Letter of Instructions may be superseded or amended by a new Tax Letter of Instructions drafted by, and accompanied by an opinion of, nationally recognized bond counsel addressed to the City to the effect that the use of said new Tax Letter of Instructions will not cause the interest on the 2014 Bonds to become includible in gross income for purposes of federal income taxation.

(b) The City will make the rebate deposit described in the Tax Letter of Instructions. Records of the determinations required by this Section and the Tax Letter of Instructions will be retained by the City until four years after the final retirement of the 2014 Bonds.

(c) Not later than 30 days after the end of the fifth Bond Year (i.e. the year ended August 15, 2019) and every five years thereafter, the City will pay to the United States of America 90% of the amount required to be on deposit in the Rebate Principal Account as of such payment date and 100% of the amount on deposit in the Rebate Income Account as of such payment date. Not later than 60 days after the final retirement of the 2014 Bonds, the City will pay to the United States of America 100% of the balance remaining in the Rebate Principal Account and the Rebate Income Account. Each payment required to be paid to the United States of America pursuant to this Section 15 will be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment will be accompanied by a copy of the Internal Revenue Form 8038-G originally filed with respect to the 2014 Bonds and a statement summarizing the determination of the amount to be paid to the United States of America.

Additional Tax Covenants

(a) The City covenants that it will not use or permit the use of any proceeds of the 2014 Bonds or any other funds of the City from whatever source derived, directly or indirectly, to acquire any securities or obligations and will not take or permit to be taken any other action or actions, which would cause any of the 2014 Bonds to be an “arbitrage bond” within the meaning of Section 148 of the Tax Code, or would otherwise cause the interest on the 2014 Bonds to be includible in gross income for federal income tax purposes. The City covenants that it will at all times do and perform all acts and things permitted by law and which are necessary in order to assure that interest paid by the City on the 2014 Bonds will, for purposes of federal income taxation, not be includible in gross income under the Tax Code or any other valid provision of law.

(b) In particular, but without limitation, the City further represents, warrants and covenants to comply with the following restrictions of the Tax Code, unless it receives an opinion of nationally recognized bond counsel stating that such compliance is not necessary:

(i) Gross proceeds of the 2014 Bonds will not be used in a manner which will cause the 2014 Bonds to be considered “private activity bonds” within the meaning of the Tax Code.

(ii) The 2014 Bonds are not and will not become directly or indirectly “federally guaranteed.”

(iii) The City will timely file Internal Revenue Form 8038-G which will contain the information required to be filed pursuant to Section 149(e) of the Tax Code.

(iv) The City will comply with the Tax Letter of Instructions delivered to it on the date of issue of the 2014 Bonds with respect to the application and investment of 2014 Bond proceeds, subject to “Rebate” above.

Investments

The proceeds of the 2014 Bonds will be used exclusively for the purposes recited in the Ordinance and in the 2014 Bonds; provided, however, that all, or any proper portion of, the proceeds of the 2014 Bonds in the Bond Fund and other moneys in the Bond Fund with respect to the 2014 Bonds may be invested only in securities or obligations which are lawful investments for such funds of the City which constitute Permitted Investments. All earnings, income, profits and losses with respect to such funds will be retained in the respective fund.

Further Covenants

The City irrevocably covenants and agrees with each and every Registered Owner of the 2014 Bonds as follows:

(a) That at least once each year it will cause an audit to be made of the books relating to its Sales and Use Tax Revenues, such audit to be made by a certified public or registered accountant after the close of each fiscal year, and a copy of which audit will be furnished, upon request, to the Original Purchaser of the 2014 Bonds and, on written request and at their expense, to the Registered Owners of any of the 2014 Bonds. The cost of making said reports and audits will be paid from moneys available from such Sales and Use Tax Revenues, if any, or from general funds of the City if no such moneys are available. The annual audit of the City’s general purpose financial statements will be deemed to satisfy this requirement.

(b) That it will continue to operate and manage the collection and enforcement of the Sales and Use Taxes in the most efficient and economical manner possible.

(c) That in the event that the Sales and Use Tax, or either of such taxes, are replaced and superseded, in any manner, the revenues derived by the City from the replacement source or sources, as received by the City, are, to the extent permitted by law, pledged and will be placed in the Bond Fund in amounts at least sufficient to pay the principal of and interest on the 2014 Bonds authorized in the Ordinance, and that the Council will promptly, as required by the Ordinance, take any and all actions which may be necessary to accomplish such deposits. From and after the date of said replacement, the 2014 Bonds and any other then outstanding Parity Lien Bonds, will have a first and prior (but not exclusive) lien upon such replacement revenues to the extent specified in the Ordinance.

Additional Bonds

No additional bonds or other obligations will be issued or incurred payable from the Net Pledged Revenues pledged in the Ordinance to the payment of the 2014 Bonds and having a lien upon the Net Pledged Revenues which is prior or superior to the lien of the 2014 Bonds authorized in the Ordinance. Nothing contained in the Ordinance will be construed in such a manner as to prevent the issuance by the City of additional Parity Lien Bonds payable from the Net Pledged Revenues or a portion thereof and constituting a lien upon the Net Pledged Revenues equal to and on a parity with the lien of the 2014 Bonds authorized in the Ordinance, provided:

(a) That at the time of issuance of any such Parity Lien Bonds, there is no deficiency in any fund required by the Ordinance.

(b) That the City must be in compliance with all of the covenants and agreements contained in the Ordinance.

The City has outstanding \$15,410,000 of Parity Lien Bonds as well as \$7,609,662 of lease purchase revenue notes payable from a portion of the Net Pledged Revenues.

Defeasance

A 2014 Bond will not be deemed to be outstanding under the Ordinance if it will have been paid and cancelled or if cash funds or direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Governmental Obligations"), will have been deposited in trust for the payment thereof (whether upon or prior to the maturity of any such 2014 Bond, but if such 2014 Bond is to be paid prior to maturity, the City will have given the Paying Agent irrevocable directions to give notice of redemption as required by the Ordinance, or such notice will have been given in accordance with the Ordinance). In computing the amount of the deposit described above, the City may include interest to be earned on the Governmental Obligations.

DEBT SERVICE REQUIREMENTS

Set forth below is a summary of the estimated debt service requirements for the 2014 Bonds, the combined debt service requirements for the Parity Lien Bonds and the combined debt service payable on the 2014 Bonds and the Parity Lien Bonds.

Debt Service Requirements(1)

<u>Year</u>	<u>The 2014 Bonds</u>			<u>Debt Service on</u>	<u>Grand</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Parity Lien Bonds</u>	<u>Total</u>
2015	\$370,000	\$212,293	\$582,293	\$3,797,713	\$4,380,006
2016	435,000	242,356	677,356	3,789,763	4,467,119
2017	435,000	233,656	668,656	3,792,963	4,461,619
2018	440,000	224,956	664,956	3,805,763	4,470,719
2019	440,000	216,156	656,156	2,025,231	2,681,387
2020	445,000	207,356	652,356	--	652,356
2021	455,000	198,456	653,456	--	653,456
2022	460,000	189,356	649,356	--	649,356
2023	470,000	179,006	649,006	--	649,006
2024	480,000	168,431	648,431	--	648,431
2025	495,000	157,631	652,631	--	652,631
2026	505,000	146,494	651,494	--	651,494
2027	520,000	134,500	654,500	--	654,500
2028	530,000	121,500	651,500	--	651,500
2029	545,000	105,600	650,600	--	650,600
2030	560,000	89,250	649,250	--	649,250
2031	580,000	72,450	652,450	--	652,450
2032	595,000	55,050	650,050	--	650,050
2033	610,000	37,200	647,200	--	647,200
2034	630,000	18,900	648,900	--	648,900
Total	\$10,000,000	\$3,010,599	\$13,010,599	\$17,211,433	\$30,222,032

(1) Totals may not add due to rounding.

Source: The Financial Advisor.

SECURITY FOR THE 2014 BONDS

Net Pledged Revenues

The 2014 Bonds are payable from, and will constitute an irrevocable pledge of and a first and prior (but not an exclusive) lien on all Net Pledged Revenues. Net Pledged Revenues or portions thereof will additionally secure any parity lien and subordinate lien bonds heretofore or hereafter issued in accordance with the Ordinance. Net Pledged Revenues may also be used to make up any reserve fund deficiencies for other bonds.

In general, the Net Pledged Revenues consist of those City sales and use tax revenues dedicated to use for open space purposes, after certain allowable deductions (the “Net Pledged Revenues”). Such revenues are derived from three separately enacted tax measures, but all such revenues are accounted for in the City’s Open Space Fund. On November 7, 1967, the citizens of the City voted to impose an additional 1% sales and use tax. The sales and use tax was authorized to finance two programs: 40% of the revenue was earmarked for the acquisition and protection of open space lands and 60% of the revenue was earmarked for authorized transportation expenses. Forty percent of the sales and use tax revenues (after reasonable and necessary costs and expenses of collection, if any) attributable to such levy and collection after deduction of tax refunds required by Section 3-2-39 of the Boulder Revised Code, 1981, as amended (the “Code”), are referred to herein as the “Forty Percent Net Pledged Revenues.” On November 7, 1989, the citizens of the City voted to impose an additional 0.33% sales and use tax. This sales and use tax was authorized to provide funds for the acquisition, maintenance, preservation, retention and use of open space lands as defined in Section 170 of the Charter and the payment of any indebtedness and tax refunds related thereto. The tax was to expire on December 31, 2004, but in the November 1997 city general election, the City electors extended the expiration date to December 31, 2018. Sales and use tax revenues (after reasonable and necessary costs and expenses of collection, if any) attributable to the levy and collection of such 0.33% sales and use tax after deduction of tax refunds required by the Code are referred to herein as the “Thirty Three Percent Net Pledged Revenues.” On November 4, 2003, the citizens of the City voted to impose an additional 0.15% sales and use tax. This sales and use tax was authorized to provide additional funds for the acquisition, maintenance, preservation, retention and use of open space lands as defined in Section 170 of the Charter and the payment of any indebtedness and tax refunds related thereto. The tax commenced on January 1, 2004 and will expire on December 31, 2019. Sales and use tax revenues (after reasonable and necessary costs and expenses of collection, if any) attributable to the levy and collection of such 0.15% sales and use tax after deduction of tax refunds required by the Code are referred to herein as the “Fifteen Percent Net Pledged Revenues”.

In the November 2013 City general election, the City electors extended the 0.15% sales and use tax expiration date to December 31, 2039. However, the revenue will be used for transportation purposes starting in 2020 and for general municipal services starting in 2030. The City electors also voted to extend the 0.33% sales and use tax indefinitely. However, starting in 2019, Open Space will receive 0.22% (the “Twenty-Two Percent Net Pledged Revenues”) and the General Fund will receive 0.11% of the 0.33% sales tax until December 31, 2034. The ratios will change to 0.10% for Open Space (the “Ten Percent Net Pledged Revenues”) and 0.23% for General Fund starting in 2035. These changes in sales and use tax changes are referred to herein as the “Future Changes in Net Pledged Revenues.” *Therefore, beginning in 2019 and 2020, the percentage of City sales and use taxes constituting Net Pledged Revenues will materially*

decrease as described above. The Forty Percent Net Pledged Revenues, the Thirty-Three Percent Net Pledged Revenues, the Twenty-Two Percent Net Pledged Revenues, the Fifteen Percent Net Pledged Revenues and the Ten Percent Net Pledged Revenues are collectively referred to herein as the “Net Pledged Revenues.”

City Sales and Use Tax

The City derives a substantial amount of its annual revenues from a general sales and use tax. The City’s general sales and use tax is presently 3.56%. Presently 0.88% (decreasing incrementally to 0.50% by 2035) of such sales and use tax is dedicated to open space and the net revenues of which are pledged to repay the Bonds as described in “Net Pledged Revenues” above. The remaining sales and use tax is used for other municipal purposes.

The City’s sales and use tax is levied against the full purchase price paid or charged for tangible personal property and taxable services purchased or sold at retail in the City. The sales tax is levied on all sales of tangible personal property or taxable services, except those specifically exempted as discussed below. The use tax is levied on the privilege of using in the City, personally or as part of rendering a service, tangible personal property or taxable services upon which a municipal sales or use tax has not been paid and is paid by either the vendor doing business in the City or the consumer. Certain nonprofit organizations are exempt from paying the City’s sales and use tax on their own purchases.

The purchase, sale or use of the following property and services is exempt from the City’s sales and use taxes: (a) services not otherwise taxable under Chapter 3-2 of the Boulder Revised Code, 1981, as amended (“Chapter 3-2”) whose price is separately stated from the price of tangible personal property with which the services are sold; (b) services not otherwise taxable under Chapter 3-2 whose price is not separately stated from the price of tangible personal property with which the services are sold, but that is calculated as a percentage of the total sales price of the property, and approved as exempt by the City Manager; (c) tangible personal property that is sold at wholesale that is actually transformed by the process of manufacture and becomes a necessary and recognizable ingredient of the finished product, and whose presence in the finished product is essential to the use thereof in the hands of the ultimate consumer; (d) commercial packing materials; (e) certain mobile homes once subjected to the payment of sales or use tax under Chapter 3-2; (f) wholesale sales of taxable property to a licensed retailer for purposes of resale; (g) tangible personal property that is to be used, stored or consumed outside the City by persons residing or doing business outside the City; (h) gasoline or motor fuel upon which has accrued or has been paid the tax prescribed by the Colorado Gasoline and Special Fuel Tax Law; (i) cigarettes; (j) medical supplies; (k) public accommodations; (l) admission to places or events; (m) neat cattle, sheep, lambs, swine and goats, and mares and stallions for breeding; (n) newspapers and newsprint and printer’s ink used to produce newspapers; (o) sales of tangible personal property and taxable services that are to be used, stored or consumed outside the City to persons who are not residents of the City and who do not engage in business in the City; (p) motion picture prints when the exhibitor thereof charges admission for exhibition and pays the admission tax imposed by Chapter 3 6 of the Boulder Revised Code, 1981, as amended; (q) tangible personal property owned by a City resident but purchased when the purchaser was not a City resident and used for a substantial period of time outside of the City; (r) amounts paid by any purchaser as, or in the nature of, interest or finance charges or account of credit extended in connection with the sale or purchase of any tangible personal property if the interest is separately stated from the consideration received for the

property; (s) tangible personal property brought into the City by a non-resident for temporary personal use; (t) automobile dealers' demonstration vehicles; (u) all property and services whose sale, purchase or use is prohibited from taxation by the United States or the State of Colorado; (v) all sales of food purchased with food stamps; (w) building materials for installation, use or consumption on buildings which have been designated as landmarks; and (x) certain occasional food sales.

Upon deposit of moneys in the Open Space and Street Fund, there is first deducted there from certain amounts required to be refunded in accordance with the City's tax refund program. The tax refund program is presently intended to provide a rebate of sales taxes paid on food to certain categories of families and individuals where at least one member of the family or such individual is either a child under the age of 18, is disabled or is over the age of 62. In addition, in order to qualify for the food tax refund, certain income limitations must be met, depending upon family size. For example, a single person household must have income of \$33,650 or less, whereas an eight person household must have income of \$63,450 or less. The amount of such food tax refund paid by the City is \$75 per qualifying individual and \$231 per family.

In addition to the general sales and use taxes referred to above, the City also levies a special, separate sales and use tax of 0.15% on certain specific transactions such as food and beverage service.

Listed below are the City's actual general sales and use tax revenues collected for the years 2009 through 2013, inclusive, as well as unaudited year-to-date revenues collected through May 31, 2014. Such figures do not include revenues derived from the special sales and use taxes levied on food and beverage service as described in the preceding paragraph.

City Sales and Use Tax Revenues
(Dollars shown in thousands)

Year	General Fund	Special Revenue Fund .15 Cent Sales Tax (1)	Special Revenue Fund .25 Cent Sales Tax	Special Revenue Fund Open Space	Special Revenue Fund Transportation	Boulder Junction Improvement Fund	Debt Service Fund .15 Cent Sales Tax	Downtown Commercial District (2)	Total	Total-net of food service and food tax refunds
2014 (3)	\$20,532	\$ -	\$2,994	\$10,607	\$ 9,015	\$199	\$ -	\$ -	\$ 43,347	\$ 43,189
2013	51,375	-	7,578	26,771	18,144	268	-	118	104,254	103,738
2012	46,314	-	7,041	25,029	16,854	655	1,504	119	97,516	96,943
2011	41,762	2,436	6,764	23,819	16,199	-	1,624	94	92,698	92,228
2010	39,657	2,306	6,407	22,552	15,343	-	1,538	87	87,890	87,468
2009	38,591	2,245	6,236	21,952	14,936	-	1,497	83	85,540	85,138

(1) This sales tax is now included in the General Fund.

(2) Beginning in 2005, these revenues from the 10th and Walnut St. urban renewal area have been assigned to the Downtown Commercial District and are not available to the City.

(3) Unaudited year to date collections through May 31, 2014.

Source: The City.

The revenues pledged to the repayment of the 2014 Bonds (and any Parity Lien Bonds) are those listed under the heading “Special Revenue Fund Open Space.” in the preceding table.

The City’s Open Space Fund is accounted for in the City’s Basic Financial Statements under the category “Governmental Funds.” The audited Basic Financial Statements of the City for 2013 are contained as Appendix A hereto.

In 2013 the top ten vendors that remitted the most sales and use tax to the City accounted for approximately 24% of all sales and use taxes remitted to the City.

Set forth below are the percentages of City sales and use tax revenues derived from various categories of transactions generated during the twelve month period ended December 31, 2013:

Percentage of Sales and Use Tax Revenues by Transactional Category (Unaudited)

<u>Category</u>	<u>Percentage of Total for Twelve-Month Period Ended December 31, 2013</u>
General Retail	20.10%
Food Stores	13.02%
Eating Places	12.74%
Construction Use Tax	8.34%
Transportation/Utilities	7.46%
Computer Related Business Sector	6.85%
Automotive Trade	6.75%
Apparel Stores	3.65%
Building Material-Retail	3.57%
Home Furnishings	2.62%
Consumer Electronics	1.92%
All Other	<u>12.98%</u>
TOTAL	100.00%

Source: The City.

Open Space Program. The Charter establishes a department of open space, which is responsible for all open space land and other property associated therewith. The Charter also establishes an open space board of trustees consisting of five members appointed by the City Council; the term of each such trustee is five years. The Board of Trustees, among other duties, makes recommendations to the City Council concerning any expenditure or appropriation for the open space fund, the use policies on, planned uses of, and restrictions on the use of, open space land, and the incurring of any indebtedness payable from the open space fund.

The department of open space, called the department of Open Space and Mountain Parks since January of 2001, manages over 46,632 acres of land including the City’s mountain parks lands which are afforded the same Charter protections as all other land acquired and managed by the department.

Pursuant to the Charter, the City's open space land is acquired, maintained, preserved, retained and used to preserve or restore natural areas characterized by or including terrain, geologic formations, flora or fauna that are unusual, spectacular, historically important, scientifically valuable or unique, or that represent outstanding or rare examples of native species; to preserve water resources in their natural or traditional state, scenic area or vistas, wildlife habitats or fragile ecosystems; to preserve land for passive recreational use, such as hiking, photography or nature studies, and, if specially designated, bicycling, horseback riding or fishing; to preserve agricultural uses and land suitable for agricultural production; to utilize land for shaping the development of the City, limiting urban sprawl and disciplining growth; to utilize non-urban land for spatial definition of urban areas; to utilize land to prevent encroachment on floodplains; and to preserve land for its aesthetic or passive recreational value and its contribution to the quality of life of the community.

Open space land may not be improved after its acquisition unless such improvements are necessary to protect or maintain the land or to provide for passive recreational, open agricultural or wildlife habitat use of the land. In addition, no open space land owned by the City may be sold, leased, traded or otherwise conveyed, nor may any exclusive license or permit on such open space land be given, until approval of such disposal by the open space board of trustees and the Council. No open space land owned by the City may be disposed of until 60 days following the date of Council approval of such disposal. If, within such 60 day period, a petition signed by registered electors of the City to the number of at least 5% of the registered electors of the City as of the day the petition is filed with the City Clerk, requesting that such disposal be submitted to a vote of the electors, such disposal will not become effective until approved by the electorate.

Pro Forma Debt Service Coverage

Set forth below is a pro forma debt service coverage chart showing what would have been the City's coverage of the maximum annual debt service on the 2014 Bonds and the Parity Lien Bonds from Net Pledged Revenues in such years. The historical pro forma debt service coverage is not necessarily indicative of future coverage ratios. *In addition, due to the Future Changes in Net Pledged Revenues, the sales and use tax percentage generating Net Pledged Revenues will decrease materially in future years. This decrease is not reflected in the table below, and therefore in future years the Net Pledged Revenues available may be significantly less than the historical numbers shown below. See "Net Pledged Revenues" above.*

	<u>Pro Forma Debt Service Coverage</u>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total Net Pledged Revenues	\$21,952,000	\$22,551,000	\$23,819,000	\$23,758,000	\$26,771,000
Maximum Annual Debt Service	4,467,120	4,467,120	4,467,120	4,467,120	4,467,120
Pro Forma Coverage Ratio	4.91x	5.05x	5.33x	5.32x	5.99x

Source: The City and the Financial Advisor.

Pledge of Full Faith and Credit

As additional security for the payment of the principal of and interest on the 2014 Bonds, the City will pledge the full faith and credit of the City.

In furtherance of the pledge of its full faith and credit, the City will irrevocably covenant that, in the event payments into the Bond Fund are not made in strict compliance with the provisions of the Ordinance, the City Council will promptly transfer from the general funds of the City to the Bond Fund from moneys previously appropriated, and must promptly pass and adopt supplemental or emergency appropriation ordinances and make such deposits of moneys from the general funds of the City into the Bond Fund as are necessary, in all cases, to restore the Bond Fund to the level required by the Ordinance.

The City will further covenant and agree that the appropriations will continue to be made with sufficient frequency to assure that the sums required to be placed in the Bond Fund will be deposited at or prior to the dates designated in the Ordinance, and that to the extent necessary the City will levy general ad valorem taxes on all taxable property in the City without limitation as to rate or amount to satisfy such obligation.

Ad Valorem Property Taxes

Subject to the limitations imposed by Article X, Section 20 of the State constitution (the Taxpayers Bill of Rights or “TABOR,” described in “LEGAL MATTERS--Certain Constitutional Limitations”), the Board has the power to certify to the Commissioners a levy for collection of ad valorem taxes against all taxable property within the City.

Property taxes are uniformly levied against the assessed valuation of all property subject to taxation by the City. Both real and personal property are subject to taxation, but there are certain classes of property which are exempt. Exempt property includes, but is not limited to: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; property used for charitable or religious purposes; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner’s land; household furnishings and personal effects not used to produce income; intangible personal property; inventories of merchandise and materials and supplies which are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Assessment of Property. Taxable property is first appraised by the County Assessors to determine its statutory “actual” value. This amount is then multiplied by the appropriate assessment percentage to determine each property’s assessed value. The mill levy of each taxing entity is then multiplied by this assessed value to determine the amount of property tax levied upon such property by such taxing entity. Each of these steps in the taxation process is explained in more detail below.

Determination of Statutory Actual Value. The County Assessors annually conduct appraisals in order to determine, on the basis of statutorily specified approaches, the statutory “actual” value of all taxable property within the county as of January 1. Most property is valued using a market approach, a cost approach or an income approach. Residential property is valued using the market approach, and agricultural property, exclusive of building improvements thereon,

is valued by considering the earning or productive capacity of such lands during a reasonable period of time, capitalized at a statutory rate.

The statutory actual value of a property is not intended to represent its current market value, but, with certain exceptions, is determined by the County Assessors utilizing a “level of value” ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. Real property is reappraised by the County Assessors’ office every odd numbered year. The statutory actual value is based on the “level of value” for the period one and one-half years immediately prior to the July 1 preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). For example, values for levy year 2012 (collection year 2013) were based on an analysis of sales and other information for the period January 1, 2009 to June 30, 2010. The following table sets forth the State Property Appraisal System for property tax levy years 2009 through 2014.

<u>Collection Year</u>	<u>Levy Year</u>	<u>Value Calculated As Of</u>	<u>Based on the Market Period</u>
2010	2009	July 1, 2008	Jan. 1, 2007 to June 30, 2008
2011	2010	July 1, 2008	Jan. 1, 2007 to June 30, 2008
2012	2011	July 1, 2010	Jan. 1, 2009 to June 30, 2010
2013	2012	July 1, 2010	Jan. 1, 2009 to June 30, 2010
2014	2013	July 1, 2012	Jan. 1, 2011 to June 30, 2012
2015	2014	July 1, 2012	Jan. 1, 2011 to June 30, 2012

The County Assessors may consider market sales from more than one and one-half years immediately prior to July 1 if there were insufficient sales during the stated market period to accurately determine the level of value.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State Property Tax Administrator based upon the value of the utility’s tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessors as a percentage of statutory actual value. The percentage used to calculate assessed valuation differs depending upon the classification of each property.

Residential Property. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State constitution requires the Colorado General Assembly to adjust the assessment rate of residential property for each year in which a change in the base year level of value occurs. This adjustment is constitutionally mandated to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property which existed in the previous year (although, notwithstanding the foregoing, TABOR prohibits any valuation for assessment ratio increase for a property class without prior voter approval).

Pursuant to the adjustment process described above, the residential assessment rate is adjusted every two years, resulting in the following history of residential assessment rates since levy year 1989: 15.00% of statutory actual value (levy years 1989-90); 14.34% of statutory actual value (levy years 1991-92); 12.86% of statutory actual value (levy years 1993-94); 10.36% of statutory actual value (levy years 1995-96); 9.74% of statutory actual value (levy years 1997-00); 9.15% of statutory actual value (levy years 2001-02); and 7.96% of statutory actual value (levy years 2003-14). In December 2013, the Colorado Legislative Council (the research division of the Colorado General Assembly) projected that the residential assessment rate will remain at 7.96% for levy years 2015-16. This projection is only an estimate, however, and is subject to change. The residential assessment rate cannot increase without the approval of Colorado voters.

Non-residential property. All non-residential taxable property, with certain specified exceptions, is assessed at 29% of its statutory actual value. Producing oil and gas property is generally assessed at 87.5% of the selling price of the oil and gas.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with statutory deadlines. Property owners are given the opportunity to object to increases in the statutory actual value of such property, and may petition for a hearing thereon before the Boards of Equalization for the Counties. Upon the conclusion of such hearings, the County Assessors are required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization orders the County Assessors to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1 of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities which levied a tax against the property.

Statewide Review. The Colorado General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the Colorado General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. Accordingly, the City's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Property Tax Exemption. The Colorado Constitution provides property tax exemptions for qualifying senior citizens (adopted in 2000) and for disabled veterans (adopted in 2006). The senior citizen provision provides that for property tax collection years 2007 and later (except that the exemption was suspended for collection years 2009-2012), the exemption is equal

to 50% of the first \$200,000 of actual value of residential real property that is owner-occupied if the owner or his or her spouse is 65 years of age or older and has occupied such residence for at least 10 years. The disabled veterans provision provides that for property tax collection years 2008 and later, the same exemption is available to homeowners who have served on active duty in the U.S. Armed Forces and who are rated 100% permanently disabled by the federal government due to a service-connected disability. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from these exemptions; therefore, it is not expected that this exemption will result in the loss of any property tax revenue to the City. There is no assurance, however, that the State reimbursement will be received in a time period which is sufficient to replace the reduced property tax revenue.

Taxation Procedure. The County Assessors are required to certify to the City the assessed valuation of property within the City no later than August 25th of each year. Subject to the limitations of TABOR, based upon the valuation certified by the County Assessor, the Board computes a rate of levy which, when levied upon every dollar of the valuation for assessment of property subject to the City's property tax, and together with other legally available City revenues, will raise the amount required by the City in its upcoming fiscal year. The City subsequently certifies to the Commissioners the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year for collection of taxes in the ensuing year. The property tax rate is expressed as a mill levy, which is the rate equivalent to the amount of tax per one thousand dollars of assessed valuation. For example, a mill levy of 25 mills would impose a \$250 tax on a parcel of property with an assessed valuation of \$10,000.

The Commissioners levy the tax on all property subject to taxation by the City. By December 22nd of each year, the Commissioners must certify to the County Assessors the levy for all taxing entities within the applicable county. If the Commissioners fail to so certify, it is the duty of the County Assessors to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the County Assessors of the tax list and warrant to the County Treasurer.

Property Tax Collections. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2013 are being collected in 2014 . Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1 until the date of payment unless the whole amount is paid by April 30. If the second installment is not paid by June 15, the unpaid installment will bear interest at the rate of 1% per month from June 16 until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the City on a monthly basis. The payments to the City must be made by the tenth of each month, and shall include all taxes collected through the end of the preceding month. The County Treasurer also is required to make a second monthly payment to the City on or before the twenty-fourth day of the months of March, May and June, reflecting taxes collected through the twentieth day of the respective month.

All taxes levied on property, together with interest thereon and penalties for default, as well as all other costs of collection, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Such lien is on a parity with the tax liens of other general taxes. It is the duty of the County Treasurer to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty. Delinquent personal property taxes are enforceable by distraint, seizure, and sale of the taxpayer's personal property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale. There can be no assurance that the proceeds of tax liens sold, in the event of foreclosure and sale by the County Treasurer, would be sufficient to produce the amount required with respect to property taxes levied by the City and property taxes levied by overlapping taxing entities, as well as any interest or costs due thereon. Further, there can be no assurance that the tax liens will be bid on and sold. If the tax liens are not sold, the County Treasurer removes the property from the tax rolls and delinquent taxes are payable when the property is sold or redeemed. When any real property has been stricken off to a county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the Commissioners after that time.

Potential Overlap with Tax Increment Authorities. Colorado law allows the formation of public highway authorities. Pursuant to statute, the board of directors of a public highway authority is entitled to designate areas within the authority's boundaries as "value capture areas" to facilitate the financing, construction, operation or maintenance of highways constructed by the authority; an authority is entitled to capture a portion of the property taxes in such an area to support these purposes. No public highway authority currently exists within the City. If a public highway authority value capture area is implemented in the future, it is impossible to predict the terms of the plan, including whether it would negatively impact the City's property tax revenues.

Similarly, the State law allows the formation of urban renewal authorities and downtown development authorities in areas which have been designated by the governing bodies of municipalities as blighted areas. Certain property in the City currently is located within urban renewal areas authorized by the Boulder Urban Renewal Authority ("BURA"). Other redevelopment areas may be formed by BURA in the future. With respect to the property included in the boundaries of such districts and subject to a renewal plan, the assessed valuation of such property that is taxable does not increase beyond the amount existing in the year prior to the adoption of the plan (other than by means of the general reassessment). Any increase above the "base" amount is paid to the applicable authority. See "Ad Valorem Property Tax Data – History of City's Assessed Valuation" below.

Ad Valorem Property Tax Data

A five-year history of the City's certified assessed valuations is set forth in the following chart.

History of City's Assessed Valuation

Levy/Collection Year	Total Assessed Value ⁽¹⁾	Percent Change
2009/2010	\$2,562,745,620	--
2010/2011	2,566,046,123	0.1%
2011/2012	2,498,113,532	(2.6)
2012/2013	2,500,705,976	0.1
2013/2014	2,567,474,742	2.7

(1) Does not include the assessed valuation attributable to the Boulder Urban Renewal Authority 9th and Canyon project in the following amounts for the respective levy years: \$8,052,640 in 2009; \$8,006,976 in 2010; \$9,451,663 in 2011; \$9,393,325 in 2012; and \$9,497,809 in 2013.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2009-2012; and the Boulder County Assessor's Office.

A five-year history of the City's mill levies is set forth in the following chart.

History of City's Mill Levy

Levy/ Collection Year	General Fund	CHAP Fund	Library Fund	Permanent Parks Fund	Public Safety Property & Sales Tax Fund	Total Mill Levy	Temporary Tax Credit	Net Mill Levy Total
2009/2010	7.948	0.800	0.333	0.900	2.000	11.981	(1.686)	10.295
2010/2011	7.948	0.800	0.333	0.900	2.000	11.981	(1.163)	10.818
2011/2012	7.948	0.800	0.333	0.900	2.000	11.981	0.000	11.981
2012/2013	7.948	0.800	0.333	0.900	2.000	11.981	0.000	11.981
2013/2014	7.948	0.800	0.333	0.900	2.000	11.981	0.000	11.981

Source: The City.

The following chart sets forth the City's ad valorem property tax collections for the time periods indicated.

Property Tax Collections for the City

Levy/ Collection Year	Total Taxes Levied ⁽¹⁾	Total Current Tax Collections ⁽²⁾	Collection Rate
2008/2009	\$23,856,171	\$23,757,562	99.59%
2009/2010	26,466,368	26,327,080	99.47
2010/2011	27,846,105	27,750,731	99.66
2011/2012	30,043,139	29,854,853	99.37
2012/2013	30,073,500	29,876,218	99.34
2013/2014 ⁽³⁾	30,760,915	29,934,088	--

(1) Levied amounts do not reflect abatements or other adjustments. Levied amounts do not include the assessed revenue attributable to the tax increment financing district in the following amounts for the respective levy years: \$74,974 for 2008; \$82,902 for 2009; \$86,619 for 2010; \$113,240 for 2011; \$112,541 for 2012; and \$113,793 in 2013.

(2) The county treasurer's collection fees have not been deducted from these amounts. Figures do not include interest, fees and penalties.

(3) Figures are for January 1 through June 30, 2014.

Sources: State of Colorado, Department of Local Affairs, Division of Property Taxation, Annual Reports, 2008-2013; and the Boulder County Treasurer's Office.

Based upon the most recent certified information available from the County Assessor's Office, the following chart represents the largest taxpayers within the City, measured by assessed value. A determination of the largest taxpayers can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessed value in excess of those set forth in the following chart. Furthermore, the taxpayers shown in the chart may own additional parcels within the City not included herein. No independent investigation has been made of and consequently there can be no representation as to the financial conditions of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City.

Largest Taxpayers in the City for 2013

Taxpayer	Assessed Valuation (in thousands)	Percentage of Total Assessed Valuation
IBM Corporation	\$30,756	1.20%
Public Service Company of CO	29,892	1.16%
Macerich Twenty Ninth St., LLC	26,603	1.04%
Flatiron Investments, LP	19,726	0.77%
Qwest Corp.	19,307	0.75%
International Business Machines	16,450	0.64%
Covidien LP	16,030	0.62%
Ball Aerospace & Technologies Corp	16,009	0.62%
Corden Pharma Colorado Inc	15,988	0.62%
Vail Lizard LLC	14,350	0.56%
TOTAL	<u>\$205,111</u>	<u>7.99%</u>

(1) Based on a 2013 certified assessed valuation of \$2,567,474,742.

Source: Boulder County Assessor's Office.

The following table sets forth the current assessed valuation of specific classes of real and personal property within the City. Residential property accounts for the largest percentage of the City's assessed valuation, and therefore it is anticipated that owners of residential property will pay the largest percentage of ad valorem property taxes levied by the City.

2013 Assessed Valuation of Classes of Property in the City

Residential	\$1,249,772,032	48.50%
Commercial	1,002,536,891	38.90
Industrial	227,657,173	8.83
State Assessed	66,729,480	2.59
Vacant	30,207,352	1.17
Agricultural	69,391	0.00
Natural Resources	<u>232</u>	<u>0.00</u>
TOTAL	<u>\$2,576,972,551 (1)</u>	<u>100.00%</u>

(1) The values include \$9,497,809 of assessed valuation attributable to the Boulder Urban Renewal Authority 9th and Canyon project; therefore, the total assessed valuation figure given herein differs from the assessed valuation figure set forth elsewhere in the Official Statement.

Sources: Boulder County Assessor's Office.

Mill Levies Affecting Property Owners Within the City

In addition to the City's ad valorem property tax levy, owners of property located within the City are obligated to pay property taxes to other taxing entities in which their property is located. The following table is only a representative sample of the total mill levy and is not intended to portray the mills levied against all properties in the City. Additional taxing entities may overlap the City in the future.

2013 Sample Mill Levy Affecting City Property Owners

Taxing Entity ⁽¹⁾	Mill Levy ⁽²⁾
Boulder County School District RE-2	45.372
Boulder County	25.120
Boulder Central General Improvement District	4.895
Northern Colorado Water Conservancy District	1.000
Urban Drainage and Flood Control District	<u>0.608</u>
Total Overlapping Sample Mill Levy	<u>76.995</u>
The City	11.981
Total Sample Mill Levy	<u>88.976</u>

(1) Regional Transportation District also overlaps the City, but does not assess a mill levy.

(2) One mill equals 1/10 of one cent. Mill levies certified in 2013 are for the collection of ad valorem property taxes in 2014.

Sources: Boulder County Assessor's Office.

Estimated Overlapping General Obligation Debt

In addition to the general obligation indebtedness of the City, other taxing entities are authorized to incur general obligation debt within boundaries which overlap or partially overlap the boundaries of the City. The following chart sets forth the estimated overlapping general obligation debt chargeable to property owners within the City.

Estimated Overlapping General Obligation Debt

Entity ⁽¹⁾	2013 Assessed Valuation ⁽³⁾	Outstanding General Obligation Debt	Outstanding General Obligation Debt Attributable to the City ⁽⁴⁾	
			Percent	Debt
Boulder Central Area General Improvement District	\$227,582,396	\$11,810,000	100.00%	\$11,810,000
Boulder Valley School District RE-2	4,903,070,971	337,495,000	51.98	175,429,901
Northern Colorado Water Conservancy District ⁽²⁾	14,594,645,974	4,410,011	17.60	776,162
Rocky Mountain Fire Protection District	354,955,225	8,225,000	0.27	22,208
St. Vrain Valley School District RE-1J	2,417,705,834	411,565,000	1.18	<u>4,856,467</u>
TOTAL				<u>\$192,894,738</u>

- (1) The following entities also overlap the City but have no reported general obligation debt outstanding: Boulder County; City of Boulder Forest Glen General Improvement District-Eco Pass; Boulder Junction Access General Improvement District-Parking; Boulder Junction Access General Improvement District-Travel Demand Management; Boulder Rural Fire Protection District; Boulder Urban Renewal Authority-9th and Canyon project; Downtown Boulder Business Improvement District; Left Hand Water District; Urban Drainage and Flood Control District; and University Hill General Improvement District.
- (2) The Northern Colorado Water Conservancy District ("NCWCD") lies in eight counties. NCWCD's general obligation debt consists of a perpetual contract payable with the U.S. Bureau of Reclamation for the Horsetooth Dam Rehabilitation and Pole Hill Canal Refurbishment Projects.
- (3) Assessed values certified in 2013 are for collection of ad valorem property taxes in 2014.
- (4) The percentage of each entity's outstanding debt chargeable to the City is calculated by comparing the assessed valuation of the portion overlapping the City to the total assessed valuation of the overlapping entity. To the extent the City's assessed valuation changes disproportionately with the assessed valuation of overlapping entities, the percentage of debt for which property owners within the City are responsible will also change.

Sources: Assessors' Offices of Boulder, Gilpin, Larimer, Logan, Morgan, Sedgwick, Washington, and Weld Counties; Assessor's Office of the City and County of Broomfield; and individual taxing entities.

THE CITY

Description

The City of Boulder, Colorado (the "City") is a municipal corporation duly organized and existing as a home rule city under Article XX of the Constitution of the State of Colorado (the "State") and the home rule charter of the City. The City, with an estimated 2013 population of approximately 103,166 is located in north central Colorado, approximately 25 miles northwest of Denver, Colorado via the Denver-Boulder Turnpike (U.S. 36). The City encompasses 25 square miles, and is the county seat of Boulder County.

Governing Body

The City operates under a council-manager form of government whereby all powers of the City are vested in an elected City Council. On November 2, 1999 voters approved an amendment to the City's Charter removing term limits for City Council members. The present members of the Council, their principal occupations, lengths of service to the Council, and terms of office are as follows:

Name, Office	Principal Occupation	Years of Service	Term Expires
Matthew Appelbaum, Mayor	Software Consultant	15	2017
George Karakehian, Mayor Pro Tem	Business Owner	5	2015
Lisa Morzel	Geologist	15	2015
Macon Cowles	Attorney	9	2015
Suzanne Jones	Nonprofit Executive Director	3	2015
Tim Plass	Attorney	3	2015
Andrew Shoemaker	Attorney	1	2017
Sam Weaver	CEO	1	2017
Mary Young	Consultant	1	2017

Administrative Personnel

The City Council consists of nine members elected for staggered four and two year terms. The presiding member of the City Council, as selected by the members thereof, is designated as Mayor.

Various individuals are responsible for implementation of the City Council's actions with respect the day-to-day operation and maintenance of the City. The following paragraphs summarize the background and experience of selected City administrative personnel.

The City Manager manages the day to day business of the City government; sets strategic direction to achieve the City's community sustainability goals; implements council determined policies; coordinates community issues between departments; and supervises the work of the departments.

Jane S. Brautigam, City Manager. Jane S. Brautigam was appointed City Manager in October of 2008 and is the City's first woman manager in its 90 year history. Before joining the City, Ms. Brautigam was the city manager for Dublin, Ohio from 2002-2008. Previously she worked as the city manager and city attorney for Loveland Colorado; the city attorney and assistant city attorney for Greenwood Village, Colorado; and as assistant county attorney for Boulder County. Ms. Brautigam earned a Bachelor of Arts degree in history from Allegheny College and a Juris Doctor Degree from the University of Pennsylvania Law School.

Robert W. Eichem, Chief Financial Officer Mr. Eichem has been the Chief Financial Officer of the City since May 2005. He has 35 years of experience as a finance officer in Colorado local government. He has extensive experience in debt and investment portfolio management. He holds a bachelor's degree in business administration from Colorado State University. At the national level, he is the current president of the Government Finance Officers Association (GFOA) of the United States and Canada, and has served on the board of this organization for four years. He has served twice as the President of the Colorado Government Finance Officers Association and served as the Education Chairman of the organization for 10 years. He is a member of the American Institute of Certified Public Accountants and Colorado

Society of Certified Public Accountants. Mr. Eichem is frequently asked to be a panel member, speaker or instructor at national and state conferences on a variety of local government finance topics.

Growth Policy

The City and County have a jointly adopted comprehensive plan that directs new urban development to the City's service area, preserves lands outside the urban growth boundary, promotes a compact community, provides for affordable housing, and promotes alternative transportation modes.

In January 2014, the City and its service area (Areas I and II) had a population of approximately 113,690 and employment of 100,500. Approximately 29,000 students attend the University of Colorado. Over the next 20 years, the City is projected to add another 8,000 housing units, 16,000 people and 20,000 jobs. Since there is little vacant land left in the City's service area, most of this growth will occur through redevelopment.

Retirement and Pension Matters

City employees are covered under several retirement plans and the City provides additional postemployment benefits. The matters are discussed in significant detail in Notes U, V and W to the City's audited financial statements appended hereto.

Labor Relations

Non-management, non exempt employees of most City departments are presently represented by the Boulder Municipal Employees Association (the "BMEA") through the last pay period of 2016. There are 425 standard employees represented by the BMEA. In addition, the City also has economic contracts with the police association (169 employees), renewed through the last pay period of 2015 and the firefighters' association (97 employees) renewed through the last pay period of 2016. In the opinion of the City's Human Resources Director, Joyce Lira, the City's relationship with its employees is presently satisfactory.

CITY FINANCIAL INFORMATION

Debt Limitation

Debt Limitation. The Charter limits City indebtedness to no more than three percent of the total assessed valuation of real property within the City. The 2013 assessed valuation is \$2,576,972,551; therefore, the maximum general obligation debt permitted by the Charter is \$77,309,176. This limit does not include revenue bonds, even if there is a contingent pledge of the full faith and credit of the City. The City presently has no indebtedness outstanding which applies toward the debt limit.

Parity Lien Bonds. The City has the following outstanding Parity Lien Bonds, which have a parity claim to the Net Pledged Revenues with the 2014 Bonds and are additionally secured by a pledge of the full faith and credit of the City. See "SECURITY FOR THE BONDS" and "THE ORDINANCE."

Outstanding Parity Lien Bonds

<u>Obligation</u>	Outstanding Principal <u>Amount</u>
Open Space Acquisition Bonds, Series 2006	\$8,975,000
Open Space Acquisition Refunding Bonds, Series 2007	6,435,000
	<u>\$15,410,000</u>

Revenue Obligations. The City has the authority to issue revenue obligations payable from the net revenues derived from the operation of municipality-owned utilities or other income producing projects or from the revenue received from certain taxes other than ad valorem property taxes. Such obligations do not constitute an indebtedness of the City; however, except for refinancing bonded debt at a lower interest rate, TABOR (as defined hereafter) requires that all multiple fiscal year obligations of the City have voter approval, unless the City qualifies the issuing utility as an enterprise, which would exempt the issuance of such debt from the provisions of TABOR. The following table sets forth the City's revenue obligations (other than conduit issuances) which are outstanding as of the date of this Official Statement.

Outstanding Revenue Obligations

<u>Obligation</u>	Outstanding Principal <u>Amount</u>
Water and Sewer Revenue Bonds, Series 2005	\$ 4,210,000
Water and Sewer Revenue Refunding Bonds, Series 2005	2,400,000
Water and Sewer Revenue Refunding Bonds, Series 2007	12,320,000
Storm Water & Flood Mgmt Rev. Rfdg. & Imp. Bonds, Series 2010	1,765,000
Water and Sewer Revenue Bonds, Series 2010	8,790,000
Water and Sewer Revenue Refunding Bonds, Series 2011	14,070,000
Water and Sewer Revenue Refunding Bonds, Series 2012	24,325,000
	<u>\$67,880,000</u>

Other Financial Obligations. The City has the power to create special improvement districts and to issue special assessment bonds payable from assessments against benefited properties within the district. The City does not have any outstanding special improvement districts.

Leases and Long Term Contracts. The Council has the authority to enter into installment or lease option contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval as described in "LEGAL MATTERS--Certain Constitutional Limitations." The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment. As of December 31, 2013, the City had outstanding approximately \$8,949,000 of lease purchase revenue notes, subject to annual appropriation which are payable from revenues guaranteed by the City's sales and use tax.

Mill Levy Limitations and Tax Rates

The Charter restricts the property tax levy to 13.0 mills on a dollar of assessed valuation. This limitation does not include special assessments for local improvements, payment of interest or principal on bonded indebtedness or the charter mill levy for health and hospital purposes. Article X, Section 20 of the Colorado Constitution, however, imposes limitations which are substantially more restrictive than those of the Charter. See “LEGAL MATTERS--Certain Constitutional Limitations.”

Earmarked funds from the property tax include 0.900 mills for the Permanent Park and Recreation Fund, 0.333 mills for the Library Fund, and 0.400 mills for health related purposes. The 0.400 mills for health-related purposes is included in the City’s General Fund.

For levy/collection years 2004-2005 through 2008-2009, the City approved and certified a temporary mill levy rate reduction concurrently with its certification of its mill levy to the board of county commissioners. These credits were set off against the City’s “gross” mill levy to arrive at a “net” mill levy. Upon receipt of any tax warrant reflecting a temporary mill levy reduction for any local government, the county treasurer is only responsible for collecting taxes on behalf of such local government based upon that local government’s “net” mill levy. As such, the City’s “net” mill levies for levy/collection years 2004-2005 through 2008-2009 are used in Tables IX through XI below. See also “LEGAL MATTERS--Certain Constitutional Limitations.”

In the November 4, 2008 election, city voters approved the removal of the remaining TABOR restriction on property tax with a phase-in period and without any specific earmark for the use of the funds. Approval of this ballot issue had the effect of reducing the mill levy credit by up to .50 mill each year until the credit was completely eliminated. In 2012, the remaining mill levy credit completely was eliminated. The 2014 the mill levy rate of 11.981 remained the same as in 2013.

Summary of City Funds

The following tables provide historic information regarding the City’s General Fund and Open Space & Mountain Parks Fund.

Historical Revenues, Expenditures and Changes in Fund Balance - General Fund (in thousands)

	2009	2010	2011	2012	2013	2014 (2)
Revenues:						
Taxes:						
Sales and use taxes	\$38,591	\$39,657	\$41,762	\$46,314	\$51,375	\$21,957
General property taxes	19,702	21,746	25,436	27,234	27,194	24,720
Accommodation taxes	3,049	3,199	4,668	4,890	5,192	2,274
Franchise taxes	7,909	9,023	8,457	10,460	10,938	4,432
Specific Ownership & Tobacco taxes	1,586	1,586	1,578	1,788	1,839	879
Excise taxes	491	182	585	361	329	93
Charges for Services	3,498	3,601	3,871	4,264	5,032	2,136
Sale of goods	49	61	179	423	197	39
Licenses, permits and fines	5,566	6,954	6,170	6,339	6,334	3,436
Intergovernmental	1,746	2,266	1,432	3,132	1,710	1,449
Leases, rents and royalties	202	216	214	221	219	126
Interest and investment earnings	468	482	653	257	128	70
Other	1,189	477	1,088	875	745	1,904
Total revenues	84,046	89,450	96,093	106,558	111,232	63,515
Expenditures:						
Current:						
General Government	10,324	12,121	15,809	13,390	18,575	12,036
Administrative Services	8,735	8,583	8,504	9,149	10,024	6,539
Public Safety	43,194	53,891	45,042	47,744	48,122	28,670
Public Works	4,366	4,502	4,962	5,196	5,529	4,434
Planning & Development Services	48	43	43	43	43	--
Culture and Recreation	4,080	4,196	11,444	12,474	12,585	2,897
Open Space and Mountain Parks	183	193	247	186	193	125
Housing and Human Services	5,338	5,827	6,263	9,614	10,278	3,522
Capital outlay	5,441	--	--	1,467	--	--
Debt service payments:						
Principal	5,906	1,250	1,850	2,420	3,115	--
Interest	226	333	650	1,546	2,341	1,096
Base rentals to Boulder Municipal Property Authority	598	594	598	601	--	--
Cost of issuance - bonds	--	--	104	--	--	--
Total expenditures	88,439	91,561	95,516	103,830	110,805	59,319
Excess (deficiency) of revenues over (under) expenditures	(4,393)	(2,111)	577	2,728	427	4,196
Other financing sources (uses):						
Sale of capital assets	6	9	12	--	--	2
Note payable issued	5,441	--	--	--	--	--
Bonds issued	6,000	9,203	--	--	--	--
Premium on bonds issued	72	--	--	--	--	--
Extraordinary item	--	--	(1,250)	--	1,888	--
Transfers in	8,274	9,099	15,498	11,026	10,283	7,956
Transfers out	(13,519)	(13,251)	(13,681)	(7,184)	(8,411)	(13,195)
Total other financing sources (uses)	6,274	5,060	579	3,842	3,760	(5,237)
Net change in fund balance	1,881	2,949	1,156	6,570	4,187	(1,041)
Fund balance, beginning of year	21,452	23,333	30,529 (1)	31,685	38,255	42,442
Fund balance, end of year	\$23,333	\$26,282	\$31,685	\$38,255	\$42,442	\$41,401

(1) The City's beginning fund balance for the year ended December 31, 2011, was amended to reflect a change in accounting practice pursuant to GASB 54.

(2) Unaudited, through July 31, 2014

Source: The City's audited financial statements for the years ended December 31, 2009-2013 and unaudited year to date financial statements through July 31, 2014.

Historical Revenues, Expenditures and Changes in Fund Balance –
Open Space and Mountain Parks Fund (in thousands)

Revenues:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (2)</u>
Taxes:						
Sales and use taxes	\$21,952	\$22,552	\$23,819	\$25,029	\$26,771	\$11,335
Charges for Services	42	60	101	132	129	96
Licenses, permits and fines	63	59	62	63	79	19
Intergovernmental	57	56	25	222	1,300	15
Leases, rents and royalties	289	315	328	325	229	104
Interest and investment earnings	291	289	202	91	47	35
Other	28	29	42	53	45	33
Total revenues	<u>22,722</u>	<u>23,360</u>	<u>24,579</u>	<u>25,915</u>	<u>28,600</u>	<u>11,637</u>
Expenditures:						
Current:						
Public Safety	79	81	81	81	80	--
Open Space and Mountain Parks	9,676	10,665	15,395	11,734	21,975	8,850
Capital outlay	--	--	--	2,158	--	--
Debt service payments:						
Principal	3,490	6,310	5,470	5,650	6,050	--
Interest	2,132	1,670	1,403	1,211	1,020	408
Base rentals to Boulder Municipal Property Authority	2504	2,501	4,570	--	1,625	1,375
Total expenditures	<u>17,881</u>	<u>21,227</u>	<u>26,919</u>	<u>20,834</u>	<u>30,750</u>	<u>10,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,841</u>	<u>2,133</u>	<u>(2,340)</u>	<u>5,081</u>	<u>(2,150)</u>	<u>1,004</u>
Other financing sources (uses):						
Sale of capital assets	78	15	5	894	257	--
Bonds issued	12,790	--	--	--	--	--
Premium on bonds issued	352	--	--	--	--	--
Payment to refunding bond escrow agent	(15,544)	--	--	--	--	--
Extraordinary item	--	--	(250)	--	--	--
Transfers in	1,160	1,074	1,182	1,187	1,233	1,264
Transfers out	(888)	(987)	(1,019)	(1,558)	(1,067)	(1,108)
Total other financing sources (uses)	<u>(2,052)</u>	<u>102</u>	<u>(82)</u>	<u>523</u>	<u>423</u>	<u>156</u>
Net change in fund balance	<u>2,789</u>	<u>2,235</u>	<u>(2,422)</u>	<u>5,604</u>	<u>(1,727)</u>	<u>1,160</u>
Fund balance, beginning of year	<u>12,432</u>	<u>15,221</u>	<u>15,442 (1)</u>	<u>13,020</u>	<u>18,624</u>	<u>16,897</u>
Fund balance, end of year	<u>\$15,221</u>	<u>\$17,456</u>	<u>\$13,020</u>	<u>\$18,624</u>	<u>\$16,897</u>	<u>\$18,057</u>

(1) The City's beginning fund balance for the year ended December 31, 2011, was amended to reflect a change in accounting practice pursuant to GASB 54.

(2) Unaudited, through July 31, 2014.

Source: The City's audited financial statements for the years ended December 31, 2009-2013 and unaudited year to date financial statements through July 31, 2014.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the City's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

Population and Age Distribution

The following table sets forth a history of the populations of the City, Boulder County and the State. Between 2000 and 2010, the City's population increased by approximately 2.9%, Boulder County's population increased by 9.2% and the State's population increased by 16.9%.

Year	<u>Population</u>					
	City of Boulder		Boulder County		Colorado	
	Population	Percent Change	Population	Percent Change	Population	Percent Change
1970	66,870	--	131,889	--	2,209,596	--
1980	76,685	14.7%	189,625	43.8%	2,889,733	30.8%
1990	83,312	8.6	225,339	18.8	3,294,394	14.0
2000	94,673	13.6	269,814 ⁽¹⁾	19.7	4,301,261	30.6
2010	97,385	2.9	294,567	9.2	5,029,196	16.9
2011	99,479	2.2	300,383	2.0	5,118,526	1.8
2012	100,782	1.3	305,251	1.6	5,188,683	1.4

(1) The Boulder County figure is an estimate calculated by the Colorado State Demography Office to reflect the population lost to the incorporation of the City and County of Broomfield in 2001.

Sources: United States Department of Commerce, Bureau of the Census (1970-2010); and Colorado State Demography Office (2011-2012 figures and the 2000 Boulder county estimate).

Income

The following table sets forth a five year history of the annual per capita personal income levels for the residents of Boulder County, the State and the nation.

Annual Per Capita Personal Income

<u>Year⁽¹⁾</u>	<u>Boulder County</u>	<u>Colorado</u>	<u>United States</u>
2008	\$52,433	\$43,406	\$40,873
2009	49,476	41,515	39,357
2010	49,130	41,717	40,163
2011	51,554	44,179	42,298
2012	53,772	45,775	43,735
2013	n/a	46,610	44,543

(1) Figures posted May 2014. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The following table presents information on employment within Boulder County, the State and the nation for the time period indicated. The unemployment rate for Boulder County has consistently been lower than the rate for the State and nation.

Labor Force and Employment

<u>Year</u>	<u>Boulder County⁽¹⁾</u>		<u>Colorado⁽¹⁾</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2008	178,420	4.1%	2,731,053	4.8%	5.8%
2009	176,023	6.8	2,734,568	8.1	9.3
2010	175,253	6.9	2,722,913	9.0	9.6
2011	176,755	6.3	2,725,757	8.5	8.9
2012	179,702	5.9	2,746,210	7.8	8.1
2013	180,682	5.2	2,754,870	6.8	7.4
<u>Month of May</u>					
2013	180,234	5.1%	2,746,548	6.7%	7.5%
2014	184,138	4.2	2,780,478	5.5	6.3

(1) Figures are not seasonally adjusted.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Colorado Areas Labor Force Data and United States Department of Labor, Bureau of Statistics.

The following table shows the number of individuals employed within selected Boulder County industries which are covered by unemployment insurance. In 2013, the largest employment sector in Boulder County was professional and technical services (comprising approximately 14.8% of the county's work force), followed, in order, by educational services, health care and social assistance, manufacturing, and retail trade. For the twelve-month period ended December 31, 2013, total average employment in Boulder County increased 2.4% as compared to the same period ending December 31, 2012, and the average weekly wage increased by approximately 1.9% during the same period.

Average Number of Employees Within Selected Industries – Boulder County

<u>Industry</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Agriculture, Forestry, Fishing, Hunting	355	382	389	385	394
Mining	485	545	251	251	212
Utilities	312	332	306	292	284
Construction	4,565	4,086	3,831	3,993	4,259
Manufacturing	15,335	15,202	15,920	16,543	17,148
Wholesale Trade	4,920	4,884	5,088	5,266	5,522
Retail Trade	15,521	15,181	15,582	16,009	16,177
Transportation & Warehousing	1,939	1,940	1,918	1,967	2,037
Information	8,784	8,696	8,662	8,733	8,348
Finance & Insurance	5,004	4,869	4,756	4,742	4,906
Real Estate, Rental & Leasing	2,203	2,114	2,141	2,226	2,284
Professional & Technical Services	21,827	21,504	22,628	23,721	24,422
Management of Companies/Enterprises	994	923	939	1,029	1,068
Administrative & Waste Services	5,655	5,832	6,492	6,617	6,832
Educational Services	18,789	18,986	19,150	19,537	19,955
Health Care & Social Assistance	17,585	17,605	18,314	18,853	19,558
Arts, Entertainment & Recreation	2,673	2,749	2,788	2,813	2,861
Accommodation & Food Services	14,080	14,259	14,977	15,525	15,856
Other Services	4,337	4,429	4,430	4,566	4,773
Non-classifiable	11	9	8	20	23
Government	<u>7,537</u>	<u>7,590</u>	<u>7,565</u>	<u>7,609</u>	<u>7,667</u>
Total ⁽¹⁾	<u>152,909</u>	<u>152,116</u>	<u>156,134</u>	<u>160,697</u>	<u>164,583</u>

(1) Figures may not equal totals when added, due to the rounding of averages.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

The following table sets forth the ten largest employers in Boulder County. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted; therefore, no representation can be made that these employers will continue to maintain their status as major employers in the area.

Major Employers – Boulder and Broomfield Counties (2013)

<u>Employer</u>	<u>Product or Service</u>	<u>Estimated Numbers of Employees</u>
University of Colorado at Boulder	Higher Education	7,500
Boulder Valley School District	Public Schools	4,133
St. Vrain Valley School District	Public Schools	3,806
IBM Corp.	IT Hardware, Software and Services	3,400
Level 3 Communications Inc.	Fiber Optic Networks	2,500
Boulder Community Hospital	Hospital	2,350
Ball Corp	Food and Beverage Packaging and Aerospace Products and Services	2,160
Boulder County	Local Government	1,902
Exempla Good Samaritan Medical Center	Hospital	1,400
Longmont United Hospital	Hospital	1,265

Source: The Boulder County Business Report Book of Lists and Colorado Department of Labor and Employment.

Retail Sales

The following table sets forth annual retail sales figures for the City, Boulder County and the State.

Retail Sales (in thousands)

<u>Year</u>	<u>City of Boulder</u>	<u>Percent Change</u>	<u>Boulder County</u>	<u>Percent Change</u>	<u>Colorado</u>	<u>Percent Change</u>
2009	\$3,515,720	--	\$7,975,222	--	\$134,058,593	--
2010	3,873,581	10.2 %	8,474,164	6.3%	143,670,319	7.2%
2011	4,204,617	8.5	9,139,050	7.8	154,697,943	7.7
2012	4,459,244	6.1	9,632,691	5.4	164,387,648	6.3
2013	4,434,036	(0.6)	9,841,181	2.2	171,362,038	4.2

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2009-2013.

Current Construction

The following table sets forth a history of building permits issued for new construction in the City.

Building Permit Issuances for New Structures in the City

Year	Single Family		Multi-Family ⁽¹⁾		Commercial/Industrial ⁽²⁾	
	Buildings	Value	Buildings	Value	Buildings	Value
2009	45	\$12,583,673	18	\$17,210,407	4	\$4,626,418
2010	60	14,498,758	34	62,798,265	9	6,254,296
2011	35	13,877,942	27	64,270,630	4	51,299,408
2012	50	23,978,967	11	50,498,662	9	63,573,730
2013	57	21,292,625	54	161,977,375	13	87,176,920
2014 ⁽³⁾	34	23,713,870	23	52,637,260	11	67,247,195

(1) Includes permits for condos, townhomes, and multi-family dwellings.

(2) Includes permits for hotels and motels; amusement, social and recreational; industrial; offices, banks and professional; and stores.

(3) Figures are for January 1 through May 31, 2014.

Source: City of Boulder, Planning and Development Services.

Foreclosure Activity

The following table sets forth data on the number of foreclosures filed for the time period indicated. Such information does not take into account the number of foreclosures which were filed and subsequently redeemed or withdrawn.

History of Foreclosures – Boulder County

Year	Number of Foreclosures Filed	Percent Change
2009	1,437	--
2010	1,352	(5.9)%
2011	965	(28.6)
2012	789	(18.2)
2013	389	(50.7)
2014 ⁽¹⁾	128	--

(1) Figures are for January 1 through May 30, 2014.

Source: Colorado Division of Housing (2009-2013) and Boulder County Public Trustee's Office (2014).

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the 2014 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the 2014 Bonds. Failure to comply with such requirements could cause interest on the 2014 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2014 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2014 Bonds.

Bond Counsel is also of the opinion that, to the extent excludable from gross income for federal income tax purposes, interest on the 2014 Bonds are not subject to State of Colorado income taxation or in the calculation of alternative minimum taxable income for purposes of the Colorado alternative minimum tax.

Notwithstanding Bond Counsel's opinion that interest on the 2014 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the 2014 Bonds may otherwise affect the federal income tax liability of the owners of the 2014 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status or other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2014 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2014 Bonds.

A copy of the proposed form of opinion of Bond Counsel with respect to the 2014 Bonds is attached as Appendix D to this Official Statement.

Original Issue Discount and Original Issue Premium

Certain of the 2014 Bonds are being sold at a premium (collectively, the "Premium Obligations"). An amount equal to the excess of the issue price of a Premium Obligation over its stated redemption price at maturity constitutes original issue premium on such Premium Obligation. An initial purchaser of a Premium Obligation must amortize any

premium over the term of such Premium Obligation using constant yield principles based upon the purchaser's yield to maturity (or, in the case of Premium Obligations callable prior to their maturity, by amortizing the premium to the call date, based upon the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of premium amortized in a payment period offsets a corresponding amount of the interest allocable to the corresponding payment period and the purchaser's basis in such Premium Obligation is reduced by a corresponding amount resulting in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Obligations should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Obligation.

Certain of the 2014 Bonds are being sold at a discount (the "Discounted Tax Exempt Obligations"). The difference between the initial public offering prices of the Discounted Tax Exempt Obligations and their stated amounts to be paid at maturity or upon prior redemption, constitutes original issue discount treated as interest which is not includible in gross income for federal income tax purposes, subject to the caveats and provisions described above.

In the case of an owner of a Discounted Tax Exempt Obligation, the amount of original issue discount which is treated as having accrued with respect to such Discounted Tax Exempt Obligation is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of a Discounted Tax Exempt Obligation (including its sale, redemption or payment at maturity). Amounts received upon disposition of a Discounted Tax Exempt Obligation which are attributable to accrued original issue discount will be treated as tax exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Tax Exempt Obligation, on days which are determined by reference to the maturity date of such Discounted Tax Exempt Obligation. The amount treated as original issue discount on a Discounted Tax Exempt Obligation for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discounted Tax Exempt Obligation (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discounted Tax Exempt Obligation at the beginning of the particular accrual period if held by the original purchaser; and (b) less the amount of any interest payable for such Discounted Tax Exempt Obligation during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Tax Exempt Obligation the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If a Discounted Tax Exempt Obligation is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of a Discounted Tax Exempt Obligation who purchase such Discounted Tax Exempt Obligations after the initial offering. Owners of Discounted Tax

Exempt Obligations including purchasers of the Discounted Tax Exempt Obligations in the secondary market should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such obligations as of any date and with respect to the state and local tax consequences of owning a Discounted Tax Exempt Obligation.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2014 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any owner of the 2014 Bonds who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2014 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax exempt obligations.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2014 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2014 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2014 Bonds of the market value thereof would be impacted thereby. Purchasers of the 2014 Bonds should consult their tax advisor regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the 2014 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

LEGAL MATTERS

Litigation

The City has been advised that to the best knowledge of the City Attorney as of the date of this Official Statement, there are no suits or claims currently pending or threatened against the City that will materially and adversely affect the financial condition or operations of the City, the City's power to issue and deliver the 2014 Bonds; the proceedings and authority under which the 2014 Bonds are issued, the Sales and Use Taxes are levied, or the Net Pledged Revenues are collected, or affecting the validity of the 2014 Bonds or the pledge of said Net Pledged Revenues to the repayment of the 2014 Bonds thereunder; and neither the corporate existence nor the boundaries of the City or the title of its present officers to their respective offices is being contested.

The City is presently engaged in the process of creating a municipal energy utility. To that end, the City has initiated condemnation proceedings to obtain certain property and equipment presently owned by Public Service Company of Colorado (known by the trade name “Xcel Energy”). Xcel Energy is presently the primary provider of electric service within the City. The transition to a municipal energy utility and the related issuance of up to \$214 million of bonds or other obligations to finance the property to be acquired to Xcel Energy have been approved by the City’s voters. The completion of this process is subject to certain conditions which may or may not be met. Any obligations issued on behalf of the municipal energy utility are not anticipated to be secured by the Net Pledged Revenues.

Governmental Immunity

The Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S. (the “Immunity Act”), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the City, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; operation and maintenance of any public water, gas, sanitation, electrical, power or swimming facility; a dangerous condition of any public buildings; the operation of any public water facility; and a dangerous condition of a public highway, road or street as provided in the Immunity Act. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$350,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$990,000; except in such instance, no person may recover in excess of \$350,000. The Immunity Act provides for increases in those amounts every four years pursuant to a formula based on the Denver-Boulder-Greeley Consumer Price Index. The City may not be held liable under the Immunity Act either directly or by indemnification for punitive or exemplary damages unless the City voluntarily pays such damages in accordance with State law.

The City may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the City may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Immunity Act provides that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Approval of Certain Legal Proceedings

In connection with the 2014 Bonds, Kutak Rock LLP, as Bond Counsel, will render its opinion as to the validity of the 2014 Bonds and the treatment of interest thereon for

purposes of federal and State income taxation. See Appendix D - Form of Bond Counsel Opinion. Butler Snow LLP is acting as special counsel to the City in connection with this Official Statement. Certain matters will be passed upon for the City by the City Attorney.

Certain Constitutional Limitations

General. At the general election on November 3, 1992, the voters of Colorado approved Article X, Section 20 of the Colorado Constitution (“TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including the City (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined.

Some provisions of TABOR are unclear and will require further judicial interpretation. No representation can be made as to the overall impact of TABOR on the future activities of the City, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government’s spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate. The 2014 Bonds issued for the Project are issued pursuant to voter approval received at the Election.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, including the debt service on the 2014 Bonds, can be paid without regard to any spending limits, assuming revenues are available to do so.

At the November 2, 1993 election, City voters authorized the City to collect, retain, and expend without regard to the revenue and limitations imposed by TABOR, the full proceeds of the City’s sales and use tax, admission tax, accommodations tax, and non-federal grants. At the November 8, 1994 election, City voters approved an increase in the City’s trash tax and an education excise tax and allowed the City to collect and spend the full proceeds of such taxes and any interest thereon.

At the November 5, 1996 election, City voters authorized the City to remove TABOR restrictions on all revenues (except property tax) and expenditures of the City, and authorized the collect, retention and expenditures 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's Charter by the electors of the City.

In addition, at the November 4, 2008 election, the City voters authorized the City to remove TABOR restrictions on property tax revenues collected above the limits imposed by TABOR. The election specified that retention above TABOR limits will not rise more than .5 mills annually for tax collection years 2009 and beyond up to the maximum allowable level of property taxes and that any tax monies that are collected above those that the City may retain will be credited to property owners as an offset against the subsequent year's taxes.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The City has set aside emergency reserves as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

Police Power

The obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including bankruptcy.

INDEPENDENT AUDITORS

The financial statements of the City, included in this Official Statement as Appendix A have been audited by BKD LLP, Certified Public Accountants and Advisors, Denver, Colorado, independent auditors, as stated in their report appearing therein.

FINANCIAL ADVISOR

Piper Jaffray & Co. is acting as financial advisor to the City in connection with the issuance of the 2014 Bonds.

RATINGS

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") and Moody's Investors Service ("Moody's") have assigned the 2014 Bonds the ratings shown on the cover page of this Official Statement. An explanation of the

significance of any S&P ratings may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of any Moody's ratings may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

Such ratings reflect only the views of the rating agencies, and there is no assurance that the ratings will be obtained or will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2014 Bonds. Other than the City's obligations under the Disclosure Undertaking, neither the City nor the Financial Advisor has undertaken any responsibility to bring to the attention of the owners of the 2014 Bonds any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

UNDERWRITING

The 2014 bonds were sold by the City at public sale to Stifel Nicolaus & Company, Inc., the initial purchaser, at a purchase price of \$10,022,220.20 (which is equal to the par amount of the 2014 Bonds, plus net original issue premium of \$123,440.20, less underwriting discount of \$101,220.00)

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution have been authorized by the City Council. This Official Statement is hereby duly approved by the City Council as of the date on the cover page hereof.

CITY OF BOULDER, COLORADO

By: /s/ Matthew Appelbaum
Mayor

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

NOTE: The audited basic financial statements of the City for the year ended December 31, 2013, have been excerpted from the City's Comprehensive Annual Financial Report for that year. Certain statistical tables and other information were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the City.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying basic 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 (the City), as of and for the year ended December 31, 2013 and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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, 2013 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons (budgetary basis) for the General Fund, Open Space and Mountain Parks Fund, and Transportation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note Y to the financial statements, in 2013 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension/other post-employment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BKD, LLP

Denver, Colorado
June 13, 2014

CITY OF BOULDER, COLORADO

Comprehensive Annual Financial Report

For the fiscal year ended

December 31, 2013

Prepared by the Finance Department

Contents printed on recycled paper.

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CITY OF BOULDER, COLORADO
Comprehensive Annual Financial Report

December 31, 2013

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

June 13, 2014

To: Members of the City Council,
City Manager Jane Brautigam 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, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls 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.

BKD, LLP, has issued an unmodified (“clean”) opinion on the City of Boulder’s financial statements for the year ended December 31, 2013. 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 has a diverse economy that is supported by computer, aerospace, scientific and research firms, the University of Colorado, and several federal laboratories.

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 a 2013 estimate made by the City of Boulder is 101,824.

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; environmental services, housing and human services; construction and maintenance of highways, streets and infrastructure; water, wastewater, and stormwater/flood control utilities; and parking facilities and services.

Certain parking facilities and services are provided through two legally separate entities, Downtown Commercial District and University Hill Commercial 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 blended components 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 control is to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the City Council, which 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 Pension Trust Fiduciary Funds and the Gifts and Contributions Fund.

The city has implemented an annual budget process and adopts the coming year's budget by December 1, as provided by state law. The City of Boulder Charter established the time limits pertaining to the adoption of the budget. The budget process and schedule of development is designed to fit within the Charter mandate and to allow for active and early participation by the City Council, with an emphasis on public input. The city's budget is developed throughout the year, but the bulk of the effort occurs during a nine month period beginning in February and ending in October. The budget and annual Appropriation Ordinances for the ensuing term are generally adopted in October during public hearings.

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.

FACTORS AFFECTING FINANCIAL CONDITION

Original projections for sales and use tax revenues for 2013 expected a 3.00% increase from 2012. Actual sales and use tax revenues for the City increased by 7.56% over 2012. During 2013, Retail Sales Tax was up 4.81%, Business/Consumer Use Tax was down 1.30%, Construction Use Tax was up 52.04% and Motor Vehicle Use Tax was up 10.54%. Significant audit revenue collected during the month of September contributed to the 4.81% increase in the Retail Sales Tax. The increase in the Construction Use Tax is primarily due to a number of large one-time projects.

Sales and use tax revenues in 2013 made up approximately 45% of the General Fund, 94% of the Open Space and Mountain Parks Fund and 73% of the Transportation Fund total revenues.

The property tax base for 2013 was appraised at the 2012 actual value. The assessed valuation for property within the City of Boulder increased from \$2.501 billion in 2012 to \$2.567 billion in 2013, or by 2.64%. Taxes levied against the 2013 assessed valuation will be collected in 2014. In November 2008, the voters within the City of Boulder approved a ballot question which removed the remaining TABOR restriction on property tax revenues for 2009 and beyond. This increase in retained taxes was limited to .5 mills per year until the full amount of the existing tax levy of 11.981 mills was restored and retained. During 2012, the remaining TABOR limitation was fully eliminated.

Projections for the Future

According to The Colorado Outlook Report, released March 18, 2014, economic growth is expected to be moderate as noted by the Office of State Planning and Budgeting (OSPB).

The level of economic and policy uncertainty fell during 2013 and continues to decline. Lower levels of policy uncertainty should contribute to a more favorable environment for economic growth because businesses are more likely to take risks, hire employees, and move forward with expansion plans. Growing business investment signals the likelihood of future growth. Forecasts for improving consumer spending, which results from improvements in the labor market, better household balance sheets, and more consumer confidence, also will support business investment by encouraging businesses to invest in equipment repairs and upgrades to meet new demand.

The change in March 2014 year-to-date sales and use tax revenue, including use tax compared to March 2013 is as follows:

TAX CATEGORY	% CHANGE IN REVENUE Increase/(Decrease)	% OF TOTAL
Sales Tax	3.82%	78.27%
Business/Consumer Use Tax	2.75%	9.23%
Construction Use Tax	17.88%	9.45%
Motor Vehicle Use Tax	13.21%	3.05%
Total Sales & Use Tax	5.17%	100.00%

The following information analyzes the results of the above sales and use tax chart:

- Retail Sales Tax – Actual retail receipts are up by 3.82%. A portion of this increase was due to audit revenue collected during the month of February. The increase also can be attributed to a rise in sales at eating places and apparel stores and an increase in retail sales on natural gas and electricity.
- Business/Consumer Use Tax – Revenues are up by 2.75%. Strength in business-to-business sales makes up the majority of this increase.
- Construction Use Tax – This category is up 17.88% year to date as of March 2014. This increase is due primarily to a construction use tax paid for large projects.
- Motor Vehicle Use Tax is up by 13.21%. Vehicles purchased by Boulder citizens, regardless of where in the state the vehicle is purchased, generate use tax revenues for the city. Given the strength of the economy and increasing confidence in the future, both individuals and businesses continue more aggressively replacing their aging vehicles.

In the future, as revenues continue to recover, any proposed increases in expenditures will be evaluated based on Priority Based Budgeting, a decision making tool which helps the city make strategic recommendations regarding priorities for current and future funding changes. By using the Priority Based Budgeting process, existing financial policies and the six-year planning model for operations, the city will be able to maintain targeted fund balances, redirect any funding increases to the highest priority areas and ensure that operating revenues exceed ongoing operating expenditures each year.

The actual percentages for 2012 and 2013, along with the 2014 sales tax projections for the City of Boulder and statewide forecasts from the Colorado Office of State Planning and Budgeting are as follows:

Forecast	2012 Actual	2013 Actual	2014 Projected
Base Sales/Use Tax - City of Boulder	3.97%	7.56%	2.43%
Denver-Boulder CPI-U	1.94%	2.80%	2.40%
Statewide Retail Sales Trade Growth	5.40%	4.50%	5.70%
Statewide Personal Income Growth	5.10%	3.50%	5.70%

THE IMPORTANCE OF SOUND FINANCIAL PLANNING, DOWNSIZING STRATEGY AND ACTIONS

The following narrative was extracted from the City Manager's message found in the 2014 Annual Budget, Volume I:

The budget continues to be guided by recommendations made by the Blue Ribbon Commissions (BRC) I and II. Major long-term recommendations included:

- Establish a long-term balanced revenue stream for the City of Boulder
- Enhance the city's budget process by using Priority Based Budgeting
- Update compensation policies
- Use efficiency studies to determine if current resources are being maximized
- Update and continue the use of cost recovery strategies
- Maintain current infrastructure
- Implement performance measures for city services

Each of these recommendations has been, or is being, implemented and has helped the city maintain the appropriate balance of revenues and expenditures. The original BRC I projected a long term \$135 million structural gap between revenues and expenditures by fiscal year 2030. By implementing the recommendations from both BRC I and II, this long term amount has been reduced to \$73 million by 2030. The analysis will be updated in 2014.

MAJOR INITIATIVES

Current economic conditions and the long-term structural budget problems require that the City of Boulder conduct business in a new way, evaluate what services and programs can be provided, continue to focus on being as efficient as possible and refine processes and systems to work with staffing levels that can be sustained over time. In order to address these economic and structural realities, a Priority Based Budgeting approach was implemented as part of the 2011 budget process and was continued in 2012 and 2013. Starting in 2014, Priority Based Budgeting will be the sole framework used in all decisions to determine the set of services and programs that will be provided to the community.

The 2014 Capital Improvements Program (CIP) includes proposed funding of \$42.4 million for 54 projects. The entire six-year (2014-19) CIP includes proposed funding of \$238.7 million for 135 projects. When Capital Investment Bond funding is included, the six-year total is \$287.7. The increase was a voter approved measure which involved a bond issue of \$49.0 million, which occurred in March 2012. CIP funding varies year to year depending on the type and cost of projects recommended for funding in that year and the amount of external funding received. Some of the most significant capital expenditures included within the six-year plan are as follow: (i) acquisition and development of open space lands totaling \$32.4 million; (ii) parks and recreation projects totaling \$12.6 million including development of new community parks, repairs and deficiency corrections, renovation and enhancement of existing facilities; (iii) \$30.8 million in transportation system improvements including improvements to 28th Street and repair

and replacement of pedestrian facilities; (iv) \$92.7 million for water utility fund capital projects including new construction for the Barker Dam, Carter Lake Pipeline and Carter Lake Hydroelectric (projects beginning in 2016 and continuing into 2018). (v) \$16.1 million for wastewater utility fund projects including wastewater treatment plant rehabilitation projects and Goose Creek Sanitary Sewer Interceptor rehabilitation; (vi) \$17.0 million for stormwater and flood management utility fund projects including Upper Goose Creek drainage and South Boulder Creek flood mitigation projects.

Planned capital expenditures will be financed using revenues from current rates and charges, plant investment and connection fees, bond proceeds from a \$49.0 million bond sale in March 2012, and future rate and fee increases.

On September 11 through September 18, 2013 an epic flood impacted cities across the Front Range of Colorado, including the City of Boulder. The significant damage and displacement from these historic rains have challenged the city's functions, residents and businesses at unprecedented levels. Based on the September, 2013 flood and the damage assessment to date, it is anticipated that the Capital Improvement Plan will be re-evaluated, including some projects approved for funding and construction during 2014. In some cases, it may cause a reprioritization of approved projects being delayed in order to complete projects resulting from flood damage, or advance projects in the priority array. The exact timeline will be determined and brought forth to City Council during 2014.

The City of Boulder capital improvement program is available online on the city's website (www.bouldercolorado.gov) under the Finance Department budget page.

Additional information concerning the September 2013 flood can be found on the city's website (www.bouldercolorado.gov) under the City of Boulder homepage.

OTHER FINANCIAL INFORMATION

Debt Ratings

During 2013, the city's general obligation credit ratings were established as Aa1 by Moody's Investors Service and AAA by Standard & Poor's. The primary reasons cited in the past for these high rating levels have been the general strength of the Boulder economy, 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.

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. This was the twenty-fourth consecutive year that the city has achieved this prestigious award and the thirty-second year in total. 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 2013 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.

Another important accomplishment for the City of Boulder is the Award for Outstanding Achievement for producing a Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2012. This is again only valid for a period of one year and is awarded by the GFOA. This report is a useful tool for residents to obtain a greater understanding of the role of the city's government. The intent is to provide a report that is informative and easy to understand.

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,

Cheryl Pattelli, CPA
Director of Finance

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Government Finance Officers Association

**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, 2012

Executive Director/CEO

CITY OF BOULDER, COLORADO

Principal Elected and Administrative Officials

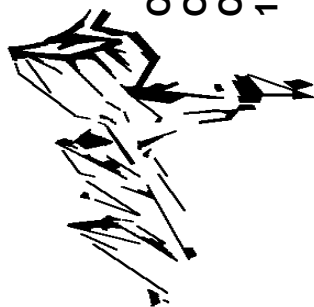
At December 31, 2013

Mayor and City Council

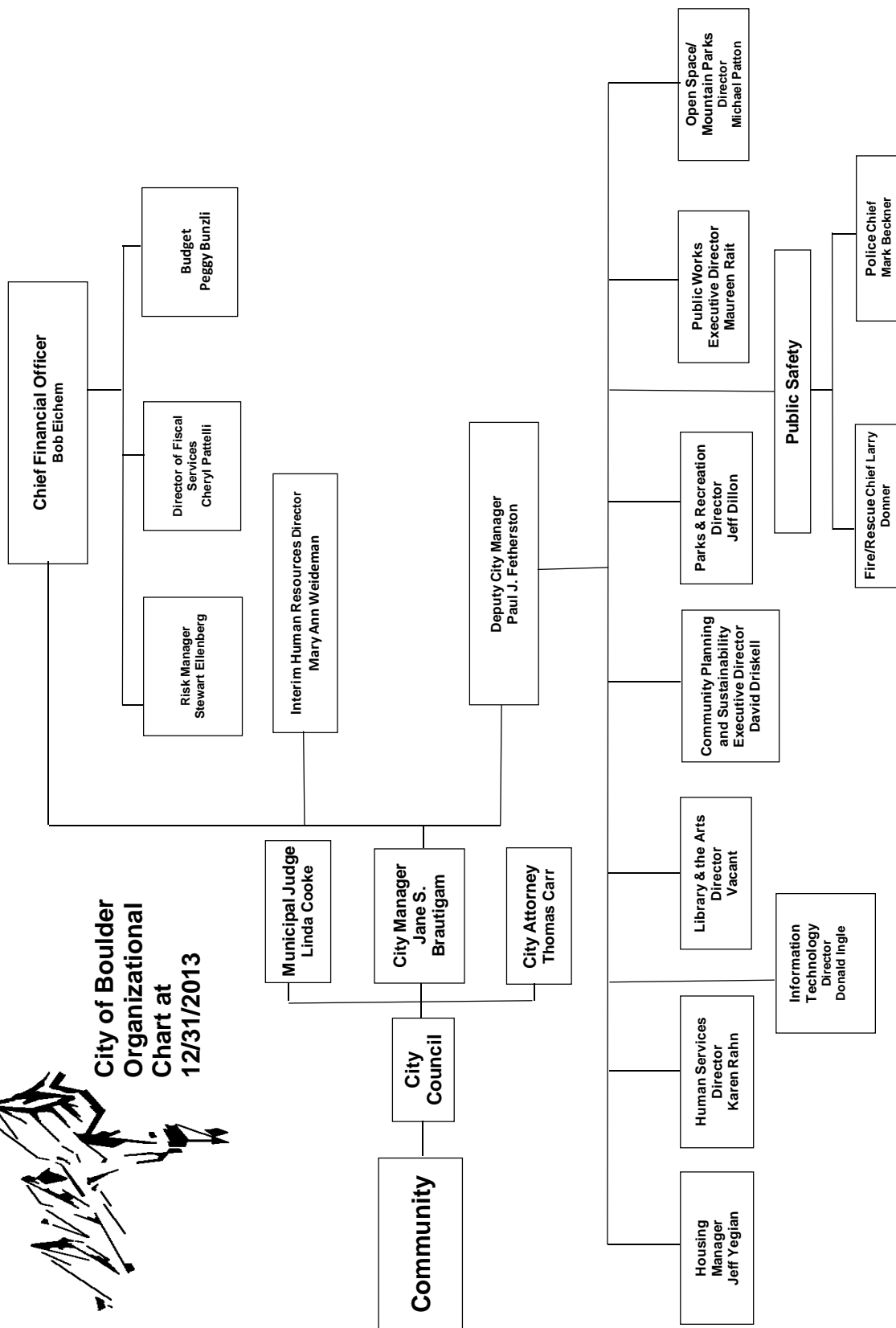
Mayor:	Matthew Appelbaum
Mayor Pro Tem	George Karakehian
Council Members:	Macon Cowles Suzanne Jones Lisa Morzel Tim Plass Andrew Shoemaker Sam Weaver Mary Young

Administrative

City Manager:	Jane Brautigam
Deputy City Manager:	Paul Fetherston
Chief Financial Officer:	Bob Eichem
Director of Fiscal Services:	Cheryl Pattelli
Controller:	Duane Hudson



**City of Boulder
Organizational
Chart at
12/31/2013**



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying basic 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 (the City), as of and for the year ended December 31, 2013 and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons (budgetary basis) for the General Fund, Open Space and Mountain Parks Fund, and Transportation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note Y to the financial statements, in 2013 the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension/other post-employment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and other supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and local highway finance report as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2014, on our consideration of the City'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* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Denver, Colorado
June 13, 2014

City of Boulder, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

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, 2013. 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 and deferred outflows of resources of the city exceeded its liabilities and deferred inflows of resources at the close of 2013 by \$1,027.0 million (\$627.9 million in governmental activities net position and \$399.1 million in business-type activities net position). Of the governmental activities net position total, \$113.7 million, or 18%, is unrestricted and may be used to meet the city's ongoing obligations to the public and creditors. Similarly, \$67.8 million, or 17%, of business-type activities net position are unrestricted.
- Total net position of the city increased \$43.2 million including restatement, or 4%, compared to 2012. Net position of the city's governmental activities increased \$31.8 million, which represents an increase of 5% from 2012. Net position of the city's business-type activities increased \$11.4 million including restatement, or 3%, from 2012. Beginning in the fiscal year 2013, the city implemented Governmental Accounting Standards Board (GASB) Statement Number 65. Statement Number 65 was the result of GASB's comprehensive review of common balances or transactions previously reported as assets and liabilities for which the board believed financial reporting needed to change. In order to implement this new GASB pronouncement for 2013, certain 2012 fiscal year balances needed to be restated to also adhere to this pronouncement. For additional detail, please see Note Y in the Basic Financial Statements.
- Total revenues, excluding transfers and extraordinary items, increased \$2.3 million, or 1%, to \$271.6 million compared to 2012. Governmental activities revenues increased \$1.9 million, or 1%, to \$212.0 million, while revenues of business-type activities increased \$0.4 million, or 1%, to \$59.6 million compared to 2012.
- The total expenses of all the city's programs, excluding transfers and extraordinary items, increased \$14.3 million, or 7%, to \$228.5 million compared to 2012. The expenses of governmental activities programs increased \$13.4 million, or 8%, to \$179.6 million, while the expenses of business-type activities increased \$0.9 million, or 2%, from 2012 to \$49.0 million.

- As of December 31, 2013, the city's governmental funds reported a combined ending fund balance of \$149.3 million. Approximately 55%, or \$82.2 million, is unrestricted fund balance and, therefore, available for spending at the city's discretion 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.

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

The *statement of activities* presents information showing how the city's net position changed during the most recent fiscal year. All changes in net position 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 the statement of net position and statement of activities distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the city include general government, administrative services, public safety, public works including streets and transportation, planning and development services, culture and recreation, open space and mountain parks, housing and human services, and interest on long-term debt. The business-type activities of the city include water utility, wastewater utility, stormwater and flood management, parking facilities and 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 funds balance sheet and the governmental funds 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, and Downtown Commercial District funds. These are considered to be major funds of the city. In addition, the University Hill Commercial District, Boulder Municipal Property Authority, and Boulder Junction GID are accounted for as nonmajor enterprise funds.
- **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. The internal service funds consist of Telecommunications, Property and Casualty Insurance, Workers' Compensation Insurance, Compensated Absences, Fleet, Computer Replacement, Equipment Replacement and Facility Renovation and Replacement. Individual fund data for the internal service funds is provided in the form of *combining statements* in the "Combining and Individual Statements" section.

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

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 and provide healthcare benefits for retirees.

The combining statements referred to earlier in connection with nonmajor 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.

Government-wide Financial Analysis

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

Table 1 - Net Position (dollars in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2013	2012 *	2013	2012 *	2013	2012 *
Current and other assets	\$ 253,372	\$ 257,795	\$ 74,583	\$ 75,285	\$ 327,955	\$ 333,080
Capital assets	540,161	513,907	423,821	419,022	963,982	932,929
Total assets	793,533	771,702	498,404	494,307	1,291,937	1,266,009
Deferred outflows of resources	360	-	3,720	-	4,080	-
Noncurrent liabilities	111,718	123,691	97,203	98,760	208,921	222,451
Other liabilities	23,851	52,024	3,830	7,824	27,681	59,848
Total liabilities	135,569	175,715	101,033	106,584	236,602	282,299
Deferred inflows of resources	30,480	-	1,983	-	32,463	-
Net position:						
Invested in capital assets	480,321	458,372	331,096	325,883	811,417	784,255
Restricted	33,822	35,096	265	257	34,087	35,353
Unrestricted	113,701	102,519	67,747	61,583	181,448	164,102
Total net position	\$ 627,844	\$ 595,987	\$ 399,108	\$ 387,723	\$ 1,026,952	\$ 983,710

* 2012 was not restated for GASB 65 but certain reclassifications have been made to conform to the current year presentation.

Table 1 presents an analysis of the city's net position as of December 31, 2013. The city's assets exceeded its liabilities by \$1,027.0 million at the close of the current fiscal year. By far the largest portion of the city's net position (79%) reflects its investment of \$811.4 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 position, \$34.1 million (3%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position, \$181.4 million (18%), may be used to meet the city's on-going obligations to the public and creditors.

At the end of the current fiscal year, the city is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. Net investment in capital assets increased \$27.2 million, or 3%, compared to 2012. This increase is mainly the result of capital project costs related to the 2012 capital bond issue and the energy performance project costs that were completed in 2013. Restricted net position decreased \$1.3 million, or 4%, compared to 2012. This was largely due to Open Space and Mountain Parks spending a portion of its restricted fund balance on land acquisition in 2013. The \$17.3 million, or 11%, increase in unrestricted net position during 2013 was due in large part to an increase in unrestricted sales and use taxes in the General Fund of \$5.0 million, \$5.7 million increase in Facility Renovation and Replacement Fund unrestricted net position from general operations, and \$6.1 million increase from business type activities' general operations.

It is important to note that approximately \$44.2 million in governmental unrestricted net position arises from the net position 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 position of these funds would result in a portion of these unrestricted net positions being liquidated to unrestricted net position of governmental activities and unrestricted net position of business-type activities.

Analysis of Changes in Net Position

As can be seen from *Table 2*, the city's net position increased by \$43.2 million, net of restatement during 2013. This increase is explained in the governmental and business-type activities discussion below.

Governmental Activities

Net position of governmental activities increased by \$31.8 million net of restatement during 2013, accounting for 74% of the total increase in the city's net position. This increase was \$28.8 million less than the \$60.6 million increase in net position in 2012.

Revenues during 2013 increased by \$1.9 million compared to 2012. The continuing strength of the economy along with a number of large, one-time construction projects led to a \$6.7 million rise in sales and use taxes. Other taxes increased by \$0.9 million because of increases in both accommodation tax and franchise tax revenue. The sale of capital assets during 2013 led to an increase of \$1.7 million over 2012. Charges for services decreased \$4.4 million primarily due to

a decrease in developer payments made to the city in lieu of building affordable housing. Operating and capital grant revenue declined \$1.1 million and \$1.6 million, respectively, compared to 2012.

Expenses increased \$13.4 million in 2013 compared to 2012. General government expenses increased by \$6.2 million, largely due to flood recovery, consulting services related to energy strategy development, and new business management software costs. In September 2013 an unprecedented amount of rainfall fell on the region causing significant flooding and extensive damage to both private property and city infrastructure. Estimated damage to city infrastructure totaled \$43 million. While full recovery is likely to take years, affected critical services have been restored. Administrative Services was up by \$1.8 million because of additional salary and computer software costs. Salaries grew due to new positions being added to support departments. In addition, backfill was needed for staff working on implementation of a new finance/human resource software system. Land purchases led to the \$3.0 million increase in Open Space and Mountain Parks. Culture and Recreation increased \$2.6 million as a result of additional flood related personnel costs. A \$3.5 million increase in Housing and Human Services was related to large development projects which included the Depot Square and Lee Hill affordable housing projects. Public Works expenses declined \$5.6 million due to reduced spending on capital projects in 2013 compared to 2012.

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 (28%), followed by Culture and Recreation (17%) and Public Works (15%). General revenues such as sales and use taxes, property and other taxes are not shown in *Chart 1* by program, but are used to support program activities citywide and included in *Chart 2*. For governmental activities overall, without regard to program, sales and use taxes are the largest single source (49.1%), followed by charges for services (17.7%) and property taxes (13.9%).

Table 2 - Changes in Net Position (dollars in thousands)

	Governmental		Business-type		Total Primary	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 37,438	\$ 41,823	\$ 49,603	\$ 49,591	\$ 87,041	\$ 91,414
Operating grants and contributions	5,824	6,911	138	181	5,962	7,092
Capital grants and contributions	7,630	9,260	6,498	5,175	14,128	14,435
General revenue:						
Sales and use taxes	104,136	97,397	118	119	104,254	97,516
Property taxes	29,434	29,474	1,976	1,952	31,410	31,426
Other taxes	21,184	20,279	904	836	22,088	21,115
Interest and investment earnings	755	1,052	301	384	1,056	1,436
Miscellaneous revenue	1,678	1,645	91	974	1,769	2,619
Gain on sale of capital assets	3,878	2,173	-	-	3,878	2,173
Total Revenues	211,957	210,014	59,629	59,212	271,586	269,226
Program expenses (includes indirect expenses allocation):						
Governmental activities:						
General Government	22,851	16,625	-	-	22,851	16,625
Administrative Services	4,387	2,627	-	-	4,387	2,627
Public Safety	50,468	49,693	-	-	50,468	49,693
Public Works	27,558	33,110	-	-	27,558	33,110
Planning and Development Services	6,087	5,555	-	-	6,087	5,555
Culture and Recreation	30,749	28,112	-	-	30,749	28,112
Open Space and Mountain Parks	16,023	13,040	-	-	16,023	13,040
Housing and Human Services	17,937	14,431	-	-	17,937	14,431
Interest on long-term debt	3,532	2,984	-	-	3,532	2,984
Business-type activities:						
Water Utility	-	-	22,605	21,925	22,605	21,925
Wastewater Utility	-	-	13,916	13,776	13,916	13,776
Stormwater and Flood Management	-	-	4,461	4,523	4,461	4,523
Parking Services	-	-	6,853	7,303	6,853	7,303
Property and Facility Acquisition	-	-	1,118	479	1,118	479
Total expenses	179,592	166,177	48,953	48,006	228,545	214,183
Excess before extraordinary items and transfers	32,365	43,837	10,676	11,206	43,041	55,043
Extraordinary items	1,888	-	-	-	1,888	-
Transfers	(1,636)	16,764	1,636	(16,764)	-	-
Increase in net position	32,617	60,601	12,312	(5,558)	44,929	55,043
Net position, beginning of year	595,987	535,386	387,723	393,281	983,710	928,667
Restatement for change in accounting principle	(760)	-	(927)	-	(1,687)	-
Net position, beginning of year, as restated	595,227	535,386	386,796	393,281	982,023	928,667
Net position, end of year	\$627,844	\$595,987	\$399,108	\$387,723	\$ 1,026,952	\$983,710

Chart 1: 2013 Expenses and Program Revenues - Governmental Activities

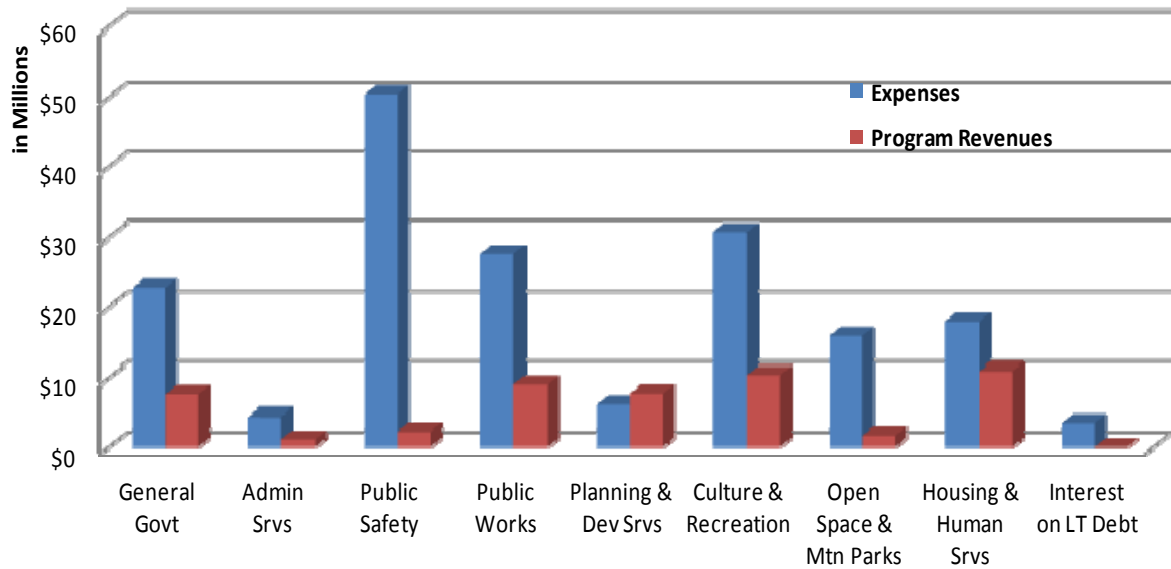
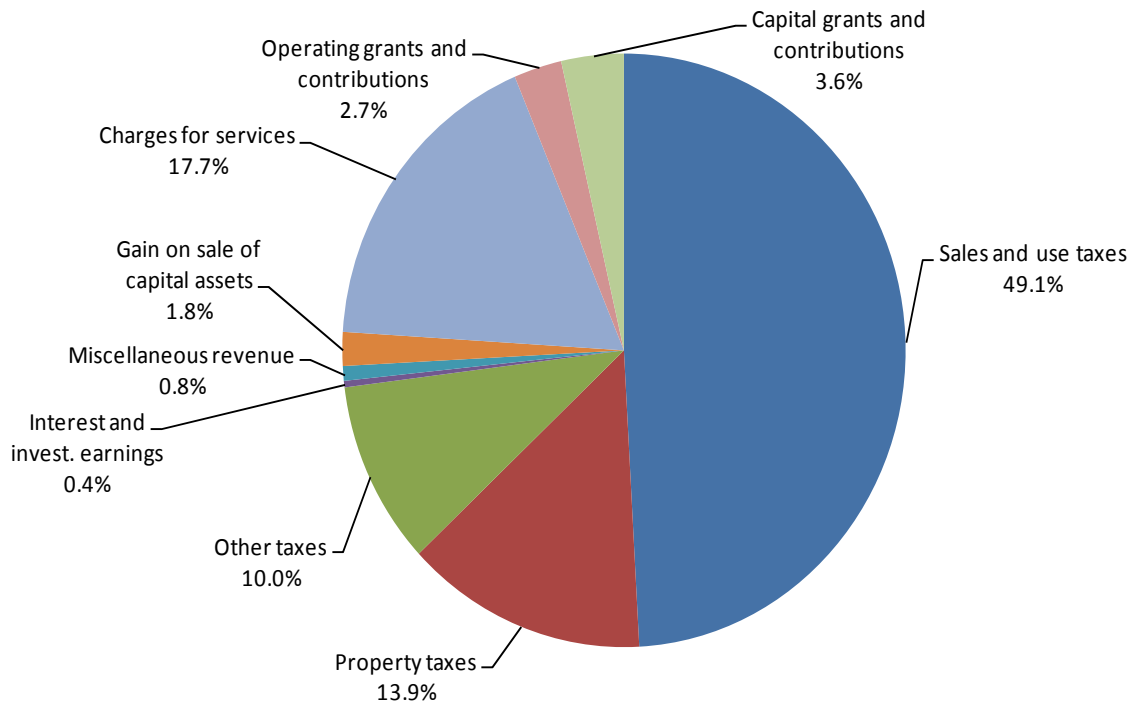


Chart 2: 2013 Revenues by Source - Governmental Activities



Business-type Activities

Net position in business-type activities increased \$11.4 million net of restatement for 2013. This increase was \$17.0 million more than the \$5.6 million decrease in net position in 2012.

Total business-type revenues increased \$0.4 million, or 1%, compared to 2012. Capital grants and contributions increased by \$1.3 million in 2013 due to an increase in development projects. This increase was offset by the decline in miscellaneous revenue which was due to a one time in-flow of money in 2012.

Expenses of business-type activities increased by \$0.9 million, or 2% compared to 2012, mainly because of flood recovery work.

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 activities expenses. Charges for services provide the largest share of revenues (83.2%), followed by capital grants and contributions (10.9%) and property taxes (3.3%).

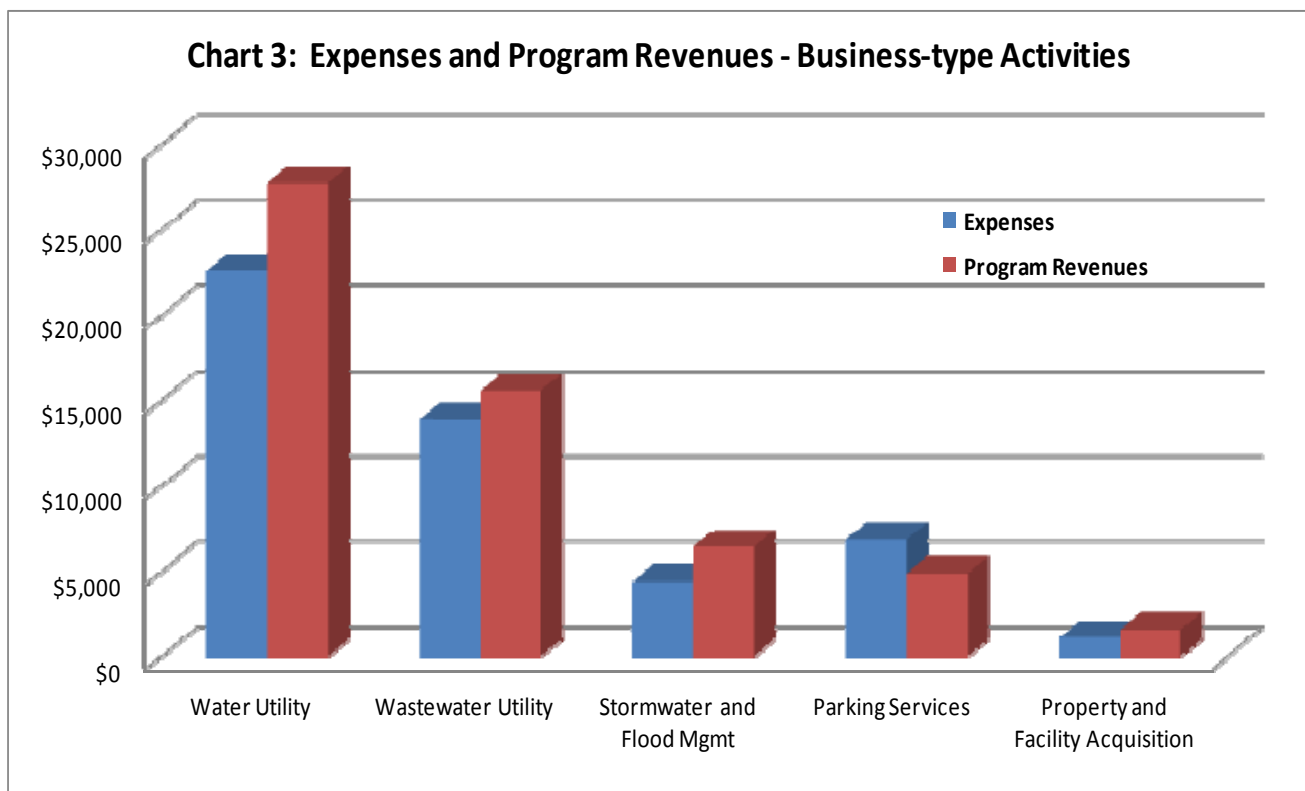
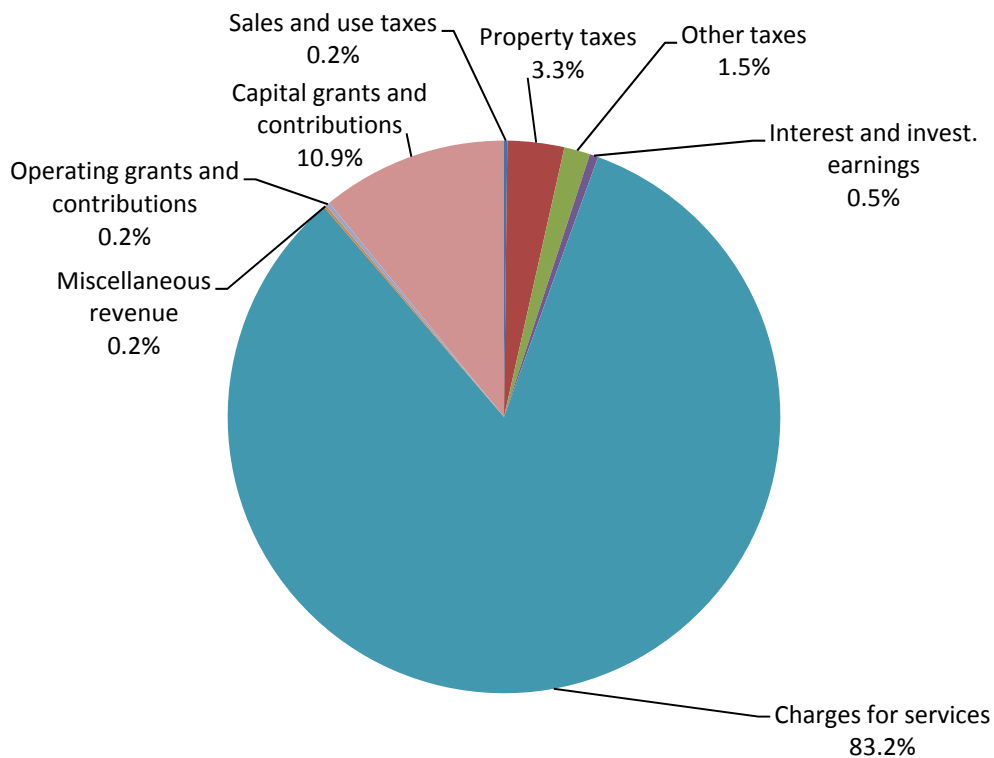


Chart 4: 2013 Revenue by Source - Business-type Activities



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, unrestricted 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, 2013, the city's governmental funds reported combined ending fund balances of \$149.3 million, a decrease of \$5.1 million, or 3%, from the prior year. The fund balance of the General Fund increased by \$4.2 million to \$42.4 million at December 31, 2013. General Fund revenues grew by \$4.7 million, primarily because of overall improvements in the economy and a flood insurance claim reimbursement. Increased consumer spending led to a \$5.1 million rise in sales and use taxes. General Fund expenditures rose by \$7.6 million for a variety of reasons. Costs related to flood recovery, the energy strategy project and bond service costs led to a \$5.1 million rise in General Government. Administrative Services grew \$0.9 million

because of additional salary and computer software costs. Most of the \$0.7 increase in Housing and Human Services resulted from Depot Square project costs.

The Open Space and Mountain Parks Fund's fund balance declined \$1.7 million in 2013. Revenues grew by \$2.7 million due to a \$1.3 million endangered species mitigation grant to purchase a land parcel and the \$1.7 million increase in sales and use taxes. Expenditures increased by \$9.9 million because of real estate acquisitions in 2013 totaling \$9.4 million. No major real estate purchases were made in 2012.

The fund balance for the Transportation Fund rose by \$2.5 million in 2013. Revenues decreased by \$2.7 million while expenditures decreased by \$4.5 million. Transportation receives funding from CDOT for infrastructure projects as they are completed. Due to the 2013 flood, Transportation was unable to complete all of its planned projects. Revenue was also impacted as many of the planned projects not completed were expected to receive reimbursement from CDOT.

The fund balance for the 2011 Capital Improvement Fund fell \$12.4 million during 2013. This decrease is a result of \$16.0 million in bond related capital expenditures offset by \$3.5 million in transfers from the General, Capital Development, and Equipment Replacement Funds. Transfers were made to help finance the software replacement of the finance/human resources system and the development services system.

Other governmental fund balances grew by \$2.3 million. Payments made to the Affordable Housing Fund during 2013 was the primary factor for this increase.

Approximately \$82.2 million or 55% of the combined ending fund balance in the governmental funds constitutes unrestricted fund balance available for spending at the city's discretion within the purposes specified for each of the funds. The remainder of fund balance is either nonspendable or restricted to indicate that it is not available for new spending because it has already been committed for specific purposes. This nonspendable or restricted fund balance is comprised of: (1) fund balance not in spendable form such as prepaid expenses, inventory for consumption, and permanent endowments - \$1.7 million; (2) limitations imposed on use of funds by external laws and regulations - \$9.6 million; (3) restrictions for debt service - \$1.1 million; (4) restrictions for capital projects - \$36.2 million; (5) restrictions for future development - \$16.2 million; (6) restricted for expenditure on lottery authorized parks and recreation projects - \$1.5 million and (7) restrictions placed on the funds by donors - \$0.7 million

The General Fund is the primary operating fund of the city. At the end of 2013 the unrestricted fund balance of the General Fund was \$39.1 million, while total fund balance was \$42.4 million. Unrestricted fund balance includes fund balance committed by city council, assigned by city management, and unassigned fund balance as disclosed in the Governmental Funds Balance Sheet. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures and transfers out. For 2013, unassigned fund balance of \$28.2 million represents 24% of total general fund expenditures and transfers out of \$119.2 million. General Fund unassigned fund balance as a percentage of total expenditures and transfers out was 24% and 23% for 2012 and 2011, respectively.

The Open Space and Mountain Parks Fund and the Transportation Fund are special revenue funds, with 100% of their fund balance either restricted or assigned. Special revenue funds do not have unassigned fund balances since the act of accounting for the revenues within a special revenue fund assigns them to that fund's purpose. The Open Space and Mountain Parks Fund revenues are derived from sales taxes approved by the voters and other restricted revenue sources. 100% of the fund balance for Open Space and Mountain Parks Fund is restricted for acquisition and maintenance of the city's open space. The total fund balance of the Open Space and Mountain Parks Fund was \$16.9 million at December 31, 2013, a decrease of \$1.7 million from 2012. The Transportation Fund's revenue sources are generally restricted except for investment income. As of December 31, 2013, the Transportation Fund restricted fund balance was \$3.2 million and \$9.0 million is assigned for special purposes. The total Transportation fund balance was \$12.3 million at December 31, 2013, a \$2.5 million increase from 2012.

The 2011 Capital Improvement Fund is a capital project fund type. The fund balance is restricted to capital projects. Capital project funds do not have unassigned fund balances, similar to special revenue funds. Interest income, the only significant revenue source of the 2011 Capital Improvement Fund, declined due to lower fund balances and lower interest rates in 2013. The total fund balance of the 2011 Capital Improvement Fund at December 31, 2013 was \$34.0 million, a \$12.4 million decrease from 2012.

In the 2012 budget year, the City Council established a minimum target for unassigned General 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. The target range of 10-15% has been maintained since 2011.

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, 2013, the unrestricted net position of the Water Utility Fund was \$29.4 million, the Wastewater Utility Fund was \$11.8 million, the Stormwater and Flood Management Fund was \$16.2 million, the Downtown Commercial District Fund was \$5.1 million, the non-major enterprise funds were \$1.2 million. The total increase in net position for the proprietary funds was \$11.4 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 2013 was \$18.8 million greater than the original budget. The primary reasons for this difference are related to the following increases:

- \$2.1 million for flood recovery expenditures
- \$1.1 million operating carry-forward for the Transforming Boulder Business Initiative (TBBI) project which includes city-wide implementation of new business practices and policies along with supporting software
- \$0.8 million operating carry-forward for various information technology upgrades and replacements
- \$0.4 million for additional grant money expenditures
- \$0.4 million reimbursement for costs associated with construction of the new Wildland Fire Facility
- \$0.3 million for airport litigation expenditures
- \$2.9 million for affordable housing projects
- \$1.3 million for installation of new radio frequency identification (RFID) and automated materials handling systems at the library
- \$0.4 million for Education Excise Tax grants to community organizations
- \$1.4 million for encumbrance carryover
- \$4.6 million for operating carryovers from various programs and departments

On a basis consistent with the adopted budget, actual revenues and transfers in were \$5.3 million, or 4%, more than the final budget. Actual expenditures and transfers out were \$11.3 million, or 8%, less than the final budget. The net effect of these differences along with the extraordinary item was a favorable variance in actual revenues and expenditures to the fiscal year-end budgeted fund balance of \$18.4 million. The primary factors contributing to this favorable variance included the following:

- \$2.4 million more in intergovernmental and licenses, permits and fines than budgeted due to economic activity and significant construction projects
- \$1.8 million flood insurance claim recovery
- \$1.7 million less in expenditures for Community Planning & Sustainability purchases
- \$1.3 million less in expenditures related to technology services
- \$3.8 million less of unspent money related to the following projects or programs: Police Department (\$1.3 million), Contingencies (\$1.0 million), Energy Strategy (\$0.7 million), Education Access (\$0.5 million), and Education Excise Tax (\$0.3 million)
- Various smaller variances in both revenue and expenditures

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, 2013 amounts to \$964.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, park facilities, transportation infrastructure, utility plant in service and undergrounds, water rights, underground drainage facilities, machinery, equipment and vehicles. The net increase in the city's investment in capital assets was \$31.1 million (3%) from 2012. Net capital assets of

governmental activities increased \$26.3 million (5%) and those of business-type activities increased \$4.8 million (1%).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land and easements	\$ 277,523	\$ 267,106	\$ 62,476	\$ 58,191	\$ 339,999	\$ 325,297
Buildings	57,721	54,189	27,112	28,510	84,833	82,699
Improvements other than buildings	39,206	41,827	3,084	3,344	42,290	45,171
Infrastructure	99,387	92,599	-	-	99,387	92,599
Utility plant in service and undergrounds	-	-	320,401	310,547	320,401	310,547
Machinery, equipment and vehicles	20,480	17,839	6,610	6,508	27,090	24,347
Construction in progress	45,844	40,347	4,138	11,922	49,982	52,269
Total	\$ 540,161	\$ 513,907	\$ 423,821	\$ 419,022	\$ 963,982	\$ 932,929

Some of the major capital asset activities during 2013 included the following:

Governmental activities:

- Construction in progress of several transportation infrastructure projects including: Pearl Parkway Multi-Use Path, Broadway – Euclid Multimodal, 14th Street & Walnut Transit Mall and Junction Place Bridge @ Goose Creek - \$3.3 million
- Completion of airport parking ramp (FAA) - \$1.1 million
- Completion of city buildings energy improvements - \$4.3 million
- Construction in progress for road pavement repairs and arterial road reconstruction funded by 2012 bond proceeds - \$3.8 million
- Land additions from Boulder Municipal Property Authority - \$0.7 million
- Several land acquisitions including Granite Opal Property @ 5770 Baseline Road - \$1.8 million, ERTL Property @ North 75th - \$ 2.6 million and Joder Arabian Ranch @ 7497 N. Foothills - \$4.6 million
- Network upgrade - \$0.8 million
- Completion of several transportation infrastructure projects including: 28th Street Baseline to Iris, 30th Street Access Improvements BTV Bluff-Walnut and 30th Street bike lanes - \$8.9 million
- Park & Recreation facility renovations - \$ 4.0 million
- Reservoir improvements - \$1.2 million
- New vehicle purchases - \$4.0 million
- Recognition of \$16.7 million in depreciation expense

Business-type activities:

- Waterline rehabilitation - \$2.4 million
- Completion of wastewater treatment plant improvements - \$9.6 million
- Wastewater Biosolids Digester & Disinfection System - \$0.7 million
- ERTL land secured thru Boulder Municipal Property Authority note - \$5.0 million
- New vehicle purchases - \$0.9 million
- Recognition of \$11.8 million in depreciation expense

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

Debt Administration

Table 4 summarizes the city's bonded debt as of the end of 2013 and 2012. At December 31, 2013, the city had total bonded debt (including certificates of participation) of \$174.0 million. Of this amount, \$90.1 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$75.8 million represents bonds secured solely by specified revenue sources (revenue bonds and certificates of participation). The remaining \$8.2 million relates to pension obligation bonds. The pension obligation bonds are not backed by either specified revenue sources or taxes. The decreases in the bonds this year is directly related to the payments that the city makes on a semi-annual basis. The city did not refund or issue any new bonds in 2013.

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

	Governmental Activities *		Business-type Activities *		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 77,717	\$ 87,242	\$ 12,390	\$ 13,751	\$ 90,107	\$ 100,993
Revenue bonds	1,378	2,733	74,385	78,176	75,763	80,909
Pension obligation bonds	8,176	8,531	-	-	8,176	8,531
Total bonded debt	\$ 87,271	\$ 98,506	\$ 86,775	\$ 91,927	\$ 174,046	\$ 190,433

* 2012 not restated for GASB 65

The city's general obligation credit rating is Aa1 by Moody's Investor Services, Inc. and AAA 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 for debt service 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 O to the Financial Statements.

Other Significant Matters

Governmental Activities

As discussed above, the city suffered from severe flood conditions in September 2013. The preliminary damage estimate to the city's infrastructure is \$43 million. The city received \$1.9 million in insurance reimbursements during 2013 and this shows in the extraordinary section of the financial statements. At the end of 2013, in the governmental activities only, the city had \$5.9 million of flood related expenditures. The city expects to receive 87.5% (75% FEMA, 12.5% State) of FEMA eligible expenses. Not all of the \$43 million will be FEMA eligible.

Valmont Butte Allied Piles Site (VCUP) – In 2011, the city presented a voluntary cleanup plan to the Colorado Department of Public Health and Environment (CDPHE). This plan was approved under the Colorado Voluntary Cleanup Program. As required by CDPHE, site remediation actions in the VCUP started August 31, 2011 with an extended completion date of December 31, 2013. As of December 31, 2013, the city has expended a total of \$2.5 million on Valmont Butte cleanup with no additional liability remaining for continued cleanup responsibilities.

Business-type Activities

There were no Other Significant Matters to report for the business-type activities.

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 Financial Reporting Manager 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 Position

December 31, 2013

(Amounts in 000's)

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 25,368	\$ 10,285	\$ 35,653
Investments	132,387	53,723	186,110
General property tax receivable	30,480	1,983	32,463
Sales tax receivable	13,003	-	13,003
Notes receivable	1,279	438	1,717
Other receivables (See Note H)	5,303	3,652	8,955
Restricted investments	34,743	4,337	39,080
Inventory of materials and supplies	95	165	260
Other assets	1,683	-	1,683
Prepaid net pension obligation	9,031	-	9,031
Capital assets (net of accumulated depreciation):			
Land and easements	277,523	62,476	339,999
Buildings	57,721	27,112	84,833
Improvements other than buildings	39,206	3,084	42,290
Infrastructure	99,387	-	99,387
Utility plant in service and undergrounds	-	320,401	320,401
Machinery, equipment and vehicles	20,480	6,610	27,090
Construction in progress	45,844	4,138	49,982
Total assets	<u>793,533</u>	<u>498,404</u>	<u>1,291,937</u>
Deferred outflows of resources	<u>360</u>	<u>3,721</u>	<u>4,081</u>
Liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	6,845	1,934	8,779
Contracts and retainage payable	1,972	644	2,616
Accrued liabilities	3,287	3,425	6,712
Internal balances	5,558	(5,558)	-
Other liabilities	5,566	1,132	6,698
Unearned revenue	623	-	623
Water rights liability	-	2,254	2,254
Noncurrent liabilities:			
Due within one year	11,427	10,591	22,018
Due in more than one year	100,291	86,612	186,903
Total liabilities	<u>135,569</u>	<u>101,034</u>	<u>236,603</u>
Deferred inflows of resources:	<u>30,480</u>	<u>1,983</u>	<u>32,463</u>
Net position:			
Net investment in capital assets	480,321	331,096	811,417
Restricted for:			
Legally restricted	9,572	165	9,737
Debt service	1,077	-	1,077
Capital projects	4,608	100	4,708
Development	16,213	-	16,213
Lottery funds	1,513	-	1,513
Donor restrictions	739	-	739
Endowment	100	-	100
Unrestricted	113,701	67,747	181,448
Total net position	<u>\$ 627,844</u>	<u>\$ 399,108</u>	<u>\$ 1,026,952</u>

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Activities

Year ended December 31, 2013

(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	\$ 24,204	\$ (1,347)	\$ 7,546	47	\$ -
Administrative Services	11,120	(6,733)	1,163	-	-
Public Safety	47,854	2,614	1,652	658	12
Public Works	28,393	(835)	2,070	1,686	5,239
Planning & Development Services	4,854	1,233	7,710	-	-
Culture and Recreation	29,699	1,050	9,015	307	1,079
Open Space and Mountain Parks	15,250	773	423	11	1,300
Housing and Human Services	17,064	873	7,859	3,115	-
Interest on long-term debt	3,532	-	-	-	-
Total governmental activities	<u>181,970</u>	<u>(2,372)</u>	<u>37,438</u>	<u>5,824</u>	<u>7,630</u>
Business-type activities:					
Water utility	21,481	1,118	23,269	18	4,429
Wastewater utility	13,114	802	14,267	-	1,297
Stormwater and flood management	4,265	196	5,537	120	772
Parking facilities and services	6,597	256	4,905	-	-
Property and facility acquisition	1,118	-	1,625	-	-
Total business-type activities	<u>46,575</u>	<u>2,372</u>	<u>49,603</u>	<u>138</u>	<u>6,498</u>
Total government	\$ <u>228,545</u>	\$ <u>-</u>	\$ <u>87,041</u>	\$ <u>5,962</u>	\$ <u>14,128</u>

General revenues:

Taxes:

Sales and use taxes
General property taxes
Accommodation taxes
Franchise taxes
Specific Ownership & Tobacco taxes
Excise taxes

Interest and investment earnings

Miscellaneous

Gain on Sale of Capital Assets

Transfers

Extraordinary item

Total general revenues,
transfers and extraordinary item

Change in net position

Net position, beginning of year, before restatement

Restatement for change in accounting principle

Net position, beginning of year, as restated

Net position, 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
\$ (15,264)	\$ -	\$ (15,264)
(3,224)	-	(3,224)
(48,146)	-	(48,146)
(18,563)	-	(18,563)
1,623	-	1,623
(20,348)	-	(20,348)
(14,289)	-	(14,289)
(6,963)	-	(6,963)
(3,532)	-	(3,532)
<u>(128,706)</u>	<u>-</u>	<u>(128,706)</u>
-	5,117	5,117
-	1,648	1,648
-	1,968	1,968
-	(1,948)	(1,948)
-	507	507
-	7,292	7,292
<u>(128,706)</u>	<u>7,292</u>	<u>(121,414)</u>
104,136	118	104,254
29,434	1,976	31,410
5,192	844	6,036
12,815	-	12,815
1,839	60	1,899
1,338	-	1,338
755	301	1,056
1,678	91	1,769
3,878	-	3,878
(1,630)	1,630	-
1,888	-	1,888
<u>161,323</u>	<u>5,020</u>	<u>166,343</u>
32,617	12,312	44,929
595,987	387,723	983,710
(760)	(927)	(1,687)
<u>595,227</u>	<u>386,796</u>	<u>982,023</u>
<u>\$ 627,844</u>	<u>\$ 399,108</u>	<u>\$ 1,026,952</u>

CITY OF BOULDER, COLORADO

Balance Sheet

Governmental Funds

December 31, 2013

(Amounts in 000's)

<u>Assets and Deferred Outflows of Resources</u>	<u>General Fund</u>	<u>Open Space & Mountain Parks Fund</u>	<u>Trans- portation Fund</u>	<u>2011 Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Equity in pooled cash and cash equivalents	\$ 5,715	\$ 2,169	\$ 2,000	\$ 579	\$ 7,547	\$ 18,010
Investments	29,759	11,331	10,448	3,023	39,398	93,959
Receivables:						
General property taxes	28,162	-	-	-	2,318	30,480
Sales and use taxes	6,431	3,343	2,279	-	950	13,003
Accounts	2,244	30	410	-	293	2,977
Notes	1,155	-	-	-	124	1,279
Accrued interest	74	26	24	-	85	209
Intergovernmental	375	-	1,381	-	131	1,887
Other	9	-	2	36	-	47
Total receivables	38,450	3,399	4,096	36	3,901	49,882
Due from other funds	266	-	-	-	-	266
Advances to other funds	260	-	-	-	-	260
Inventory of materials and supplies	45	-	1	-	49	95
Restricted assets:						
Investments for special purposes	1,366	-	-	-	1,073	2,439
Investments for capital projects	-	-	-	31,621	-	31,621
Investments for debt service	-	683	-	-	-	683
Total restricted assets	1,366	683	-	31,621	1,073	34,743
Other assets	1,501	-	-	-	-	1,501
 Total assets	 77,362	 17,582	 16,545	 35,259	 51,968	 198,716
Deferred outflows of resources						
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 77,362	\$ 17,582	\$ 16,545	\$ 35,259	\$ 51,968	\$ 198,716

The accompanying notes are an integral part of this statement.

<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>General Fund</u>	<u>Open Space & Mountain Parks Fund</u>	<u>Trans- portation Fund</u>	<u>2011 Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Liabilities:						
Accounts and accrued liabilities:						
Vouchers and accounts payable	\$ 1,944	\$ 361	\$ 1,210	\$ 727	\$ 1,801	\$ 6,043
Contracts and retainage payable	55	-	200	541	87	883
Accrued salaries, wages and amounts withheld from employees	1,566	175	164	12	417	2,334
Due to other funds	643	148	-	-	80	871
Advances from other funds	1,846	-	-	-	260	2,106
Other liabilities	26	1	1,995	-	3,274	5,296
Unearned revenue:						
Other	658	-	3	-	35	696
Total liabilities	<u>6,738</u>	<u>685</u>	<u>3,572</u>	<u>1,280</u>	<u>5,954</u>	<u>18,229</u>
Deferred inflows of resources:						
Property Tax	28,162	-	-	-	2,318	30,480
Unavailable fund resources	20	-	716	-	-	736
Total deferred inflows of resources	<u>28,182</u>	<u>-</u>	<u>716</u>	<u>-</u>	<u>2,318</u>	<u>31,216</u>
Fund balances:						
Nonspendable:						
Prepaid	1,501	-	-	-	-	1,501
Inventory	45	-	1	-	49	95
Endowment	100	-	-	-	-	100
Restricted for:						
Legally restricted	1,130	-	3,240	-	5,202	9,572
Debt service	428	649	-	-	-	1,077
Capital projects	-	-	-	33,979	2,250	36,229
Development	-	16,213	-	-	-	16,213
Lottery funds	-	-	-	-	1,513	1,513
Donor restrictions	136	35	-	-	568	739
Committed to:						
Affordable housing	-	-	-	-	19,376	19,376
Assigned to:						
Special purposes	9,167	-	9,016	-	14,738	32,921
Contractual obligations	1,719	-	-	-	-	1,719
Unassigned	28,216	-	-	-	-	28,216
Total fund balances	<u>42,442</u>	<u>16,897</u>	<u>12,257</u>	<u>33,979</u>	<u>43,696</u>	<u>149,271</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 77,362</u>	<u>\$ 17,582</u>	<u>\$ 16,545</u>	<u>\$ 35,259</u>	<u>\$ 51,968</u>	<u>\$ 198,716</u>

CITY OF BOULDER, COLORADO

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

December 31, 2013

(Amounts in 000's)

Total governmental fund balances	\$	149,271
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Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

Capital assets - governmental funds	800,690	
Accumulated depreciation - governmental funds	<u>(323,098)</u>	
Net book value of capital assets in governmental funds		477,592

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	\$	5,243	
Fire prepaid net pension obligation		<u>3,788</u>	9,031

Internal service funds are used by management to charge the costs of insurance, capital asset replacement and other activities to individual funds. The majority of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	91,582
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Long-term liabilities, including bonds payable and bonds interest payable, are not due and payable in the current period and therefore are not reported in the funds.	(100,421)
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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 unearned revenues in the governmental funds and thus are not included in fund balance.

Special assessments receivable	14	
Intergovernmental revenues	<u>775</u>	<u>789</u>

Net position of governmental activities	\$	<u><u>627,844</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year ended December 31, 2013

(Amounts in 000's)

	General Fund	Open Space & Mountain Parks Fund	Trans- portation Fund	2011 Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Sales and use taxes	\$ 51,375	\$ 26,771	\$ 18,144	\$ -	\$ 7,846	\$ 104,136
General property taxes	27,194	-	-	-	2,240	29,434
Accommodation taxes	5,192	-	-	-	-	5,192
Franchise taxes	10,938	-	-	-	1,877	12,815
Specific Ownership & Tobacco taxes	1,839	-	-	-	-	1,839
Excise taxes	329	-	-	-	1,009	1,338
Charges for services	5,032	129	-	-	17,509	22,670
Sale of goods	197	-	19	-	647	863
Licenses, permits and fines	6,334	79	-	-	5,743	12,156
Intergovernmental	1,710	1,300	6,482	-	3,856	13,348
Leases, rents and royalties	219	229	102	-	1,815	2,365
Interest and investment earnings	128	47	49	115	224	563
Other	745	45	209	2	555	1,556
Total revenues	<u>111,232</u>	<u>28,600</u>	<u>25,005</u>	<u>117</u>	<u>43,321</u>	<u>208,275</u>
Expenditures:						
Current:						
General Government	18,575	-	-	-	1,586	20,161
Administrative Services	10,024	-	-	-	-	10,024
Public Safety	48,122	80	-	-	-	48,202
Public Works	5,529	-	20,797	-	1,570	27,896
Planning & Development Services	43	-	-	-	4,616	4,659
Culture and Recreation	12,585	-	-	-	15,504	28,089
Open Space and Mountain Parks	193	21,975	-	-	353	22,521
Housing and Human Services	10,278	-	-	-	9,948	20,226
Capital outlay	-	-	-	15,949	3,269	19,218
Debt service payments:						
Principal	3,115	6,050	-	-	2,036	11,201
Interest	2,341	1,020	-	-	188	3,549
Base rentals to Boulder Municipal Property Authority	-	1,625	-	-	-	1,625
Total expenditures	<u>110,805</u>	<u>30,750</u>	<u>20,797</u>	<u>15,949</u>	<u>39,070</u>	<u>217,371</u>
Excess (deficiency) of revenues over (under) expenditures	<u>427</u>	<u>(2,150)</u>	<u>4,208</u>	<u>(15,832)</u>	<u>4,251</u>	<u>(9,096)</u>
Other financing sources (uses):						
Sale of capital assets	-	257	-	-	-	257
Capital lease financing	-	-	-	-	107	107
Extraordinary item	1,888	-	-	-	-	1,888
Transfers in	10,283	1,233	22	3,467	5,366	20,371
Transfers out	(8,411)	(1,067)	(1,743)	-	(7,432)	(18,653)
Total other financing sources (uses)	<u>3,760</u>	<u>423</u>	<u>(1,721)</u>	<u>3,467</u>	<u>(1,959)</u>	<u>3,970</u>
Net change in fund balances	4,187	(1,727)	2,487	(12,365)	2,292	(5,126)
Fund balances, beginning of year	<u>38,255</u>	<u>18,624</u>	<u>9,770</u>	<u>46,344</u>	<u>41,404</u>	<u>154,397</u>
Fund balances, end of year	<u>\$ 42,442</u>	<u>\$ 16,897</u>	<u>\$ 12,257</u>	<u>\$ 33,979</u>	<u>\$ 43,696</u>	<u>\$ 149,271</u>

The accompanying notes are an integral part of this statement.

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, 2013

(Amounts in 000's)

Net change in fund balances - total governmental funds	\$	(5,126)
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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.

Governmental Activities capital asset additions	\$	43,736	
Governmental Activities capital asset deletions		(2,952)	
Internal Service Funds capital asset additions		(8,090)	
Internal Service Funds capital asset deletions		2,395	
Governmental funds capital asset depreciation expense		<u>(9,910)</u>	25,179

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

11,596

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. Negative amounts indicate a decrease in accruals between fiscal years.

Examples are revenues from special assessments, property taxes and notes receivable.

Interest on notes receivable	\$	3	
Special assessments - Public Works		(14)	
Intergovernmental revenue - Public Works		<u>(520)</u>	(531)

Internal service funds are used by management to charge the costs of insurance, capital asset replacement and other activities to individual funds. A portion of the net revenue of the internal service funds is reported with governmental activities.

Allocation of net profit	1,837
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The decrease 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.	(338)
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Change in net position of governmental activities	\$	<u><u>32,617</u></u>
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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
(Budgetary Basis)

General Fund

Year ended December 31, 2013
(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 47,379	\$ 47,379	\$ 51,375	\$ 3,996
General property taxes	27,678	27,691	27,194	(497)
Accommodations taxes	4,939	4,939	5,192	253
Franchise taxes	10,233	10,307	10,938	631
Specific ownership & tobacco taxes	1,599	1,599	1,839	240
Excise taxes	100	165	329	164
Charges for services	4,099	4,262	5,032	770
Sale of goods	153	212	197	(15)
Licenses, permits and fines	6,019	6,071	6,334	263
Intergovernmental	682	1,457	1,710	253
Leases, rents and royalties	248	248	219	(29)
Interest and investment earnings	577	577	243	(334)
Other	610	1,589	745	(844)
Total revenues	<u>104,316</u>	<u>106,496</u>	<u>111,347</u>	<u>4,851</u>
Expenditures:				
Current:				
General Government	16,046	23,561	19,476	4,085
Administrative Services	10,212	13,198	10,411	2,787
Public Safety	49,158	51,247	50,274	973
Public Works	5,413	5,588	5,588	-
Planning & Development Services	43	43	43	-
Culture and Recreation	13,011	14,744	12,857	1,887
Open Space and Mountain Parks	193	193	193	-
Housing and Human Services	9,005	12,992	10,296	2,696
Debt service payments:				
Principal	3,115	3,115	3,115	-
Interest	2,264	2,264	2,341	(77)
Total expenditures	<u>108,460</u>	<u>126,945</u>	<u>114,594</u>	<u>12,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,144)</u>	<u>(20,449)</u>	<u>(3,247)</u>	<u>17,202</u>

(continued)

The accompanying notes are an integral part of this statement

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Other financing sources (uses):				
Extraordinary Item	-	-	1,888	1,888
Transfers in	15,257	16,458	16,871	413
Transfers out	<u>(13,856)</u>	<u>(14,216)</u>	<u>(15,265)</u>	<u>(1,049)</u>
Total other financing sources (uses)	<u>1,401</u>	<u>2,242</u>	<u>3,494</u>	<u>1,252</u>
Net change in fund balance	\$ <u>(2,743)</u>	\$ <u>(18,207)</u>	247	\$ <u>18,454</u>
Encumbrances, end of year			1,767	
Fund balance, beginning of year, basis of budgeting			<u>41,681</u>	
Fund balance, end of year, basis of budgeting			43,751	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(77)	
Accrued salaries, wages and amounts withheld from employees			(1,729)	
Change in accrued interest payable			(3)	
Due to other funds			(304)	
Notes Receivable			1,115	
Advances from other funds			<u>(311)</u>	
Fund balance, end of year, GAAP basis			\$ <u>42,442</u>	

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)

Open Space and Mountain Parks Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 24,840	\$ 24,840	\$ 26,771	\$ 1,931
Charges for services	-	-	129	129
Licenses, permits and fines	-	-	79	79
Intergovernmental	-	1,326	1,300	(26)
Leases, rents and royalties	325	325	229	(96)
Interest and investment earnings	325	325	103	(222)
Other	-	3	45	42
Total revenues	<u>25,490</u>	<u>26,819</u>	<u>28,656</u>	<u>1,837</u>
Expenditures:				
Current:				
Public Safety	85	85	80	5
Open Space and Mountain Parks	16,365	26,197	23,100	3,097
Debt service payments:				
Principal	6,050	6,050	6,050	-
Interest	1,020	1,020	1,020	-
Base rentals to Boulder Municipal Property				
Authority Debt Service Fund	1,597	1,625	1,625	-
Total expenditures	<u>25,117</u>	<u>34,977</u>	<u>31,875</u>	<u>3,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>373</u>	<u>(8,158)</u>	<u>(3,219)</u>	<u>4,939</u>
Other financing sources (uses):				
Sale of capital assets	-	256	257	1
Transfers in	1,233	1,233	1,233	-
Transfers out	(1,067)	(1,067)	(1,067)	-
Total other financing sources (uses)	<u>166</u>	<u>422</u>	<u>423</u>	<u>1</u>
Net change in fund balance	\$ <u>539</u>	\$ <u>(7,736)</u>	(2,796)	\$ <u>4,940</u>
Encumbrances, end of year			908	
Fund balance, beginning of year, basis of budgeting			<u>18,925</u>	
Fund balance, end of year, basis of budgeting			<u>17,037</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			35	
Accrued salaries, wages and amounts withheld from employees			<u>(175)</u>	
Fund balance, end of year, GAAP basis			\$ <u>16,897</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
(Budgetary Basis)

Transportation Fund

Year ended December 31, 2013

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ 16,894	\$ 16,894	\$ 18,144	\$ 1,250
Sale of goods	-	-	19	19
Licenses, permits and fines	-	21	-	(21)
Intergovernmental	11,981	17,094	6,482	(10,612)
Leases, rents and royalties	99	99	102	3
Interest and investment earnings	50	50	71	21
Other	78	87	209	122
Total revenues	<u>29,102</u>	<u>34,245</u>	<u>25,027</u>	<u>(9,218)</u>
Expenditures:				
Current:				
Public Works	<u>29,496</u>	<u>40,687</u>	<u>26,968</u>	<u>13,719</u>
Total expenditures	<u>29,496</u>	<u>40,687</u>	<u>26,968</u>	<u>13,719</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(394)</u>	<u>(6,442)</u>	<u>(1,941)</u>	<u>4,501</u>
Other financing sources (uses):				
Transfers in	-	22	22	-
Transfers out	<u>(1,743)</u>	<u>(1,743)</u>	<u>(1,743)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,743)</u>	<u>(1,721)</u>	<u>(1,721)</u>	<u>-</u>
Net change in fund balance	\$ <u>(2,137)</u>	\$ <u>(8,163)</u>	(3,662)	\$ <u>4,501</u>
Encumbrances, end of year			6,023	
Fund balance, beginning of year, basis of budgeting			7,409	
Prior Year Restatement of budgetary Fund Balance			<u>2,618</u>	
Fund balance, end of year, basis of budgeting			12,388	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			33	
Accrued salaries, wages and amounts				
withheld from employees			<u>(164)</u>	
Fund balance, end of year, GAAP basis			\$ <u>12,257</u>	

The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Net Position

Proprietary Funds

December 31, 2013

(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	\$ 4,878	\$ 1,857	\$ 2,658
Investments	25,490	9,704	13,883
Receivables:			
General property taxes	-	-	-
Accounts	1,105	775	240
Charges for services	554	442	194
Notes - current installments	-	-	-
Accrued interest	61	22	31
Intergovernmental	8	25	111
Total receivables	1,728	1,264	576
Due from other funds	-	41	-
Advances to other funds	714	-	-
Inventory of materials and supplies	161	4	-
Other assets - prepaid expenses	-	-	-
Total current assets	32,971	12,870	17,117
Noncurrent assets:			
Advances to other funds	-	-	-
Notes receivable - less current installments	-	-	-
Restricted assets:			
Investments for bond reserves	2,935	670	325
Investments for capital projects	99	-	-
Total restricted assets	3,034	670	325
Capital assets:			
Land and easements	20,970	1,633	16,088
Buildings	1,382	2,199	764
Improvements other than buildings	131	392	965
Infrastructure	-	-	-
Utility plant in service	278,451	141,691	-
Undergrounds - drainage facilities	-	-	70,079
Vehicles	2,800	2,317	1,246
Machinery and equipment	2,245	1,203	345
	305,979	149,435	89,487
Less accumulated depreciation	(103,070)	(53,082)	(20,656)
	202,909	96,353	68,831
Construction in progress	1,401	627	1,546
Total capital assets, net of accumulated depreciation	204,310	96,980	70,377
Total noncurrent assets	207,344	97,650	70,702
Total assets	240,315	110,520	87,819
Deferred outflows of resources			
Deferred loss on refunding	721	2,736	16
Total assets and deferred outflows of resources	\$ 241,036	\$ 113,256	\$ 87,835

The accompanying notes are an integral part of this statement.

<u>Downtown Commercial District</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 762	\$ 130	\$ 10,285	\$ 7,358
3,962	684	53,723	38,428
1,928	55	1,983	-
56	-	2,176	27
-	-	1,190	-
-	139	139	-
9	14	137	83
5	-	149	73
<u>1,998</u>	<u>208</u>	<u>5,774</u>	<u>183</u>
643	148	832	57
16	-	730	140
-	-	165	-
-	-	-	182
<u>7,381</u>	<u>1,170</u>	<u>71,509</u>	<u>46,348</u>
-	-	-	992
-	299	299	-
308	-	4,238	-
-	-	99	-
<u>308</u>	<u>-</u>	<u>4,337</u>	<u>-</u>
2,333	21,452	62,476	102
38,412	6,433	49,190	87,439
5,205	58	6,751	8,611
6	-	6	-
-	-	420,142	-
-	-	70,079	-
97	83	6,543	29,775
<u>1,369</u>	<u>247</u>	<u>5,409</u>	<u>10,453</u>
47,422	28,273	620,596	136,380
<u>(20,804)</u>	<u>(3,301)</u>	<u>(200,913)</u>	<u>(74,234)</u>
26,618	24,972	419,683	62,146
564	-	4,138	423
<u>27,182</u>	<u>24,972</u>	<u>423,821</u>	<u>62,569</u>
<u>27,490</u>	<u>25,271</u>	<u>428,457</u>	<u>63,561</u>
<u>34,871</u>	<u>26,441</u>	<u>499,966</u>	<u>109,909</u>
<u>248</u>	<u>-</u>	<u>3,721</u>	<u>139</u>
\$ <u>35,119</u>	\$ <u>26,441</u>	\$ <u>503,687</u>	\$ <u>110,048</u>

(continued)

CITY OF BOULDER, COLORADO

Statement of Net Position,
continuedProprietary Funds

December 31, 2013

(Amounts in 000's)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund
Liabilities:			
Current liabilities:			
Accounts and accrued liabilities:			
Vouchers and accounts payable	\$ 637	\$ 370	\$ 831
Contracts and retainage payable	190	451	3
Accrued salaries, wages and amounts withheld from employees	170	130	43
Accrued interest	91	139	4
Accrued claims liability	-	-	-
Due to other funds	-	-	41
Advances from other funds	-	-	-
Other liabilities	709	89	314
General obligation bonds payable	-	-	-
Revenue bonds payable	4,360	2,475	335
Revenue notes payable (current portion)	-	-	-
Capitalized lease obligations	-	-	-
Compensated absences payable	75	60	20
Total current liabilities	<u>6,232</u>	<u>3,714</u>	<u>1,591</u>
Noncurrent liabilities:			
Accounts and accrued liabilities:			
Accrued landfill cleanup liability	-	2,531	-
Accrued claims liability	-	-	-
Future water rights	2,254	-	-
General obligation bonds payable (net of premium)	-	-	-
Revenue bonds payable (net of premium)	24,943	40,808	1,464
Revenue notes payable	-	-	-
Capitalized lease obligations	-	-	-
Compensated absences payable	426	489	25
Retiree health care benefit	90	70	25
Total noncurrent liabilities	<u>27,713</u>	<u>43,898</u>	<u>1,514</u>
Total liabilities	<u>33,945</u>	<u>47,612</u>	<u>3,105</u>
Deferred inflows of resources:			
Property Tax	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Net investment in capital assets	177,631	53,861	68,530
Restricted for:			
Legally restricted - emergency reserve	-	-	-
Capital projects	100	-	-
Unrestricted	<u>29,360</u>	<u>11,783</u>	<u>16,200</u>
Total net position	<u>\$ 207,091</u>	<u>\$ 65,644</u>	<u>\$ 84,730</u>

The accompanying notes are an integral part of this statement.

	Downtown Commercial District	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$	91	\$ 5	\$ 1,934	\$ 802
	-	-	644	1,089
	32	6	381	63
	132	147	513	57
	-	-	-	929
	-	-	41	243
	-	16	16	-
	11	9	1,132	250
	1,495	-	1,495	-
	-	-	7,170	-
	-	1,771	1,771	-
	-	-	-	514
	-	-	155	11
	<u>1,761</u>	<u>1,954</u>	<u>15,252</u>	<u>3,958</u>
	-	-	2,531	-
	-	-	-	974
	-	-	2,254	-
	10,895	-	10,895	-
	-	-	67,215	-
	-	7,178	7,178	-
	-	-	-	9,374
	124	27	1,091	80
	44	4	233	27
	<u>11,063</u>	<u>7,209</u>	<u>91,397</u>	<u>10,455</u>
	<u>12,824</u>	<u>9,163</u>	<u>106,649</u>	<u>14,413</u>
	<u>1,928</u>	<u>55</u>	<u>1,983</u>	<u>-</u>
	15,051	16,023	331,096	51,449
	159	6	165	-
	-	-	100	-
	<u>5,157</u>	<u>1,194</u>	<u>63,694</u>	<u>44,186</u>
\$	<u>20,367</u>	\$ <u>17,223</u>	395,055	\$ <u>95,635</u>

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

4,053

Net position of
business-type activities

\$ 399,108

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year ended December 31, 2013

(Amounts in 000's)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund
Operating revenues:			
Charges for services	\$ 23,239	\$ 14,235	\$ 5,508
Leases, rents and royalties	-	-	-
Total operating revenues	<u>23,239</u>	<u>14,235</u>	<u>5,508</u>
Operating expenses:			
Personnel	6,387	4,513	1,556
Non-personnel	6,811	3,852	1,607
Depreciation	<u>5,583</u>	<u>3,432</u>	<u>1,143</u>
Total operating expenses	<u>18,781</u>	<u>11,797</u>	<u>4,306</u>
Operating income (loss)	<u>4,458</u>	<u>2,438</u>	<u>1,202</u>
Nonoperating revenues (expenses):			
Interest and investment earnings	144	43	61
Leases, rents and royalties	30	32	29
Intergovernmental revenue	-	-	120
Sales and use tax	-	-	-
General property taxes	-	-	-
Accommodations taxes	-	-	-
Specific ownership & tobacco taxes	-	-	-
Interest expense	(1,268)	(1,135)	(24)
Contribution expense - future water rights	(1,831)	-	-
Gain (loss) on disposition of capital assets	(44)	(14)	-
Other, net	<u>50</u>	<u>29</u>	<u>2</u>
Total nonoperating revenues (expenses)	<u>(2,919)</u>	<u>(1,045)</u>	<u>188</u>
Income before capital contributions and transfers	1,539	1,393	1,390
Capital contributions	4,411	1,297	772
Transfers in	424	493	-
Transfers out	<u>(1,447)</u>	<u>(1,084)</u>	<u>(347)</u>
Changes in net position	<u>4,927</u>	<u>2,099</u>	<u>1,815</u>
Total net position, beginning of year, before restatement	202,368	63,989	82,963
Restatement for change in accounting principle	<u>(204)</u>	<u>(444)</u>	<u>(48)</u>
Total net position, beginning of year, as restated	<u>202,164</u>	<u>63,545</u>	<u>82,915</u>
Total net position, end of year	<u>\$ 207,091</u>	<u>\$ 65,644</u>	<u>\$ 84,730</u>

The accompanying notes are an integral part of this statement.

<u>Downtown Commercial District</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 4,568	\$ 121	\$ 47,671	\$ 18,273
-	1,625	1,625	-
<u>4,568</u>	<u>1,746</u>	<u>49,296</u>	<u>18,273</u>
1,382	265	14,103	2,624
2,807	243	15,320	6,564
<u>1,489</u>	<u>182</u>	<u>11,829</u>	<u>6,820</u>
<u>5,678</u>	<u>690</u>	<u>41,252</u>	<u>16,008</u>
(1,110)	1,056	8,044	2,265
25	28	301	173
216	-	307	20
-	-	120	-
118	-	118	-
1,922	54	1,976	-
844	-	844	-
57	3	60	-
(292)	(260)	(2,979)	(366)
-	-	(1,831)	-
-	(715)	(773)	346
<u>8</u>	<u>1</u>	<u>90</u>	<u>187</u>
<u>2,898</u>	<u>(889)</u>	<u>(1,767)</u>	<u>360</u>
1,788	167	6,277	2,625
-	-	6,480	485
1,475	400	2,792	4,263
<u>(1,336)</u>	<u>(208)</u>	<u>(4,422)</u>	<u>(4,351)</u>
<u>1,927</u>	<u>359</u>	<u>11,127</u>	<u>3,022</u>
18,671	16,864		92,613
<u>(231)</u>	<u>-</u>		<u>-</u>
<u>18,440</u>	<u>16,864</u>		<u>92,613</u>
\$ <u>20,367</u>	\$ <u>17,223</u>		\$ <u>95,635</u>

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

1,185

Change in net position of
business-type activities

\$ 12,312

CITY OF BOULDER, COLORADO

Statement of Cash Flows

Proprietary Funds

Year ended December 31, 2013

(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	\$ 22,528	\$ 13,599	\$ 5,489
Receipts from interfund services provided	-	-	-
Other receipts (payments)	60	100	316
Refundable deposits receipts (payments)	-	-	-
Payments to suppliers	(7,462)	(3,779)	(1,163)
Payments to employees	(6,625)	(4,619)	(1,607)
Payment for interfund services used	370	(330)	(58)
Net cash provided by operating activities	<u>8,871</u>	<u>4,971</u>	<u>2,977</u>
Cash flows from noncapital financing activities:			
Payments from (to) other funds			
on due from (due to) balances	-	(43)	43
Payments from (to) other funds on advances	55	-	-
Leases, rents and royalties	30	32	29
Intergovernmental revenue	-	-	80
Sales and use tax	-	-	-
General property taxes	-	-	-
Accommodations taxes	-	-	-
Specific ownership & tobacco taxes	-	-	-
Transfers in	-	-	-
Transfers out	(1,447)	(1,084)	(347)
Net cash provided (used) by noncapital financing activities	<u>(1,362)</u>	<u>(1,095)</u>	<u>(195)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(5,860)	(2,407)	(1,258)
Proceeds from sale or transfer of property and equipment	-	-	-
Contractual payment - future water rights	(2,395)	-	-
Principal paid on notes payable, bonds payable and capitalized lease obligations	(4,210)	(2,390)	(335)
Interest paid on notes payable, bonds payable, and capitalized lease obligations	(1,184)	(1,559)	(32)
Payment received on note receivable due from County for sale of land	-	-	-
Capital contributions	4,032	1,004	605
Net cash (used) for capital related financing activities	<u>(9,617)</u>	<u>(5,352)</u>	<u>(1,020)</u>

The accompanying notes are an integral part of this statement.

Downtown Commercial District	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 4,563	\$ 1,761	\$ 47,940	\$ 4,492
-	-	-	13,821
8	4	488	187
-	-	-	(1,018)
(2,807)	(246)	(15,457)	(8,649)
(1,427)	(272)	(14,550)	(2,860)
-	-	(18)	-
<u>337</u>	<u>1,247</u>	<u>18,403</u>	<u>5,973</u>
(643)	-	(643)	-
2	(2)	55	135
216	-	307	20
(1)	-	79	(285)
128	-	128	-
1,922	54	1,976	-
844	-	844	-
57	3	60	-
1,475	400	1,875	4,263
(1,336)	(208)	(4,422)	(3,434)
<u>2,664</u>	<u>247</u>	<u>259</u>	<u>699</u>
(564)	(4)	(10,093)	(8,623)
-	4	4	466
-	-	(2,395)	-
(1,529)	(1,364)	(9,828)	(503)
(337)	(276)	(3,388)	(349)
-	132	132	-
-	-	5,641	349
<u>(2,430)</u>	<u>(1,508)</u>	<u>(19,927)</u>	<u>(8,660)</u>

(continued)

CITY OF BOULDER, COLORADO

Statement of Cash Flows,
continued

Proprietary Funds

Year ended December 31, 2013

(Amounts in 000's)

	Water Utility <u>Fund</u>	Wastewater Utility <u>Fund</u>	Stormwater and Flood Management <u>Fund</u>
Cash flows from investing activities:			
Purchase of investment securities	\$ (8,607)	\$ (3,130)	\$ (4,287)
Proceeds from sale and maturities of investment securities	14,693	6,110	4,791
Interest on investments	<u>109</u>	<u>35</u>	<u>32</u>
Net cash provided in investing activities	<u>6,195</u>	<u>3,015</u>	<u>536</u>
Net increase in cash and cash equivalents	4,087	1,539	2,298
Cash and cash equivalents, January 1	<u>791</u>	<u>318</u>	<u>360</u>
Cash and cash equivalents, December 31	\$ <u><u>4,878</u></u>	\$ <u><u>1,857</u></u>	\$ <u><u>2,658</u></u>

The accompanying notes are an integral part of this statement.

<u>Downtown Commercial District</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ (1,288)	\$ (220)	\$ (17,532)	\$ (11,404)
1,354	314	27,262	19,356
18	31	225	249
<u>84</u>	<u>125</u>	<u>9,955</u>	<u>8,201</u>
655	111	8,690	6,213
<u>107</u>	<u>19</u>	<u>1,595</u>	<u>1,145</u>
\$ <u><u>762</u></u>	\$ <u><u>130</u></u>	\$ <u><u>10,285</u></u>	\$ <u><u>7,358</u></u>

(continued)

CITY OF BOULDER, COLORADO

Statement of Cash Flows,
continuedProprietary Funds

Year ended December 31, 2013

(Amounts in 000's)

	Water Utility Fund	Wastewater Utility Fund	Stormwater and Flood Management Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 4,458	\$ 2,438	\$ 1,202
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	5,583	3,432	1,143
Other nonoperating revenues (expenses)	50	29	2
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(777)	(647)	(42)
Charges for services receivable	66	11	20
Due from other funds	-	-	-
Inventory of materials and supplies	42	(4)	1
Other assets - prepaid expenses	-	-	-
Increase (decrease) in liabilities:			
Vouchers and accounts payable	(323)	(253)	386
Accrued salaries, wages and amounts withheld from employees	(189)	(126)	(40)
Accrued claims liability	-	-	-
Other liabilities	10	71	314
Other liabilities - refundable deposits	-	-	-
Unearned revenue	-	-	-
Compensated absences	(57)	14	(12)
Retiree health care benefit	8	6	3
Total adjustments	4,413	2,533	1,775
Net cash provided by operating activities	\$ 8,871	\$ 4,971	\$ 2,977
Noncash investing, capital and financing activities:			
Assets acquired through:			
Capital contributions:			
From governmental funds	\$ -	\$ -	\$ -
From internal service funds	424	493	-
Other	431	268	167
Issuance of long-term lease purchase revenue notes	-	-	-
Financed through accounts, contracts and retainage payable	67	50	359
Amortization of bond premium	(107)	(765)	(12)
Amortization of deferred loss on bond refundings	202	348	5
Assets transferred to other funds	-	-	-
Increase in fair value of investments	85	29	45
	\$ 1,102	\$ 423	\$ 564

The accompanying notes are an integral part of this statement.

<u>Downtown Commercial District</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ <u>(1,110)</u>	\$ <u>1,056</u>	\$ <u>8,044</u>	\$ <u>2,265</u>
1,489	182	11,829	6,820
8	-	89	187
(5)	-	(1,471)	66
-	-	97	-
-	15	15	-
-	-	39	-
-	-	-	22
-	1	(189)	(1,250)
(42)	-	(397)	(145)
-	-	-	(264)
-	(7)	388	(594)
-	-	-	(1,018)
-	-	-	(26)
(8)	-	(63)	(103)
5	-	22	13
<u>1,447</u>	<u>191</u>	<u>10,359</u>	<u>3,708</u>
\$ <u><u>337</u></u>	\$ <u><u>1,247</u></u>	\$ <u><u>18,403</u></u>	\$ <u><u>5,973</u></u>
\$ -	\$ -	\$ -	\$ 136
-	-	917	-
-	-	866	-
-	5,000	5,000	-
48	-	524	171
(126)	-	(1,010)	-
46	-	601	-
-	(715)	(715)	(917)
12	2	173	(13)
\$ <u><u>(20)</u></u>	\$ <u><u>4,287</u></u>	\$ <u><u>6,356</u></u>	\$ <u><u>(623)</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 and 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 Position

Pension Trust Funds

December 31, 2013

(Amounts in 000's)

Assets:

Equity in pooled cash and cash equivalents	\$	19
Investments:		
U.S. Treasuries		213
U.S. Agencies & Instrumentalities		828
Mutual Funds		18,795
Equity Securities		5,085
Local Government Investment Pools		8
Money Market Funds		648
Real Estate Investment Trust		586
Corporate Bonds		216
Other		310
Receivables:		
Accrued interest		<u>9</u>
Total assets		<u>26,717</u>

Liabilities:

Accounts and accrued liabilities:		
Accrued pensions payable		<u>67</u>

Net position 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><u>26,650</u></u>
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The accompanying notes are an integral part of this statement.

CITY OF BOULDER, COLORADO

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year ended December 31, 2013

(Amounts in 000's)

Additions:

Pension contributions:

City of Boulder	\$	381
Employees		<u>10</u>
Total contributions		<u>391</u>

Investment earnings		3,577
Less investment expense		<u>(70)</u>
Net investment earnings		<u>3,507</u>

Total additions		<u>3,898</u>
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Deductions:

Benefits		2,538
Administrative		<u>43</u>
Total deductions		<u>2,581</u>

Net increase		1,317
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Net position held in trust for

pension benefits:

Beginning of year		<u>25,333</u>
End of year	\$	<u><u>26,650</u></u>

The accompanying notes are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

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City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

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 governmental 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.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the city is financially accountable. The city has also considered all other potential organizations for which the nature and significance of their relationships with the city are such that exclusion would cause the city's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the city to impose its will on that organization or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the city.

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 five blended component units and no discretely presented component units. Each of these component units has a December 31 year-end and is included in the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

Blended Component Units

Downtown Commercial District and University Hill Commercial District (the Districts) – 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 its 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. In 2007, the Central Area General Improvement District was renamed the Downtown Commercial District and the University Hill General Improvement District was renamed the University Hill Commercial District. The funds were renamed to more appropriately reflect the broad purpose that the operations had come to serve over the last few years.

Boulder Municipal Property Authority (the 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 its 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.

Boulder Junction Access GIDs – In November 2010, two Access General Improvement Districts (GID) were established in the phase one area of Boulder Junction in order to implement the transit-oriented development goals of the City of Boulder. These services will be provided entirely to the primary government of the city. The two access districts were created to provide for shared, unbundled parking and for travel demand management programs. The Boulder Junction Access GID – Travel Demand Management (TDM) fund is accounted for as a special revenue fund while the Boulder Junction Access GID – Parking is accounted for as an enterprise fund. These are both reported as blended component units and do not issue separate financial statements.

Related Organizations

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Reporting Entity (Continued)

Related Organizations (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 position and the statement of activities) report information on all of the nonfiduciary activities of the city and its blended 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

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.

The fiduciary funds recognize plan member contributions in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, property taxes when budgeted for, other taxes, charges for services, intergovernmental revenues when eligibility requirements are met, 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. The portion of special assessments receivable due within the current fiscal period is also 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

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.

2011 Capital Improvement Fund – This capital projects fund accounts for the projects and improvements throughout the city approved by the voters in 2011. These improvements are funded by General Fund Bonds (Capital Improvement Projects) Series 2012.

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.

Downtown Commercial 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 Downtown Commercial 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 Fiduciary Funds and the Gifts and Contributions Fund. 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 Library Foundation. All annual appropriations lapse at year ended December 31, 2013.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets (Continued)

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 fund 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, but not to include restricted cash, are classified as Equity in Pooled Cash and Cash Equivalents. All other securities within pooled cash are reclassified for reporting purposes to investments.

6. Investments

In addition to the cash and cash equivalents mentioned in Note A5, the city authorizes investments in the securities below for the general pooled investments. The Fire and Police Pension Boards adopt and establish separate investment policies for each of the Pension Trust Funds. The city's authorization for general pooled investments is more restrictive than Colorado State statutes and allows the following types of investments:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Investments (continued)

- 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 AA^{Am} by Standard and Poor's or Aaa by Moody's).
- Corporate Bonds, rated at least AA by Standard & Poor's 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 using quoted market prices. Short-term investments are reported at cost, which approximates fair value. Pension fund real estate investments are stated at an estimated market value using an annual external appraisal service hired by the real estate company's management team. Other pension fund investments for which market quotations are not readily available are valued at their fair values as determined by the custodian with the assistance of a valuation service. 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 many of the city monies are designated for specific uses, maturities are selected to coincide with the periods these monies 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

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., short term interfund loans) or “advances to/from other funds” (i.e., long term 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 Position 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 lower of cost or 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 nonpooled investments restricted for specified uses by gift, fee, grant and retainage 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 Capital Project and Enterprise Funds for future capital improvements in compliance with bond ordinances. Additional pooled investments in the Open Space & Mountain Parks and Enterprise Funds have been restricted for debt service bond reserves in compliance with bond ordinances.

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 and proprietary fund 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. Such assets are recorded at historical cost or estimated historical cost. Donated assets are valued at 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, net of any related interest income, is included as part of the capitalized value of the assets constructed for business-type activities. Interest capitalized in 2013 totaled \$269,078.

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 other than buildings	20 years
Infrastructure	20-75 years
Utility plant in service	30-40 years
Undergrounds	30-75 years
Machinery, equipment and 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.

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 due in governmental fund types. A liability for these amounts is reported in the government-wide financial statements when earned.

12. Deferred Outflows/Inflows of Resources

A deferred outflow of resources is a consumption of net position by the city that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the city that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the fund financial statements as revenues and expenditures until the period(s) to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Deferred Outflows/Inflows of Resources (Continued)

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources.

Deferred outflows of the entity consist of a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources consist of property taxes receivable and reimbursement based grants, as applicable in the government-wide and fund financial statements.

13. 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 position. Bond premiums and discounts are amortized over the life of the bonds using 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 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, and debt principal payments 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.

14. Fund Balances and Net Position

In the governmental funds financial fund statements, there are five categories of fund balances that have been used. These include nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – this category pertains to any fund equity that has permanent limitations on it. This includes prepaid expenditures, inventory, and endowments. These items cannot be converted to cash and, therefore, are not an available resource for the city.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Fund Balances and Net Position (Continued)

Restricted – funds are reported as restricted when constraints are imposed by creditors, grantors, laws or regulations of other governments, or by law through constitutional provisions or enabling legislation. Any constraint imposed by an outside entity on the use of funds for a specific purpose results in the fund balance being shown as restricted.

Committed – Any formal action, ordinance or resolution, of City Council, the highest level of decision making authority, which places constraints on the use of funds to a specific purpose is categorized as committed fund equity. Actions to remove the constraints, regardless if they were imposed by an ordinance or a resolution, would require the same level of difficulty needed to place constraints on the use of funds to a specific purpose.

Assigned – This category is used when the intent of the city is to use the funds for a specific purpose. The City Manager or Chief Financial Officer of the city may assign fund balance to specific purposes pursuant to the general authority granted within the City Charter Articles V & VI.

Unassigned – This classification is for fund balance that does not meet the criteria for inclusion in one of the other four classifications.

Order of spending: When expenditures are incurred that can use funds from more than one classification, the city will generally determine the order which the funds are used on a case-by-case basis, taking into account any applicable requirements of grant agreements, contracts, business circumstances, or other constraints. If no other constraints exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

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 S).

In the government-wide and proprietary funds financial statements, there are three categories of net position used. These include net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets, excludes unspent bond proceeds. Unspent bond proceeds as of December 31, 2013 totaled \$36,507,942 consisting of \$2,934,796 for the Water Utility Fund, \$670,139 for the Wastewater Utility Fund, \$324,984 for the Stormwater and Flood Management Fund, \$308,269 for the Downtown Commercial District Fund, \$31,621,254 for Capital Bond Proceeds, and \$648,500 for Open Space.

Fiduciary funds report net position held in trust for pension benefits.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

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

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

The city includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and are not reported within the funds.” The details of this difference are as follows (amounts in 000’s):

	Governmental Fund Capital Assets	Internal Service Fund Capital Assets	Total Capital Assets - Governmental Activities
Land and easements	\$ 277,421	\$ 102	\$ 277,523
Buildings	26,604	87,439	114,043
Improvements other than buildings	58,265	8,611	66,876
Infrastructure	389,329	-	389,329
Machinery, equipment and vehicles	3,650	40,228	43,878
Construction-in-progress	45,421	423	45,844
Total capital assets	800,690	136,803	937,493
Less accumulated depreciation	(323,098)	(74,234)	(397,332)
Capital assets, net	<u>\$ 477,592</u>	<u>\$ 62,569</u>	<u>\$ 540,161</u>

Another reconciling item 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 this difference are as follows (amounts in 000’s):

General obligation bonds	\$ 77,717
Taxable obligation bonds	8,176
Revenue bonds	1,378
Capital Lease, excluding internal service funds	81
Compensated absences, excluding internal service funds	10,923
Deferred Outflows, excluding internal service funds	(221)
Retiree health care benefits payable, excluding internal service funds	1,534
Interest payable, excluding internal service funds	833
Governmental fund long-term liabilities	<u>\$ 100,421</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

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

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

The city includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position 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 position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.”

The details of the \$11,596 increase from changes in the treatment of long-term debt and related items are as follow (amounts in 000’s):

Debt issued or incurred:	
Issuance of Capital Lease	\$ (107)
Increase in compensated absences	(705)
Increase in retiree health care benefit	(141)
Increase in estimated claims payable	(930)
Total debt issued or incurred	<u>(1,883)</u>
Principal repayments or reductions	
Repayments	10,925
Amortization of debt premium	651
Bond Payments	<u>11,576</u>
Loan payable	250
Capital lease obligation	529
Compensated absences	801
Estimated claims payable	<u>1,199</u>
Total principal repayments or reductions	<u>14,355</u>
Other long term liabilities	
Change in internal service fund long-term liabilities included above	(859)
Change in accrued interest payable	102
Amortization of deferred loss on refunding	(119)
Total other related items	<u>(876)</u>
Net adjustment to increase net changes in fund balances –	
total governmental funds to arrive at changes in net position	
of governmental activities – debt and related items	<u><u>\$ 11,596</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

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.

The amended budget appropriations changed from the original appropriations adopted by the City Council. Some of the more significant changes are summarized below:

- 1) \$6,817,818 increase to various funds from available fund balances for the 2013 Flood Recovery costs which included debris collection, numerous infrastructure repairs, and consulting services.
- 2) \$1,052,128 increase in the General Fund from operating carryover for replacement of the City's Finance, Payroll, and Human Resource ERP system Transforming Boulder Business Initiative (TBBI) project.
- 3) \$2,157,705 increase in the city's match portion of the 2011 Capital Improvement Fund to replace the existing LandLink System which tracks and collects revenue data in relation to development, code enforcement and licensing activity.
- 4) \$4,000,000 increase to Facility Renovation and Replacement Fund to support cleanup efforts at the 13th Street Plaza and parking lot east of the plaza through the City's approved Voluntary Clean-Up Program (VCUP).
- 5) \$1,330,000 increase in the Library Fund for the replacement of Automated Materials Handling and Radio Frequency Identification Systems.
- 6) \$49,689,000 increase in the 2011 Capital Improvement Fund related to capital projects funded by the General Obligation Bonds. Most of these capital projects involve road and bridge repairs.

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.

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

- All fund types – encumbrances, payments on advances from other funds, intrafund transfers, adjustments to accrued interest payable (certain debt).
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE C – LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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.

Budgetary Non-compliance: In December 2012, the Parks, Recreation and Municipal Capital Improvement Refunding Bonds Series 2001 were paid off in full. The debt service on these bonds was paid by the .15 Cent Sales Tax Debt Service Fund. This Debt Service Fund was closed out in 2013 by a transfer to the General Fund in the amount of \$243,000. The budget did not include this large transfer which put the fund into budgetary non-compliance for the year ended December 31, 2013.

NOTE D – LEGAL COMPLIANCE – TABOR

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 “The Taxpayer’s Bill of Rights” or TABOR). The language of TABOR applies to the State and all local governments, including the city.

TABOR 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. TABOR 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, TABOR 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 nonfederal grants notwithstanding any TABOR 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 TABOR 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE D – LEGAL COMPLIANCE – TABOR (CONTINUED)

On November 4, 2008, the voters within the City of Boulder approved a ballot question which removed the remaining TABOR restriction on property tax revenues collected in 2009 and beyond. The increase in retained taxes starting in tax collection year 2009 will be limited to 1/2 mill per year until the full amount of the existing city property tax levy of 11.981 mills is restored and retained, which occurred in 2012.

TABOR remains in full effect for the blended component units Downtown Commercial District and University Hill Commercial District.

TABOR is very complex and open to interpretation. However, at December 31, 2013, the city believes it was in compliance with TABOR (see Note L).

NOTE E – DEPOSITS AND INVESTMENTS

At December 31, 2013, the city had the following in cash and investments (in 000's):

Cash and deposits	\$ 35,672
Investments	<u>251,879</u>
Total	<u><u>\$ 287,551</u></u>

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

<i>Citywide Investments</i>	
Equity in pooled cash and cash equivalents	\$ 35,653
Investments	186,110
Restricted investments	<u>39,080</u>
	260,843
<i>Fiduciary Fund Investments</i>	
Equity in pooled cash and cash equivalents	19
Investments	<u>26,689</u>
	<u>26,708</u>
Total	<u><u>\$ 287,551</u></u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2013, 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.

At December 31, 2013, the city had cash on hand of \$28,000. In addition, at December 31, 2013, the carrying amount of the city's deposits at JPMorgan Chase was \$35,644,000 while the bank statement balance was \$36,093,000. On November 9, 2010, the FDIC issued a final rule to implement Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provided temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all FDIC insured depository institutions. The insurance coverage went into effect on December 31, 2010, and expired on December 31, 2012, leaving \$250,000 of the city's operating accounts under FDIC coverage and \$35,843,000 properly collateralized under the Public Deposit Protection Act.

Investments – Citywide (excludes Fiduciary Funds)

As of December 31, 2013, the city had the following investments:

Investment Type	Fair Value (000's)
Local Government	
Investment Pools	\$ 35,643
U.S. Treasuries	12,071
U.S. Instrumentalities	163,484
Time Deposits	<u>13,992</u>
Total	<u>\$ 225,190</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

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Citywide (excludes Fiduciary Funds) (Continued)

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 & Poor's or Aa2 by Moody's.

As of December 31, 2013, the city held investments with the following credit ratings:

Issuer	Fair Value (000's)	Ratings	
		Standard & Poors	Moody's
U.S. Instrumentalities			
FHLB	\$ 51,212	AA+	Aaa
FNMA	55,950	AA+	Aaa
FFCB	24,128	AA+	Aaa
FHLMC	32,194	AA+	Aaa
Local Government Investment Pools	35,643	AAAm	N/A

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, 2013, the weighted average maturity of the city's pooled investment portfolio was 1.10 years as detailed in the following chart:

Investment Type	Fair Value (000's)	Weighted Average Maturity (years)
U.S. Treasuries	\$ 12,071	0.99
FHLB	51,212	1.17
FNMA	55,950	1.71
FFCB	24,128	1.36
FHLMC	32,194	0.77
Time Deposits	13,992	1.57
Local Government Investment Pools	35,643	0.00
Total fair value		
Portfolio weighted average maturity	\$ 225,190	1.10

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Citywide (excludes Fiduciary Funds) (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.

As of December 31, 2013, the city is invested in Colorado Government Liquid Asset Trust Plus (COLOTRUST Plus), Colorado Government Liquid Asset Trust Prime (COLOTRUST Prime) 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 U.S. 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.

The above investment pools and money market mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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. 5% or more of the city's investments were held by the following issuers as of December 31, 2013:

Issuer	Fair Market Value (in 000's)	Percentage of Total Portfolio
Federal Home Loan Bank	\$ 51,212	23%
Federal Farm Credit Bureau	24,128	11%
Federal National Mortgage Association	55,950	25%
Federal Home Loan Mortgage Corporation	32,194	14%

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds

As of December 31, 2013, 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	\$ 8	\$ 8	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	213	6	64	-	95	48
U.S. Instrumentalities and Agencies	828	535	179	21	93	-
Time Deposits	8	3	3	2	-	-
Corporate Bonds	216	-	-	216	-	-
Subtotal	<u>1,273</u>	<u>\$ 552</u>	<u>\$ 246</u>	<u>\$ 239</u>	<u>\$ 188</u>	<u>\$ 48</u>
Money Market Funds	648					
Mutual Funds	18,795					
Equities	5,085					
Real Estate Investment Trust	586					
Other	<u>302</u>					
Total	<u>\$ 26,689</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 was revised on October 9, 2012 and adopted on December 10, 2012. The “Old Hire” Fire Pension Fund investment policy was revised on September 2013, and formally adopted on November 18, 2013. The “Old Hire” Police Pension Fund has a risk tolerance of no more than a 16.5% annual loss, with a statistical confidence level of 95%. The “Old Hire” Fire Pension Fund has a risk tolerance of no more than a 19.9% annual loss, with a statistical confidence level of 95%.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds (Continued)

At December 31, 2013 the pension funds held investments with credit ratings as follows:

Issuer	Fair Value (000's)	Ratings	
		Standard & Poors	Moody's
Local Government			
Investment Pools	\$ 8	AAAm	N/A
U.S. Instrumentalities	828	AA+	Aaa
Time Deposits	8	AA+	Aaa
Corporate Bond – AT&T	110	A-	A3
Corporate Bond – JPMorgan Chase	106	A	A3

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 equity holdings in any one company should not exceed more than 15% of the fair 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. At December 31, 2013, no single issuer held more than 10% of either pension fund's portfolio.

In the revised investment policy, which was adopted on December 10, 2012, the "Old Hire" Police Pension Fund, Long-Term Account, has a specified risk tolerance not to exceed a 16.5% loss in any year. To maintain a 95% confidence level that this performance level is met, the board selected the following asset classes and allocations for each class:

Asset Allocation	Lower Limit	Strategic Allocation	Upper Limit
Domestic Large Cap	31%	34%	37%
Domestic Small Cap Core	2%	5%	8%
International Equity	8%	11%	14%
Emerging Markets	0%	3%	6%
Domestic Fixed Income	17%	20%	23%
Global Fixed Income	2%	5%	8%
Floating Rate Corporate Loans	3%	6%	9%
High Yield	3%	6%	9%
Real Estate	2%	5%	8%
Commodities	2%	5%	8%

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds (Continued)

In the revised investment policy, which was adopted on November 18, 2013, the “Old Hire” Fire Pension Fund, Long-Term Account, has a specified risk tolerance not to exceed a 19.9% loss in any year. To maintain a 95% confidence level that this performance level is met, the board selected the following asset classes and allocations for each class:

Asset Allocation	Lower Limit	Strategic Allocation	Upper Limit
Domestic Large Cap	25%	28%	31%
Domestic Mid Cap	2.5%	5.5%	8.5%
Domestic Small Cap	2.5%	5.5%	8.5%
International Equity	10%	13%	16%
Emerging Markets	1%	4%	7%
Domestic Fixed Income	24%	27%	30%
Floating Rate Corporate Loans	5%	8%	11%
High Yield	1%	4%	7%
Commodities	2%	5%	8%

At December 31, 2013 the asset class allocations were within the maximum limits.

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. The “Old Hire” Fire Pension Fund’s investment policy was revised to require a custodian bank to maintain possession of securities in September 2008. All of the pension securities, with the exception of the Principal RESA account, are held by the Fund’s third party custodian, Charles Schwab Institution, in the pension’s name.

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 7.5%, for its long-term account. The “Old Hire” Fire Pension Fund investment policy specifies a targeted rate of return of 7.5% for its long-term account.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE E – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds (Continued)

Taxable Pension Obligation Bonds. In order to allow the city to establish more predictable pension obligation payment schedules for firefighters and police officers hired before April 8, 1978, taxable pension obligation bonds were issued on October 26, 2010. Proceeds of \$5,469,000 and \$3,531,000 were deposited into money market mutual funds for the “Old Hire Police” and “Old Hire Fire” pension fund accounts, respectively. These deposits are held by a third-party custodian, Charles Schwab Institutional, in each pension’s name.

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 2013 for collection in 2014 of \$28,162,000 in the General Fund, \$26,000 in the Special Revenue Funds, \$2,292,000 in the Capital Projects Funds and \$1,983,000 in the Enterprise Funds, are included in receivables and deferred inflows at December 31, 2013. These taxes are classified as deferred inflows since they are not normally available to the city until mid-2014 and are budgeted for in 2014.

NOTE G – NOTES RECEIVABLE

The December 31, 2013 balance in “notes receivable” include several long-term notes receivable of various natures. The following summarizes the types of notes receivable and the amounts due within one year (amounts in 000’s):

Type of note receivable	Governmental Activities		Business-type Activities	
	Current	Noncurrent	Current	Noncurrent
Land Sale to Boulder County	\$ -	\$ -	\$ 139	\$ 299
City Manager Office	-	40	-	-
HHS Construction Loan	-	1,239	-	-
	<u>\$ -</u>	<u>\$ 1,279</u>	<u>\$ 139</u>	<u>\$ 299</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE H – OTHER RECEIVABLES

The City of Boulder recognizes various receivables when earned. Revenues are recognized as appropriate based on the measurement focus and basis of accounting as discussed in Note A. An allowance for doubtful accounts is recognized as appropriate based upon management's estimate of the collectability of the various receivables. No allowance is provided for utility service charges since delinquent amounts are certified as a lien against the property billed. As of December 31, 2013, no allowance for doubtful accounts was recognized.

The December 31, 2013, balance in "other receivables" contains the following detail (amounts in 000's):

Type of Note Receivable	Governmental Activities	Business-type Activities	Total
Accounts	\$ 3,004	\$ 2,176	\$ 5,180
Charges for services	-	1,190	1,190
Accrued interest	328	137	465
Intergovernmental	1,960	149	2,109
Other	11	-	11
	<u>\$ 5,303</u>	<u>\$ 3,652</u>	<u>\$ 8,955</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE I – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows (amounts in 000's):

Governmental Activities:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets not being depreciated:					
Land and easements	\$ 267,106	\$ 10,727	\$ 4	\$ (314)	\$ 277,523
Construction in progress	40,347	22,911	(17,173)	(241)	45,844
Total capital assets, being depreciated, net	<u>307,453</u>	<u>33,638</u>	<u>(17,169)</u>	<u>(555)</u>	<u>323,367</u>
Capital assets being depreciated:					
Buildings	106,333	3,726	4,007	(23)	114,043
Improvements other than buildings	66,615	238	23	-	66,876
Infrastructure	376,187	332	12,810	-	389,329
Machinery and equipment	40,121	5,802	329	(2,374)	43,878
Total capital assets, being depreciated	<u>589,256</u>	<u>10,098</u>	<u>17,169</u>	<u>(2,397)</u>	<u>614,126</u>
Less accumulated depreciation for:					
Buildings	52,144	4,193	-	(15)	56,322
Improvements other than buildings	24,788	2,882	-	-	27,670
Infrastructure	283,588	6,354	-	-	289,942
Machinery and equipment	22,282	3,301	-	(2,185)	23,398
Total accumulated depreciation	<u>382,802</u>	<u>16,730</u>	<u>-</u>	<u>(2,200)</u>	<u>397,332</u>
Total capital assets, being depreciated, net	<u>206,454</u>	<u>(6,632)</u>	<u>17,169</u>	<u>(197)</u>	<u>216,794</u>
Governmental activities capital assets, net	<u>\$ 513,907</u>	<u>\$ 27,006</u>	<u>\$ -</u>	<u>\$ (752)</u>	<u>\$ 540,161</u>

During 2013, the city had intangible assets of \$11.7 million that are included in land and easements above.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE I – CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets not being depreciated:					
Land and easements	\$ 58,191	\$ 5,000	\$ -	\$ (715)	\$ 62,476
Construction in progress	11,922	3,074	(10,856)	(2)	4,138
Total capital assets, not being depreciated	70,113	8,074	(10,856)	(717)	66,614
Capital assets being depreciated:					
Buildings	49,144	46		-	49,190
Improvements other than buildings	6,699	52		-	6,751
Utility plant in service and undergrounds	471,293	8,216	10,718	-	490,227
Machinery and equipment	11,309	1,009	138	(504)	11,952
Total capital assets, being depreciated	538,445	9,323	10,856	(504)	558,120
Less accumulated depreciation for:					
Buildings	20,634	1,444		-	22,078
Improvements other than buildings	3,356	311		-	3,667
Utility plant in service and undergrounds	160,721	9,105		-	169,826
Machinery and equipment	4,825	969		(452)	5,342
Total accumulated depreciation	189,536	11,829	-	(452)	200,913
Total capital assets, being depreciated, net	348,909	(2,506)	10,856	(52)	357,207
Business-type activities capital assets, net	\$ 419,022	\$ 5,568	\$ -	\$ (769)	\$ 423,821

In 2013, the city capitalized \$269,078 of eligible interest costs in the business-type activities capital assets.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE I – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$	15
Administrative Services		751
Public Safety		143
Public Works		12,981
Culture and Recreation		2,353
Open Space and Mountain Parks		346
Housing & Human Services		65
Community Sustainability		76
Total depreciation expense – Governmental Activities	\$	<u>16,730</u>

Business-type Activities:

Water Utility	\$	5,583
Wastewater Utility		3,432
Stormwater and Flood Management		1,143
Parking Facilities and Services		1,528
Property and Facility Acquisition		143
Total depreciation expense – Business-type Activities	\$	<u>11,829</u>

NOTE J – RISK MANAGEMENT

Property and Casualty Insurance – The city has structured its property and casualty insurance as a self-insurance program 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 \$500,000 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 \$150,000 per person, \$600,000 per occurrence. Excess insurance coverage over this maximum has been purchased through a private insurance carrier in the amount of \$10,000,000 per liability claim with an annual aggregate policy limit of \$10,000,000, except for public officials, which is on a claims-made basis. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City Council has established a reserve policy for the Property and Casualty Fund with a goal of fully funding an actuarially calculated liability as of the end of the prior year at the 80% confidence level. An actuarial study will be completed every two years in order to determine the appropriate reserve levels. As of December 31, 2013, the reserve exceeded this goal by \$2,557,146. The next actuarial study will be performed in the first quarter of 2015 and will address claims as of December 31, 2014.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE J – RISK MANAGEMENT (CONTINUED)

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-end claims payable is based on the results of an actuarial study.

Changes in the estimated claims payable for the Property and Casualty Insurance Fund during the years ended December 31, 2012 and 2013, were as follows (amounts in 000's):

	2012	2013
Estimated claims payable January 1	\$ 914	\$ 1,010
Current year claims and changes in estimates	164	(43)
Claim payments	(68)	(247)
Estimated claims payable December 31	<u>\$ 1,010</u>	<u>\$ 720</u>
Claims payable due within one year	<u>\$ 153</u>	<u>\$ 167</u>

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 \$450,000 of each workers' compensation claim. The estimated reserves at December 31, 2013, 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 City Council has established a reserve policy for the Workers' Compensation Insurance Fund with a goal of fully funding an actuarially calculated liability as of the end of the prior year at the 80% confidence level. An actuarial study will be completed every two years in order to determine the appropriate reserve levels. As of December 31, 2013, the reserve exceeded this goal by \$452,621. The next actuarial study will be performed in the first quarter of 2015 and will address claims as of December 31, 2014.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE J – RISK MANAGEMENT (CONTINUED)

Changes in the estimated claims payable for the Workers' Compensation Insurance Fund during the years ended December 31, 2012 and 2013, were as follows (amounts in 000's):

	2012	2013
Estimated claims payable January 1	\$ 1,100	\$ 1,162
Current year claims and changes in estimates	875	973
Claim payments	(813)	(952)
Estimated claims payable December 31	<u>\$ 1,162</u>	<u>\$ 1,183</u>
Claims payable due within one year	<u>\$ 725</u>	<u>\$ 762</u>

NOTE K – ACCRUED LIABILITIES

The December 31, 2013, balance in "accrued liabilities" contains the following detail (amounts in 000's):

Type of Accrued Liability	Governmental Activities	Business-type Activities	Total
Accrued salaries, wages and amounts withheld from employees	\$ 2,397	\$ 381	\$ 2,778
Accrued interest	890	513	1,403
Accrued liability – landfill cleanup	-	2,531	2,531
	<u>\$ 3,287</u>	<u>\$ 3,425</u>	<u>\$ 6,712</u>

NOTE L – PROPERTY TAX OVERCOLLECTION LIABILITY

The 2012 mill levy for the City of Boulder for taxes collected in 2013 resulted in an excess of the TABOR (see Note D) allowable property tax revenues by \$7,534. The 2013 mill levy for taxes collected in 2014 was voluntarily reduced to compensate for this overcollection.

The balance of remaining overcollections are recorded as an "other liability" in the following fund (amounts in 000's):

Fund	Net Overcollection
University Hill General Improvement District	\$ 8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE M – 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 US 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 \$0.8 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 20 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.

The plan provided that 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 removed, an approved long-term monitoring plan will be implemented. The demolition plan would require continued monitoring for the foreseeable future, but at a reduced frequency than was currently in effect. In addition to long-term water sampling and analysis at the points of compliance, the landfill cover or cap would have to be maintained indefinitely.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE M – ACCRUED LIABILITY – LANDFILL CLEANUP (CONTINUED)

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 three years (2005-2007) of the three-year shutdown period did not exceed \$150,000.

The final shutdown and demolition plan was submitted to EPA and CDPHE in 2008 and the city is awaiting a final determination about the removal of the treatment facility. If the 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 final plan.

Funds to pay any future costs associated with this will be allocated through the collection of wastewater user charges. The December 31, 2013, balance in the “accrued landfill cleanup liability” is \$2,531,000.

NOTE N –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 Project 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:

2014	\$ 1,653,250
2015	1,655,004
2016	1,697,958
2017	1,700,125

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE N –FUTURE WATER RIGHTS (CONTINUED)

Unearned revenue in the 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, 2013 balance was \$2,254,125.

NOTE O – LONG-TERM DEBT

The following balances and changes in long-term debt are for the year ended December 31, 2013 (amounts in 000's):

	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 87,577	\$ -	\$ (9,860)	\$ 77,717	\$ 7,665
Taxable pension obligation bonds	8,531	-	(355)	8,176	355
Revenue bonds	2,739	-	(1,361)	1,378	1,370
Total bonds payable	98,847	-	(11,576)	87,271	9,390
Loans payable	250	-	(250)	-	-
Capital lease purchase agreements	10,391	107	(529)	9,969	549
Compensated absences	11,110	705	(801)	11,014	559
Estimated claims payable (Note J)	2,172	930	(1,199)	1,903	929
Retiree health care benefit	1,420	141	-	1,561	-
Governmental activities long-term debt	<u>\$ 124,190</u>	<u>\$ 1,883</u>	<u>\$ (14,355)</u>	<u>\$ 111,718</u>	<u>\$ 11,427</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 14,046	\$ -	\$ (1,656)	\$ 12,390	\$ 1,495
Revenue bonds	82,204	-	(7,819)	74,385	7,170
Total bonds payable	96,250	-	(9,475)	86,775	8,665
Lease purchase revenue notes	5,313	5,000	(1,364)	8,949	1,771
Compensated absences	1,309	97	(160)	1,246	155
Retiree health care benefit	211	22	-	233	-
Business-type activities long-term debt	<u>\$ 103,083</u>	<u>\$ 5,119</u>	<u>\$ (10,999)</u>	<u>\$ 97,203</u>	<u>\$ 10,591</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE O – 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. In addition, many of the general obligation bonds of the city have a pledge of specific revenues. See Note X for pledged revenue information.

General obligation bonds outstanding at December 31, 2013, are as follows (amounts in 000's):

Purpose	Interest Rates Outstanding	Amount Outstanding	Original Amount
Governmental activities	2.00% - 5.50%	\$ 60,465	\$ 75,115
Governmental activities – refunding	2.00% - 4.00%	12,075	24,240
Business-type activities – refunding	2.00% - 4.00%	11,810	15,005
		<u>\$ 84,350</u>	<u>\$ 114,360</u>

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

Year Ending December 31	Governmental Activities		Business-type Activities		Debt Requirements to Maturity
	Principal	Interest	Principal	Interest	
2014	\$ 7,665	\$ 2,759	\$ 1,495	\$ 350	\$ 12,269
2015	7,925	2,485	1,540	311	12,261
2016	6,005	2,200	1,590	272	10,067
2017	6,225	1,987	1,645	221	10,078
2018	5,795	1,766	1,705	169	9,435
2019-2023	14,280	6,518	3,835	353	24,986
2024-2028	14,995	3,777	-	-	18,772
2029-2031	9,650	766	-	-	10,416
Total liability	<u>72,540</u>	<u>22,258</u>	<u>11,810</u>	<u>1,676</u>	<u>108,284</u>
Plus bond premium	5,177	-	580	-	5,757
Net liability	<u>\$ 77,717</u>	<u>\$ 22,258</u>	<u>\$ 12,390</u>	<u>\$ 1,676</u>	<u>\$ 114,041</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE O – LONG-TERM DEBT (CONTINUED)

Taxable Pension Obligation Bonds

The city also issues bonds where the city does not pledge any revenues nor has any obligation to levy any new or increased tax for the payment of debt service. These bonds are issued for the purpose of funding ongoing required pension obligations.

Taxable pension obligation bonds outstanding at December 31, 2013, are as follows (amounts in 000's):

Purpose	Interest Rates Outstanding	Amount Outstanding	Original Amount
Governmental activities	2.00% - 5.00%	\$ 8,075	\$ 9,070

Annual debt service requirements to maturity for the Taxable Pension Obligation Bonds are as follows (amounts in 000's):

Year Ending December 31	Governmental Activities		Debt Requirements to Maturity
	Principal	Interest	
2014	\$ 355	\$ 334	\$ 689
2015	360	327	687
2016	370	316	686
2017	380	305	685
2018	395	292	687
2019-2023	2,215	1,220	3,435
2024-2028	2,725	712	3,437
2029-2030	1,275	96	1,371
Total liability	8,075	3,602	11,677
Plus bond premium	101	-	101
Total liability	\$ 8,176	\$ 3,602	\$ 11,778

Revenue Bonds

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

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE O – LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Revenue bonds outstanding at December 31, 2013, are as follows (amounts in 000's):

Purpose	Interest Rates Outstanding	Amount Outstanding	Original Amount
Governmental activities	2.50% - 3.00%	\$ 1,370	\$ 6,485
Business-type activities	2.00% - 5.00%	13,000	55,225
Business-type activities – refunding	2.00% - 4.125%	54,880	79,660
		<u>\$ 69,250</u>	<u>\$ 141,370</u>

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

Year ending December 31	Governmental Activities		Business-type Activities		Debt Requirements
	Principal	Interest	Principal	Interest	to Maturity
2014	\$ 1,370	\$ 41	\$ 7,170	\$ 2,807	\$ 11,388
2015	-	-	7,420	2,547	9,967
2016	-	-	7,445	2,276	9,721
2017	-	-	6,860	1,988	8,848
2018	-	-	7,130	1,698	8,828
2019-2023	-	-	21,935	4,754	26,689
2024-2028	-	-	8,640	921	9,561
2029-2030	-	-	1,280	65	1,345
Total liability	<u>1,370</u>	<u>41</u>	<u>67,880</u>	<u>17,056</u>	<u>86,347</u>
Plus bond premium	<u>8</u>	<u>-</u>	<u>6,505</u>	<u>-</u>	<u>6,513</u>
Total liability	<u>\$ 1,378</u>	<u>\$ 41</u>	<u>\$ 74,385</u>	<u>\$ 17,056</u>	<u>\$ 92,860</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 A.1). Lease purchase revenue notes outstanding at December 31, 2013, are as follows (amounts in 000's):

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE O – LONG-TERM DEBT (CONTINUED)

Lease Purchase Revenue Notes (continued)

Purpose	Interest Rates Outstanding	Amount Outstanding	Original Amount
Business-type activity	3.25 - 7.00%	\$ 8,949	\$ 18,169

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

Year Ending December 31	Business-type Activities		Debt Requirements to Maturity
	Principal	Interest	
2014	\$ 1,771	\$ 364	\$ 2,135
2015	1,451	283	1,734
2016	1,401	217	1,618
2017	848	154	1,002
2018	650	118	768
2019-2023	2,828	279	3,107
Total liability	\$ 8,949	\$ 1,415	\$ 10,364

Capital Lease Purchase Agreements

Banc of America Leasing & Capital, LLC – On September 27, 2010, the city entered into a lease purchase agreement with Banc of America Leasing & Capital, LLC. Proceeds of \$1,500,000 are being used for capital lease improvements, which include installing solar photovoltaic systems.

All American Investment Group, LLC - On October 25, 2010, the city entered into a capital lease agreement with All American Investment Group, LLC. On January 25, 2012, the city refinanced this lease which included a total of \$6,401,534 and an additional \$3,241,230 borrowed for a total lease obligation of \$9,642,764. The interest rate on this lease is fixed at 2.65%. The refinanced lease extended the life to 2027 with payments continuing to occur in January, April, July, and October. As a result of the refunding, the book value of the assets and liabilities were reduced by \$392,250.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE O – LONG-TERM DEBT (CONTINUED)

Capital Lease Purchase Agreements (continued)

Bank of the West – on February 5, 2013, the city entered into a capital lease agreement with Bank of the West. Exercise equipment was purchased at a cost of \$105,783, to be used by Parks and Recreation customers for overall wellness purposes.

Capital lease purchase agreement obligations outstanding as of December 31, 2013 are as follows (amounts in 000's):

Purpose	Interest Rates Outstanding	Amount Outstanding	Original Amount
Governmental activities	2.65 - 4.93%	\$ 9,969	\$ 10,857

Annual debt service requirements to maturity for capital lease payments are as follows (amounts in 000's):

Year Ending December 31	Governmental Activities		Debt Requirements to Maturity
	Principal	Interest	
2014	\$ 549	\$ 334	\$ 883
2015	583	314	897
2016	594	293	887
2017	631	272	903
2018	684	249	933
2019-2023	4,321	837	5,158
2024-2027	2,607	135	2,742
Total liability	\$ 9,969	\$ 2,434	\$ 12,403

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE O – 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, 2013 (amounts in 000's):

	Governmental Activities	Business-type Activities
Accrued vacation	\$ 7,389	\$ 740
Accrued sick pay	1,390	155
Accrued appreciation bonus	2,000	351
Accrued compensation time	235	-
	<u>\$ 11,014</u>	<u>\$ 1,246</u>

The liability attributable to the governmental funds is recorded as a governmental activities noncurrent liability. It is estimated that \$559 of governmental activities and \$155 of business-type activities liabilities will be paid in 2014. 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.

Arbitrage Liability

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, 2013. 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, 2013, there is no arbitrage liability.

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 direct, noncallable governmental obligations that, together with the interest earned thereon, will provide amounts sufficient for future payment of all interest and principal on the old bonds. The likelihood of the earnings and principal maturities of the governmental obligations not being sufficient to pay the defeased bond issue appears remote. Accordingly, the escrow accounts and outstanding defeased bonds are not included in the accompanying financial statements. At December 31, 2013, there is \$27,055,000 of principal outstanding on defeased bonds.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE O – LONG-TERM DEBT (CONTINUED)

Lease of Criminal Justice Center

During prior years, the city used \$1,035,000 of Revenue Sharing Funds 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 30 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. The lease agreement was renewed according to the terms of the original agreement which provided the city with 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, 2013

NOTE P – 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, 2013 is as follows (amounts in 000's):

Receivable Fund	Payable Fund	Amount
Downtown Commercial District	General	643
Boulder Municipal Property Authority	Open Space and Mountain Parks	148
General Fund	Community Development Block Grant	64
General Fund	HOME	16
General Fund	Fleet Replacement Fund	145
General Fund	Property and Casualty Insurance Fund	41
Workers Compensation	Property and Casualty Insurance Fund	57
Wastewater Utility	Stormwater and Flood Management Utility	41
		<u>\$ 1,155</u>

The more significant interfund receivable/payable balances are amounts due from General Fund to Downtown Commercial District for excess tax increment money received that was more than needed for bond payments, Fleet Fund to General Fund to repay money used for the Valmont Butte remediation (see Note T) and from Open Space and Mountain Parks to Boulder Municipal Property Authority for accrued interest on debt. All balances will be repaid within one year.

Advances To/From Other Funds

The composition of interfund advances receivable and payable balances as of December 31, 2013, is as follows (amounts in 000's):

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 260
Water Fund	General Fund	714
Fleet Fund	General Fund	1,132
Downtown Commercial District	Boulder Junction Access GID	16
		<u>\$ 2,122</u>

The General Fund owes the Water Utility Fund \$713,509 at December 31, 2013, for funding the purchase of land from the Water Utility Fund for development of a new fire training center in 2009. This advance will be repaid over 15 years with 60 equal quarterly payments including 5% interest beginning in 2009.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

**NOTE P – INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS
(CONTINUED)**

Advances To/From Other Funds (Continued)

The General Fund owes the Fleet Fund \$103,176 for funding assistance in the implementation of new parking technology and \$1,029,060 for the Valmont Butte Remediation at December 31, 2013. The parking technology advance will be repaid over 10 years with 40 equal quarterly payments including 5% interest beginning in 2008. The Valmont Butte Remediation advance will be repaid over 10 years with 40 equal quarterly payments beginning in 2012 with an interest rate of 0.75%.

The Boulder Junction General Improvement District owes the Downtown Commercial District \$16,409 at December 31, 2013. This advance will repaid over 10 years with 10 equal annual payments beginning 2012. The interest rate is 2.50%.

The Airport Fund owes the General Fund \$260,000 at December 31, 2013. This advance will be repaid over 6 years with annual payments beginning in 2014.

Interfund Transactions

There are various types of interfund transactions which occur between funds. The following information describes the city's 2013 transfers (amounts in 000's). All funds made quarterly payments to the General Fund for indirect expenses, primarily administrative, such as legal, human resources, finance and information technologies.

TRANSFERS OUT						
TRANSFERS IN	General Fund	Open Space & Mountain Parks	Transportation	Nonmajor Govern- mental	Water Utility	Wastewater Utility
General Fund	\$ -	\$ 1,067	\$ 1,305	\$ 2,193	\$ 1,240	\$ 877
Open Space & Mountain Parks	1,072	-	-	-	-	-
Transportation	22	-	-	-	-	-
2011 Capital Improvement	1,309	-	-	1,000	-	-
Nonmajor Governmental	4,055	-	438	239	207	207
Water Utility	-	-	-	-	-	-
Wastewater Utility	-	-	-	-	-	-
Downtown Commercial District	1,475	-	-	-	-	-
Nonmajor Business-type	400	-	-	-	-	-
Internal Service Funds	78	-	-	4,000	-	-
Total transfers	\$ 8,411	\$ 1,067	\$ 1,743	\$ 7,432	\$ 1,447	\$ 1,084

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

**NOTE P – INTERFUND RECEIVABLES/PAYABLES, AND TRANSACTIONS
(CONTINUED)**

Interfund Transactions (Continued)

TRANSFERS IN	TRANSFERS OUT					TOTAL
	Stormwater & Flood Management	Downtown Commercial District	Nonmajor Business- type	Internal Service Funds		
General Fund	\$ 222	\$ 1,336	\$ 47	\$ 1,996	\$ 10,283	
Open Space & Mountain Parks	-	-	161	-	1,233	
Transportation	-	-	-	-	22	
2011 Capital Improvement	-	-	-	1,158	3,467	
Nonmajor Governmental	125	-	-	95	5,366	
Water Utility	-	-	-	424	424	
Wastewater Utility	-	-	-	493	493	
Downtown Commercial District	-	-	-	-	1,475	
Nonmajor Business-type	-	-	-	-	400	
Internal Service Funds	-	-	-	185	4,263	
Total transfers	\$ 347	\$ 1,336	\$ 208	\$ 4,351	\$ 27,426	

NOTE Q – RELATED PARTY TRANSACTIONS

Boulder Housing Partners is a separate related organization as explained in Note A1. During 2013, Boulder Housing Partners received grant funding of \$3,886,174 from the city. 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 support in 2013 totaling \$21,281.

During 2013, Boulder Housing Partners participated in the city's employee benefit plans including health care, dental, life, and vision insurance options, etc. for the benefit of its employees. Boulder Housing Partners reimbursed the city for the full cost of these benefits. There was no receivable from Boulder Housing Partners at December 31, 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE R – REVOLVING LOAN PROGRAM

During 2000, the city entered into an agreement with Funding Partners for Housing Solutions, Inc. (FP) for operation of a revolving loan fund to assist home buyers' purchases of homes located in the City of Boulder. Under this agreement, the city approves the loan applications and FP administers the revolving loan program by providing all legal documents, coordination with Fannie Mae and FHA programs, monitoring and servicing of the outstanding loans, and revolving the loan funds back into new loans. The city provided a total of \$709,654 in 2000, 2001, and 2009 as the seed funding for this revolving loan program. Beginning in 2011, the agreement with FP is subject to annual renewal. If the agreement for the revolving loan program is terminated, FP will assign and return all outstanding loans and program balances over to the city.

NOTE S – RESTRICTED NET POSITION AND SIMILAR FUND BALANCE LIMITATIONS

TABOR Emergency Reserves: At December 31, 2013, net position for Business-type Activities of \$159,000 and \$6,000, respectively, were restricted in the Downtown Commercial District and University Hill Commercial District for TABOR emergency reserves.

Restricted Net Position and Similar Fund Balance Restrictions: Restricted net position and fund balances have been classified into the following broad categories. Net position identified as Legally Restricted are restricted by external sources such as grantors and tax ballot language. Net position identified as Debt Service are restricted by bond ordinances for future debt service. Net position restricted for Capital Projects includes revenues restricted for capital acquisition projects. Development restrictions are largely revenues, such as impact fees or special tax proceeds limited to specific operations or purposes, such as acquisition, development and maintenance of parks and open space lands and trails. Lottery Funds are restricted by state statute for specific projects as defined within the Colorado Constitution Article XXVII for parks, recreation and open space projects. Donor Restrictions are limitations placed upon the use of proceeds by the original donor.

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 have a material adverse effect on the financial statements of the city.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)

1. Litigation (Continued)

Valmont Butte Allied Piles Site (VCUP) – The city presented a voluntary cleanup plan to the Colorado Department of Public Health and Environment (CDPHE). This plan was approved under the Colorado Voluntary Cleanup Program. As required by CDPHE, site remediation actions in the VCUP started by August 31, 2011 with an extended completion date of December 31, 2013. As of December 31, 2013, the city has expended a total of \$2.5 million on Valmont Butte cleanup with no additional liability remaining for continued cleanup responsibilities.

2. Single Audit

The city follows the single audit concept under the provisions of the Single Audit Act of 1984, as amended in 1996. 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.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE T – COMMITMENTS AND CONTINGENCIES (CONTINUED)

3. Construction Commitments

At December 31, 2013, city funds were obligated under contractual commitments for various construction or equipment acquisition projects as follows (000's):

Fund	Contractual Commitments
General	\$ 1,719
Open Space	908
Transportation	6,023
2011 Capital Improvement	8,350
Total Major Funds	<u>17,000</u>
 Total Non- Major Governmental Funds	 <u>2,626</u>
Total Governmental Funds	<u><u>\$ 19,626</u></u>
 Water Utility	 \$ 1,144
Wastewater Utility	706
Stormwater & Flood Management	2,529
CAGID	372
Total Major Enterprise Funds	<u>4,751</u>
 Non-Major Enterprise Funds	 <u>32</u>
Total Enterprise Funds	<u><u>\$ 4,783</u></u>
Total Internal Service Funds	<u><u>\$ 2,113</u></u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS

The city's employees are covered under five separate retirement plans and two deferred compensation plans (Note V). Regular contributions (not including 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
1,252	PERA	\$ 5,258	8.000%	\$ 9,028	13.700%
1	Old Hire Police	3	2.000%	222	
1	Old Hire Fire	7	7.833%	159	
	Police and Fire Money Purchase –				
171	Police employees	823	6.200%	1,833	13.800%
	Police and Fire Money Purchase –				
	Fire employees – International				
109	Association of Firefighters	703	8.000%	1,143	13.000%
6	ICMA 401(a)	78	8.000%	134	13.700%
4	ICMA 457	3	8.000%	6	13.700%
	Totals	<u>\$ 6,875</u>		<u>\$ 12,525</u>	

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

City Administered Pension Plans

Of the above pension plans, the city administers two defined benefit single employer pension plans, the "Old Hire" Police Defined Benefit Plan and the "Old Hire" Fire Defined Benefit Plan. Although a small amount of the assets of these two plans are pooled for investment purposes, each of these two plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

Membership of each plan consisted of the following at January 1, 2012, the date of the latest actuarial valuation:

	"Old Hire" Police Defined Benefit Plan	"Old Hire" Fire Defined Benefit Plan
Retirees receiving benefits	28	25
Beneficiaries receiving benefits	13	14
Disabled receiving benefits	4	4
Terminated plan members entitled but not yet receiving benefits	7	5
Active plan members	1	2
Total	<u>53</u>	<u>50</u>

The city's annual pension costs and net pension obligation for the two plans for the year ended December 31, 2013 are as follows (amounts in 000's):

	"Old Hire" Police Defined Benefit Plan	"Old Hire" Fire Defined Benefit Plan
Annual required contributions (ARC)	\$ 219	\$ 157
Interest on net pension obligation (NPO)	(405)	(297)
Adjustment to ARC	568	477
Annual Pension Cost	<u>382</u>	<u>337</u>
City contributions	<u>(222)</u>	<u>(159)</u>
Increase (decrease) in NPO	160	178
Net pension obligation (prepaid) beginning of year	<u>(5,404)</u>	<u>(3,965)</u>
Net pension obligation (prepaid) end of year	<u>\$ (5,244)</u>	<u>\$ (3,787)</u>

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

Three Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>City Contributions</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Prepaid)</u>
"Old Hire" Police Defined Benefit Plan				
2013	\$ 382	\$ 222	58%	\$ (5,244)
2012	388	222	57%	(5,404)
2011	364	192	53%	(5,660)
"Old Hire" Fire Defined Benefit Plan				
2013	\$ 337	\$ 159	47%	\$ (3,787)
2012	345	162	47%	(3,965)
2011	255	64	25%	(4,189)

The "Old Hire" Police Defined Benefit Plan and the "Old Hire" Fire Defined Benefit Plan financial statements as of December 31, 2013, are included in the City of Boulder Comprehensive Annual Financial Report under the heading of Fiduciary Fund Types; no separate financial statements are issued. This information by plan follows.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

Plan net assets as of December 31, 2013, are as follows (amounts in 000's):

	"Old Hire" Police Defined Benefit Plan	"Old Hire" Fire Defined Benefit Plan
Assets:		
Equity in pooled cash and cash equivalents	\$ 10	\$ 9
Investments		
U.S. Treasuries	210	3
U.S. Instrumentalities	789	39
Mutual Funds	6,875	11,920
Equity Securities	5,085	-
Local Government Investment Pools	4	4
Money Market Funds	378	270
Real Estate Investment Trust	586	-
Corporate Bonds	216	-
Other	306	4
Accrued Interest	9	-
Total assets	14,468	12,249
Liabilities:		
Accrued pensions payable	36	31
Net position held in trust for pension benefits	\$ 14,432	\$ 12,218

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

The changes in plan net position for December 31, 2013, were as follows (amounts in 000's):

	"Old Hire" Police Defined Benefit Plan	"Old Hire" Fire Defined Benefit Plan
Additions:		
Pension contributions:		
City of Boulder	\$ 222	\$ 159
Employees	3	7
Total contributions	225	166
Investment earnings (loss)	1,958	1,619
Less investment expense	(35)	(35)
Net investment income (loss)	1,923	1,584
Total additions (reductions)	2,148	1,750
Deductions:		
Benefits	1,378	1,160
Administrative	15	28
Total deductions	1,393	1,188
Net increase (decrease)	755	562
Net position held in trust for pension benefits:		
Beginning of year	13,677	11,656
End of year	\$ 14,432	\$ 12,218

1. "Old Hire" Police Defined Benefit Plan

Plan Description – 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. The Plan covers two groups – "Employees" and "Former Members".

Former Members – This group includes employees whose employment with the employer terminated prior to January 1, 1987. They are covered by the retirement benefits provided under Colorado Revised Statutes, Title 31, Article 30.5 as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981. However, the Trust Fund established by the Plan Document is obligated to pay all benefits to these employees.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

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

Employees – The City of Boulder “Old Hire” Police Defined Benefit Plan and Trust Agreement (Plan Document) was established by the City Council on November 3, 1987 by Ordinance 5086. This Plan Document 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 30.5 as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981. The provisions of this Plan Document apply solely to employees whose employment with the employer terminates on or after January 1, 1987.

Benefits – For members retiring or terminating after March 10, 1999, the retirement pension is equal to 2.60% 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.

The minimum monthly benefits for *Former Members* are: \$875.50 for those receiving a disability retirement and \$515.00 for those receiving a beneficiary retirement.

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 five years prior to retirement. The city’s 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, 2013, there was one police employee who elected the DROP. For Note U purposes (unless otherwise stated), this employee is shown as an active member and included in covered payroll.

Death and Disability Benefits – *Employees and Former Members* - Effective January 1, 2007, the widow of a participant who commenced employment prior to January 1, 1980, 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 participant’s death; (b) one-third of the monthly salary paid by the city to a first class firefighter at the date of the participant’s termination or (c) one-half of the Normal Retirement Pension received by the participant at the date of such participant’s death. In no event shall the amount be less than the Board established minimum widow benefit which is currently \$515.00 per month. Benefits for disability retirees who retired prior to January 1, 1987, are eligible for a minimum benefit of \$875.50 per month.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

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

Dependent children of the employee are eligible for \$30 per month, if there is no surviving spouse. Benefit payments to beneficiaries continue if the widow of a deceased member remarries.

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

Contributions and Funding Policy – The Plan is a joint-contributory retirement plan operating on an actuarial reserve basis. Per the Plan Document, the contribution requirements of the plan members and the city are established and may be amended by the Boulder Police Officers Association collective bargaining agreement in effect for the payroll period concerned. Contributions of 2.0% of covered payroll are currently required from both the city and employees. The city must also contribute an additional annual payment necessary to make the plan actuarially sound as defined by Section 3.02 of the plan document with no maximum specified. In 2013, the city contributed \$221,966 to meet the actuarially calculated contribution requirement which exceeded the state mandated requirement. Administrative expenditures are recorded when incurred and are financed by the Plan.

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 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, 2012. 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.

The significant actuarial assumptions used in the valuation as of January 1, 2012, included the following:

- Actuarial Cost Method – entry age normal actuarial cost method.
- 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 three years. The resulting value is limited to between 80% and 120% of the market value of assets.
- Annual Required Contribution – Closed, level dollar amortization of unfunded actuarial liability over the remaining amortization period which is 15 years.
- Investment Earnings – 7.5% compounded annually, net of expenses.
- Cost of Living Adjustments – None assumed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

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

- 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 – Sex-distinct RP-2000 mortality for annuitants projected by Scale AA to 2017.
- Minimum Death Benefit – A minimum death benefit of \$515 per pay period is used.
- First Class Firefighter Salary – The highest negotiated First Class Firefighter Salary is used to calculate death benefits. For 2013, this is projected to be \$2,802 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.
- Form of Payment – All active participants are assumed to elect the normal form of payment.

The significant changes in actuarial assumptions and methods as of January 1, 2012 included the following:

- First Class Firefighter Salary was increased from \$2,666 to \$2,802 per pay period to reflect the current highest negotiated rate.

Funded Status and Funding Progress – As of January 1, 2012, the most recent actuarial valuation date, the plan was 87.5% funded. The actuarial accrued liability for benefits was \$16,057,253 and the actuarial value of assets was \$14,051,067, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,006,186. The covered payroll (annual payroll of active employees covered by the plan) was \$130,326 and the ratio of the UAAL to the covered payroll was 1,539.4%. In October 2010, City of Boulder Taxable Pension Obligation Bonds were issued and \$5,469,000 of additional funding was deposited into the plan to decrease the UAAL for the future.

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

2. “Old Hire” Fire Defined Benefit Plan

Plan Description - 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. The Plan covers two groups: “Employees” and “Former Members”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

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

Employees – The city established The City of Boulder “Old Hire” Fire Defined Benefit Plan and Trust Agreement (Plan Document) in 2002. This Plan Document was effective retroactive to January 1, 2000, and superseded and replaced the retirement benefits that had previously been provided under Colorado Revised Statutes, Title 31, Article 30.5 as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981. The provisions of this Plan Document apply solely to employees whose employment with the employer terminates on or after January 1, 2000.

Former Members – This group includes employees whose employment with the employer terminated prior to January 1, 2000. They are covered by the retirement benefits provided under Colorado Revised Statutes, Title 31, Article 30.5 as modified by Chapter 9, Title 2 of the Boulder Revised Code, 1981. However, the Trust Fund established by the Plan Document is obligated to pay all benefits to these employees.

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 Document provides for an additional retirement benefit of 2% 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% 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 minimum benefits for *Former Members* are: \$875.50 per month for those receiving a normal or disability retirement and \$515.00 per month for those receiving a beneficiary retirement.

Any pension benefit increase shall not negatively impact the actuarial soundness of the fund.

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 five 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, 2013, one member has elected the DROP option. For Note U purposes (unless otherwise stated), this employee is shown as an active member and included in covered payroll.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

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

Death and Disability Benefits

Employees and Former Members – Effective January 1, 2007, the widow of a retiree who retired prior to January 1, 1990, is eligible for a benefit of the lesser of one-third of the monthly salary paid by the city to a first class firefighter at the date of the member’s death or earlier retirement or the Board established minimum widow benefit which is currently \$515.00 per month. Benefits for normal or disability retirees who retired prior to January 1, 2000, are eligible for a minimum benefit of \$875.50 per month. Dependent children of the employee are eligible for \$30.00 per month, if there is no surviving spouse. Benefit payments to beneficiaries continue if the widow of a deceased member remarries.

Employees – 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 one-time death benefit of \$100.

Contributions and Funding Policy – The Plan is a joint-contributory retirement plan operating on an actuarial reserve basis. Per the “Old Hire” Fire Defined Benefit Pension Plan, the contribution requirements of the plan members and the city are established and may be amended by the International Association of Fire Fighters, Local #900 collective bargaining agreement in effect for the payroll period concerned. Contribution rates during 2012 were 2.451% and 7.833% of covered payroll for the city and employees, respectively. City contributions must be at least equal to employee contributions. The city must also contribute an additional annual payment necessary to make the plan actuarially sound as defined by Section 3.02 of the plan document with no maximum specified. In 2013, the city contributed \$159,119 to meet the actuarially calculated contribution requirement which exceeded the state-mandated requirement. Administrative expenditures are recorded when incurred and are financed by the Plan.

Actuarial Present Value of Accumulated Plan Benefits - An actuarial study was prepared at January 1, 2012. 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 significant actuarial assumptions used in the valuation as of January 1, 2012 included the following:

- Actuarial Cost Method – Entry age normal actuarial cost method.
- Actuarial Value of Assets – Market value.
- Annual Required Contribution – Closed, level dollar amortization of unfunded actuarial liability over the remaining amortization period which is 12 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

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

- Investment Earnings – 7.5% compounded annually, net of expenses.
- Cost of Living Adjustments – None assumed.
- Retirement – Not Applicable – All participants are retired.
- Retiree Mortality – Sex-distinct RP-2000 mortality for annuitants projected by Scale AA to 2017.
- Minimum Death Benefit – A minimum death benefit of \$515 per pay period is used.
- First Class Firefighter Salary – The highest negotiated First Class Firefighter Salary is used to calculate death benefits. For 2013, this is projected to be \$2,802 per pay period.
- Inflation rate – Not specified by actuary.
- Marriage Rates – Male spouses are assumed to be three years older than their female spouses. Actual marital status is used for retirees.

The significant changes in actuarial assumptions and methods as of January 1, 2012 included the following:

- First Class Firefighter Salary was increased from \$2,666 to \$2,802 to reflect the current highest negotiated rate.

Funded Status and Funding Progress – As of January 1, 2012, the most recent actuarial valuation date, the plan was 90.4% funded. The actuarial accrued liability for benefits was \$13,142,256 and the actuarial value of assets was \$11,884,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,258,256. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was not applicable since all participants were retired as of January 1, 2012. In October 2010, City of Boulder Taxable Pension Obligation Bonds were issued and \$3,531,000 of additional funding was deposited into the plan to decrease the UAAL for the future.

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

3. Public Employees Retirement Association (PERA)

Plan Description – The City of Boulder contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members and their beneficiaries. All employees, except firefighters, police officers and certain management employees that work directly for the City Manager are members of the LGDTF. Those employees excepted from PERA are covered by other plans described in this Note. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly-available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado, 80203, or by calling PERA at (303) 832-9550 or 1-800-759-PERA (7372).

Funding Policy – The City of Boulder is required to contribute member and employer contributions to PERA 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 13.7% of covered salary. A portion of the City of Boulder’s contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (HCTF) (see Note W – Other Postemployment Benefit Plans (OPEB) than Pensions). The City of Boulder is also required to pay an amortization equalization disbursement (AED) equal to 2.20% of the total payroll for the calendar year 2013 (2.20% of total payroll for the calendar year 2012, 2.20% of total payroll for the calendar year 2011). Additionally, the City of Boulder is required to pay a supplemental amortization equalization disbursement (SAED) equal to 1.50% of total payroll for the calendar year 2013 (1.50% of total payroll for the calendar year 2012 and 1.50% of total payroll for the calendar year 2011).

If the City of Boulder rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay the employer contribution rate on the amounts paid for the retiree. As of January 1, 2011, the employee is also required to pay the 8.0% contribution rate on any wages earned.

For the years ending December 31, 2013, 2012, and 2011, the City of Boulder’s contributions to the LGDTF, were \$9,027,975, \$8,425,590, and \$8,027,409, respectively, equal to their required contributions for each year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

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, 2014. The city's contribution requirement for the year ended December 31, 2013, was 13.8%, of covered payroll. The dollar amount of the city's contributions was \$1,833,000 in 2013. The employee contributions were 6.2%, or \$823,000, of covered payroll.

The International Association of Firefighters, Local #900, negotiated an economic agreement with the city, which was in effect through December 31, 2013. The city's contribution requirement for the year ended December 31, 2013, was 13% of covered payroll, or \$1,143,000. The employee contributions were 8% of covered payroll, or \$703,000.

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 10 years, whichever is less.

Death and Disability Benefits – If an active member dies or becomes disabled (but is not eligible for an age and service retirement) 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 Street, Boulder, Colorado, 80301.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE U – PENSION AND RETIREMENT PLANS (CONTINUED)

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 pre-retirement 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 2.6% of salary. The city pays the 2.6% for all affected police officers and firefighters. In 2013, 2012, and 2011, the city paid \$320,527, \$297,687, and \$280,671, respectively, equal to their required contributions for each year.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

**NOTE W – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)
THAN PENSIONS**

1. Public Employees Retirement Association (PERA) Health Care Trust Fund

Plan Description – The City of Boulder contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by 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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado, 80203 or by calling PERA at (303) 832-9550 or 1-800-759-PERA (7372).

Funding Policy – 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. 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 HCTF 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, 2013, 2012, and 2011 were \$671,828; \$627,054, and \$597,661, respectively, equal to their required contributions for each year.

2. City of Boulder Retiree Health Care Benefit Plan

Plan Description – The City of Boulder administers a single-employer defined benefit healthcare plan (the Retiree Health Care Benefit Plan). The city provides health care insurance coverage to current and future retirees of the city who retire with a PERA or city provided pension and have 12 years of service with the city. Employees who terminate or retire prior to meeting the eligibility requirements for retiree healthcare benefits are not eligible to participate in the program. The Retiree Health Care Benefit Plan is not covered within a trust fund and does not issue a publicly available financial report.

Funding Policy – The Retiree Health Care Benefit Plan is funded on a pay-as-you-go basis with retirees paying 100% of the blended health insurance premium for the retiree and dependents. Benefit provisions are established by city management. The benefit provided by the Retiree Health Care Benefit Plan is made up entirely of the implicit rate subsidy which results from both the retirees and the active employees paying the same insurance premiums.

Annual OPEB Cost and Net OPEB Obligation – The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

**NOTE W – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)
THAN PENSIONS (CONTINUED)**

2. City of Boulder Retiree Health Care Benefit Plan (Continued)

The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the city's net OPEB obligation (amounts in 000's):

Annual required contribution (ARC)	\$	777
Interest on prior year net OPEB obligation		61
Adjustment to ARC		(235)
Annual OPEB cost		603
Contributions made		440
Increase in net OPEB obligation		163
Net OPEB obligation – beginning of year		1,631
Net OPEB obligation – end of year	\$	1,794

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 602	56.0%	\$ 1,367
2012	\$ 602	56.0%	\$ 1,631
2013	\$ 603	73.0%	\$ 1,794

Funded Status and Funding Progress – As of January 1, 2013, the most recent actuarial evaluation date, the actuarial accrued liability for benefits was \$8,280,910, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$78,172,630, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

**NOTE W – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)
THAN PENSIONS (CONTINUED)**

2. City of Boulder Retiree Health Care Benefit Plan (Continued)

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

An actuarial study was prepared at January 1, 2013. It is the plan's policy to have an actuarial study prepared every two years.

The significant actuarial assumptions used in the valuation as of January 1, 2013, included the following:

- Discount Rate – 3.75% per annum.
- Inflation – 2.5% per annum.
- Wage Growth – 3.0% per annum.
- Administrative Expense – Claims expense is included in the premiums charged by the city's health insurance carrier. No other OPEB program expenses are included in this valuation.
- Mortality –
 - Healthy Lives – RP-2000 Combined Healthy Mortality Table projected to 2021 using Scale AA.
 - Disabled Lives – RP-2000 Disabled Mortality Table projected to 2021 using Scale AA.
- Retirement – Age and service eligibility requirements for PERA (Management and BMEA) and city provided pensions (Fire and Police).
- Election of Retirement Coverage – All current retired participants are assumed to continue health care coverage. 25% of future eligible retired participants are assumed to participate upon retirement.
- Health Care Cost Trend – Using the Getzen Model, the trend rate starts at 10.8% for 2013 and trends downward to a rate of 4.8% in 2079.
- Amortization Period – The unfunded actuarial accrued liability is amortized over 30 years using an open level percent of pay method.

The significant changes in actuarial assumptions and methods as of January 1, 2013 included the following:

- Updated claims and premiums to experience and plan changes.
- The trend assumption was updated using the Getzen Trend Model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

**NOTE W – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)
THAN PENSIONS (CONTINUED)**

2. City of Boulder Retiree Health Care Benefit Plan (Continued)

- A lapse assumption was added at age 65 to reflect anticipated plan experience.
- The withdrawal and retirement decrement rates were updated to better reflect anticipated plan experience.

NOTE X – PLEDGED REVENUES

Water and Sewer Revenues Pledged

The city has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$66,115,000 in outstanding water and sewer system revenue bonds. Proceeds from the bonds provided financing for the construction of capital assets or refunded other revenue bonds issued for that purpose. The bonds are payable solely from water and sewer customer net revenues and are payable through 2030. Annual principal and interest payments on the bonds are expected to require approximately 50% of net revenues (as defined by the bond ordinances). The total principal and interest remaining to be paid on the bonds at December 31, 2013 is \$83,012,525. Principal and interest paid for the current year and total customer net revenues were \$9,580,525 and \$18,179,000, respectively.

Stormwater and Flood Management Revenues Pledged

The city has pledged future stormwater and flood management fund revenues, net of specified operating expenses, to repay \$1,765,000 in outstanding stormwater and flood management revenue bonds. Proceeds from the bonds provided financing for the construction of capital assets or refunded other revenue bonds issued for that purpose. The bonds are payable solely from stormwater and flood management fund revenues and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 42% of net revenues (as defined by the bond ordinances). The total principal and interest remaining to be paid on the bonds at December 31, 2013 is \$1,923,200. Principal and interest paid for the current year and total customer net revenues were \$391,300 and \$2,429,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE X – PLEDGED REVENUES (CONTINUED)

Open Space Sales Tax Revenues Pledged

The city has pledged future sales and use tax revenues generated by the .88% sales and use tax levies of the Open Space Fund to repay \$19,815,000 in outstanding open space bonds. Proceeds from the bonds provided financing for the acquisition of open space land or refunded other bonds issued for that purpose. The \$19,815,000 in bonds are payable from the Open Space Fund sales tax revenues and \$15,410,000 of those bonds are also backed with a pledge of the full faith and credit of the city. These bonds mature through 2019; the year .48% of the total .88% sales tax levy expires. Annual principal and interest payments on the bonds are expected to require less than 39% of pledged sales tax revenues. The total principal and interest remaining to be paid on the bonds at December 31, 2013 is \$22,432,544. Principal and interest paid for the current year and total pledged sales tax revenues were \$7,069,775 and \$26,771,000, respectively.

25 Cent Parks Acquisition and Recreation Sales Tax Revenues Pledged

The city has pledged future sales and use tax revenues of the .25 Cent Sales Tax Fund to repay \$4,195,000 in outstanding bonds. Proceeds from the bonds provided financing to refund the Parks Acquisition Bonds, Series 1999, which refunded the Parks Acquisition Bonds, Series 1996 used to acquire and develop park lands. The bonds are payable from the sales tax revenues of the .25 Cent Sales Tax Fund and are also backed with a pledge of the full faith and credit of the city. These bonds mature through 2015, the year the .25% sales tax levy expires. Annual principal and interest payments on the bonds are expected to require less than 40% of pledged sales tax revenues. The total principal and interest remaining to be paid on the bonds at December 31, 2013 is \$4,384,750. Principal and interest paid for the current year and total pledged sales tax revenues were \$2,196,150 and \$7,578,000, respectively.

Downtown Commercial District Revenues Pledged

The city has pledged a portion of future sales tax revenues to repay \$7,185,000 in outstanding bonds issued by the City of Boulder Central Area General Improvement District (CAGID), now known as the Downtown Commercial District, to finance an underground parking garage located at 9th Street and Canyon Boulevard (TIF bonds). These TIF bonds are payable from the Parking Garage Net Revenues, incremental property tax revenues of the tax increment area and incremental sales and accommodations tax revenues.

In addition, the city has pledged future net revenue derived by CAGID from the operation of its properties to repay \$4,625,000 in other general obligation bonds outstanding. These bonds are payable from the net operating revenues generated by operations of the District's parking structures.

Both the TIF bonds and the other general obligation bonds are backed with a pledge of the full faith and credit of CAGID. These bonds mature through 2023. Annual principal and interest payments on the outstanding bonds are expected to require less than 39% of pledged revenues. The total principal and

City of Boulder, Colorado

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE X – PLEDGED REVENUES (CONTINUED)

Downtown Commercial District Revenues Pledged (continued)

interest remaining to be paid on the bonds at December 31, 2013 is \$13,485,650. Principal and interest paid for the current year and total pledged revenues were \$1,873,586 and \$5,043,474 respectively.

Boulder Municipal Property Authority Revenues Pledged

The Boulder Municipal Property Authority (BMPA) pledged as security for certificates of participation and lease purchase notes (debt) the base rental revenues received from the city's various funds and operations. As of December 31, 2013, BMPA currently has \$8,949,381 in outstanding debt used primarily to provide funding for acquisition of land for Parks and Open Space purposes. The city appropriates each year, from various revenue sources, base rental expenses in amounts sufficient to cover the principal and interest requirements on BMPA's debt. In accordance with state statutes, the appropriation by the city is subject to annual renewal at discretion of the City Council. BMPA has pledged, as the sole security for the bonds, the annual base rental revenues received from the city. Total principal and interest remaining on the debt is \$10,364,623 with annual requirements ranging from \$1,770,875 in 2014 to \$539,342 in 2021. The base rental revenues received each year equal the debt service requirements on BMPA's debt, averaging \$4,098,666 over the last 13 years. For the current year, principal and interest incurred by BMPA and the total base rental revenues pledged were \$1,364,278 and \$1,364,278, respectively.

Trash Tax Revenues

On August 16, 1994, the city passed the 1994 Ordinance approving the 1994 Election Question which authorized the city to raise its trash tax to a rate not to exceed a maximum per month of \$3.50 for residential customers and a maximum of \$0.85 per cubic yard per month for commercial customers. At a special municipal election held on November 8, 1994, the voters of the city approved the 1994 Election Question authorizing the maximum trash tax rates and authorizing the city under TABOR to issue not to exceed \$6,000,000 of bonds payable from the city's trash tax revenues and additionally secured by the full faith and credit of the city, for the purpose acquisition of interests in land and constructing, operating and maintenance of municipal solid waste recycling and composting facilities. On December 15, 2009, \$6,000,000 in General Obligation Waste Reduction Bonds were issued. As of December 31, 2013, there are currently \$5,000,000 in outstanding Waste Reduction Bonds. Total principal and interest remaining as of December 31, 2013 is \$6,764,112. The bond ordinance requires quarterly transfers of trash haulers tax to cover the current year's debt service. For the current year, principal and interest paid and total pledged revenues were \$433,287 and \$433,287, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013

NOTE X – PLEDGED REVENUES (CONTINUED)

General Fund Bonds (Capital Improvement Projects)

The city has pledged any and all legally available funds and revenues of the General Fund of the city, up to the full amount of principal of, interest on and premium, if any, due in each year, for the punctual payment of the principal of, interest on and premium, if any, due in connection with the maturity of or redemption of the Series 2012 Bonds as the same respectively became due and payable. These bonds were issued March 22, 2012 in the amount of \$49,000,000 with a net premium of \$5,829,997. As of December 31, 2013, \$44,900,000 in bonds remains outstanding. The principal and interest remaining to be paid on the bonds at December 31, 2013 is \$62,626,850. Principal and interest paid for the current year and total General Fund pledged revenues were \$3,995,100 and \$3,995,100, respectively.

NOTE Y – CHANGE IN ACCOUNTING PRINCIPLES

During 2013, the city adopted the following Governmental Accounting Standard Board (GASB) Statements: Statement No. 61 The Financial Reporting Entity: Omnibus; and Statement No. 65 Items Previously Reported as Assets and Liabilities. GASB 61 modifies the requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and presentation and disclosure requirements. Adoption of GASB 61 had no effect on the beginning net position/fund balance or change in net position/fund balance.

GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term “deferred” in the financial statement presentations. Adoption of GASB 65 resulted in the following changes in net position as of January 1, 2013: a decrease of \$760,205 for the Governmental Activities and a decrease of \$927,114 for Business-type Activities, which included a decrease of \$203,571 for the Water Fund, a decrease of \$444,423 for the Wastewater Fund, a decrease of \$47,788 for the Stormwater and Flood Management Fund and a decrease of \$231,332 for the Downtown General Improvement District Fund. These changes resulted from the requirement in GASB 65 that debt issuance costs be recognized as an expense in the period incurred. Other changes resulting from the application of GASB 65 are the reclassification of the following items to deferred inflows of resources: property tax, assets recorded in the fund statements for which revenues are not available and measurable. Additionally, the deferred loss on refunding of debt is reclassified as a deferred outflow of resources.

NOTE Z – EXTRAORDINARY ITEM

During the period of September 11 to September 18, 2013, the city of Boulder experienced a major flood event resulting in significant damage to insured property. The City received \$1,887,706 in insurance proceeds for covered damages from this event which is recognized in the General Fund as extraordinary income for the year ended December 31, 2013.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Police Pension Fund

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Total Unfunded (Overfunded) Actuarial Accrued Liability (1) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	1/1/2008	13,254,129	17,462,836	4,208,707	75.9%	184,130	2285.7%
2010	1/1/2010	10,394,413	16,663,370	6,268,957	62.4%	124,228	5046.3%
2012	1/1/2012	14,051,067	16,057,253	2,006,186	87.5%	130,326	1539.4%

- (1) In October 2010, the city of Boulder issued pension obligation bonds and invested \$5,469,000 of the proceeds into the Police Pension Fund, in addition to the regular annual contribution. This contribution was reflected in the actuarial evaluation as of January 1, 2012.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Fire Pension Fund

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Entry Age (b)</u>	<u>Total Unfunded (Overfunded) Actuarial Accrued Liability (1) (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>
2008	1/1/2008	11,814,000	13,870,522	2,056,522	85.2%	161,644	1272.3%
2010	1/1/2010	9,493,000	13,681,074	4,188,074	69.4%	-	NA
2012	1/1/2012	11,884,000	13,142,256	1,258,256	90.4%	-	NA

- (1) In October 2010, the city of Boulder issued pension obligation bonds and invested \$3,531,000 of the proceeds into the Fire Pension Fund, in addition to the regular annual contribution. This contribution was reflected in the actuarial evaluation as of January 1, 2012.
- (2) As of January 1, 2010, there are no active participants in the plan. Participants in an approved DROP plan are not considered active employees for purposes of the actuarial calculations. Therefore, there is no covered payroll in the table above but employee contributions to their DROP account continue.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Employer Contributions -
Police and Fire Pension Funds

Fiscal Year	Police Pension Fund (Note 1)			Fire Pension Fund (Note 2)		
	Annual Required Contributions	Actual City Contributions	Percentage Contributed	Annual Required Contributions	Actual City Contributions	Percentage Contributed
2004	362,824	370,662	102.2%	109,541	124,565	113.7%
2005	362,824	369,722	101.9%	109,541	118,183	107.9%
2006	302,812	369,386	122.0%	133,792	141,313	105.6%
2007	302,812	473,695	156.4%	133,792	313,944	234.7%
2008	403,366	471,474	116.9%	197,099	314,422	159.5%
2009	403,366	470,892	116.7%	197,099	314,770	159.7%
2010	634,924	5,984,894	942.6%	479,444	3,874,297	808.1%
2011	188,544	191,945	101.8%	60,510	64,510	106.6%
2012	219,204	221,807	101.2%	156,888	161,800	103.1%
2013	219,204	221,966	101.3%	156,888	159,119	101.4%

Note 1: Benefits were increased as of January 1, 2007. A special actuarial study was performed to determine the cost of these benefit changes, and an additional \$104,000 was budgeted beginning in 2007 to fully fund them.

Note 2: Benefits were increased as of January 1, 2007. A special actuarial study was performed to determine the cost of these benefit changes, and an additional \$306,000 was budgeted beginning in 2007 to fully fund them.

CITY OF BOULDER, COLORADO

Required Supplementary Information

Schedule of Funding Progress

Boulder Retiree Health Care Benefit Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Entry Age (b)</u>	<u>Total Unfunded (Overfunded) Actuarial Accrued 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>
2009	1/1/2009	\$ -	\$ 7,616,068	\$ 7,616,068	-	\$ 85,687,119	8.9%
2011	1/1/2011	\$ -	\$ 6,747,489	\$ 6,747,489	-	\$ 82,956,844	8.1%
2013	1/1/2013	\$ -	\$ 8,280,910	\$ 8,280,910	-	\$ 78,172,630	10.6%

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GENERAL FUND DETAILS

In 2011, the City of Boulder implemented GASB Statement No. 54 which refined what qualifies for inclusion as a Special Revenue Fund. Two former Special Revenue Funds did not meet the new requirements and have been combined with other general governmental operations into the General Fund. As a result, beginning in 2011 the General Fund is comprised of the following three separate sub-funds:

Core General Fund – to account for all financial resources of the general government except those accounted for in another fund.

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.

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.

CITY OF BOULDER, COLORADO

Balance Sheet

Combining General Fund

December 31, 2013

(Amounts in 000's)

<u>Assets and Deferred Outflows of Resources</u>	<u>Core General Fund</u>	<u>Library Fund</u>	<u>Community Hsg Asst Prgm Fund</u>	<u>Total General Fund</u>
Equity in pooled cash and cash equivalents	\$ 4,897	\$ 498	\$ 320	\$ 5,715
Investments	25,496	2,592	1,671	29,759
Receivables:				
General property taxes	25,282	848	2,032	28,162
Sales and use taxes	6,431	-	-	6,431
Accounts	2,242	2	-	2,244
Notes	40	-	1,115	1,155
Accrued interest	64	6	4	74
Intergovernmental	375	-	-	375
Other	9	-	-	9
Total receivables	<u>34,443</u>	<u>856</u>	<u>3,151</u>	<u>38,450</u>
Due from other funds	266	-	-	266
Advances to other funds	260	-	-	260
Inventory of materials and supplies	45	-	-	45
Restricted assets:				
Investments for special purposes	1,366	-	-	1,366
Other assets	<u>1,501</u>	<u>-</u>	<u>-</u>	<u>1,501</u>
Total assets	<u>68,274</u>	<u>3,946</u>	<u>5,142</u>	<u>77,362</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	\$ <u>68,274</u>	\$ <u>3,946</u>	\$ <u>5,142</u>	\$ <u>77,362</u>

<u>Liabilities, Deferred Inflows of Resources and Fund</u> <u>Balance</u>	Core General <u>Fund</u>	Library <u>Fund</u>	Community Hsg Asst Prgm <u>Fund</u>	Total General <u>Fund</u>
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ 1,862	\$ 79	\$ 3	\$ 1,944
Contracts and retainage payable	55	-	-	55
Accrued salaries, wages and amounts withheld from employees	1,443	115	8	1,566
Due to other funds	643	-	-	643
Advances from other funds	1,846	-	-	1,846
Other liabilities	26	-	-	26
Unearned revenue:				
Grants and other	658	-	-	658
Total liabilities	<u>6,533</u>	<u>194</u>	<u>11</u>	<u>6,738</u>
Deferred inflows of resources:				
Property tax	25,282	848	2,032	28,162
Unavailable fund resources	20	-	-	20
Total deferred inflows of resources	<u>25,302</u>	<u>848</u>	<u>2,032</u>	<u>28,182</u>
Fund balances:				
Nonspendable				
Prepaid/receivable	1,501	-	-	1,501
Inventory	45	-	-	45
Endowment	100	-	-	100
Restricted				
Legally restricted	1,130	-	-	1,130
Debt service	428	-	-	428
Donor restrictions	136	-	-	136
Assigned				
Special purposes	3,164	2,904	3,099	9,167
Contractual obligations	1,719	-	-	1,719
Unassigned	28,216	-	-	28,216
Total fund balances	<u>36,439</u>	<u>2,904</u>	<u>3,099</u>	<u>42,442</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>68,274</u>	\$ <u>3,946</u>	\$ <u>5,142</u>	\$ <u>77,362</u>

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CITY OF BOULDER, COLORADO

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

General Fund

Year ended December 31, 2013
(Amounts in 000's)

	Core General Fund	Library Fund	Community Hsg Asst Prgm Fund	Eliminations	Total General Fund
Revenues:					
Taxes:					
Sales and use taxes	\$ 51,375	\$ -	\$ -	\$ -	\$ 51,375
General property taxes	24,416	818	1,960	-	27,194
Accommodations taxes	5,192	-	-	-	5,192
Franchise taxes	10,938	-	-	-	10,938
Specific ownership & tobacco taxes	1,839	-	-	-	1,839
Excise taxes	180	-	149	-	329
Charges for services	4,873	156	3	-	5,032
Sale of goods	68	-	129	-	197
Licenses, permits and fines	6,334	-	-	-	6,334
Intergovernmental	1,677	33	-	-	1,710
Leases, rents and royalties	204	15	-	-	219
Interest and investment earnings	108	14	6	-	128
Other	658	86	1	-	745
Total revenues	<u>107,862</u>	<u>1,122</u>	<u>2,248</u>	<u>-</u>	<u>111,232</u>
Expenditures:					
Current:					
General Government	18,575	-	-	-	18,575
Administrative Services	10,024	-	-	-	10,024
Public Safety	48,122	-	-	-	48,122
Public Works	5,529	-	-	-	5,529
Planning & Development Services	43	-	-	-	43
Culture and Recreation	5,334	7,251	-	-	12,585
Open Space and Mountain Parks	193	-	-	-	193
Housing and Human Services	6,778	-	3,500	-	10,278
Debt service payments:					
Principal	3,115	-	-	-	3,115
Interest	2,341	-	-	-	2,341
Total expenditures	<u>100,054</u>	<u>7,251</u>	<u>3,500</u>	<u>-</u>	<u>110,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,808</u>	<u>(6,129)</u>	<u>(1,252)</u>	<u>-</u>	<u>427</u>
Other financing sources (uses):					
Extraordinary Item	1,888	-	-	-	1,888
Transfers in	8,992	7,841	-	(6,550)	10,283
Transfers out	(14,916)	-	(45)	6,550	(8,411)
Total other financing sources (uses)	<u>(4,036)</u>	<u>7,841</u>	<u>(45)</u>	<u>-</u>	<u>3,760</u>
Net change in fund balances	3,772	1,712	(1,297)	-	4,187
Fund balances, beginning of year	<u>32,667</u>	<u>1,192</u>	<u>4,396</u>	<u>-</u>	<u>38,255</u>
Fund balances, end of year	<u>\$ 36,439</u>	<u>\$ 2,904</u>	<u>\$ 3,099</u>	<u>\$ -</u>	<u>\$ 42,442</u>

CITY OF BOULDER, COLORADO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)

Core General Fund

Year ended December 31, 2013

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ 47,379	\$ 47,379	\$ 51,375	\$ 3,996
General property taxes	24,848	24,861	24,416	(445)
Accommodations taxes	4,939	4,939	5,192	253
Franchise taxes	10,233	10,307	10,938	631
Specific ownership & tobacco taxes	1,599	1,599	1,839	240
Excise taxes	-	65	180	115
Charges for services	3,979	4,110	4,873	763
Sale of goods	67	126	68	(58)
Licenses, permits and fines	6,019	6,071	6,334	263
Intergovernmental	682	1,426	1,677	251
Leases, rents and royalties	239	239	204	(35)
Interest and investment earnings	500	500	209	(291)
Other	523	1,513	658	(855)
Total revenues	<u>101,007</u>	<u>103,135</u>	<u>107,963</u>	<u>4,828</u>
Expenditures:				
Current:				
General Government	16,046	23,561	19,476	4,085
Administrative Services	10,212	13,198	10,411	2,787
Public Safety	49,158	51,247	50,274	973
Public Works	5,413	5,588	5,588	-
Planning & Development Services	43	43	43	-
Culture and Recreation	5,437	5,696	5,419	277
Open Space and Mountain Parks	193	193	193	-
Housing and Human Services	6,783	7,463	6,778	685
Debt service payments:				
Principal	3,115	3,115	3,115	-
Interest	2,264	2,264	2,341	(77)
Total expenditures	<u>98,664</u>	<u>112,368</u>	<u>103,638</u>	<u>8,730</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>2,343</u>	<u>(9,233)</u>	<u>4,325</u>	<u>13,558</u>

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Other financing sources (uses):				
Extraordinary Item	-	-	1,888	1,888
Transfers in	8,746	8,617	9,030	413
Transfers out	<u>(13,812)</u>	<u>(14,172)</u>	<u>(15,220)</u>	<u>(1,048)</u>
Total other financing sources (uses)	<u>(5,066)</u>	<u>(5,555)</u>	<u>(4,302)</u>	<u>1,253</u>
Net change in fund balance	\$ <u>(2,723)</u>	\$ <u>(14,788)</u>	23	\$ <u>14,811</u>
Encumbrances, end of year			1,719	
Fund balance, beginning of year, basis of budgeting			<u>37,012</u>	
Fund balance, end of year, basis of budgeting			38,754	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			(91)	
Accrued salaries, wages and amounts withheld from employees			(1,606)	
Change in prepaid assets			(3)	
Transfers to other funds			(304)	
Advances from other funds			<u>(311)</u>	
Fund balance, end of year, GAAP basis			\$ <u>36,439</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Library Fund

Year ended December 31, 2013

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
General property taxes	\$ 832	\$ 832	\$ 818	\$ (14)
Charges for services	120	152	156	4
Intergovernmental	-	31	33	2
Leases, rents and royalties	9	9	15	6
Interest and investment earnings	15	15	14	(1)
Other	87	76	86	10
Total revenues	<u>1,063</u>	<u>1,115</u>	<u>1,122</u>	<u>7</u>
Expenditures:				
Current:				
Culture and Recreation	<u>7,574</u>	<u>9,048</u>	<u>7,438</u>	<u>1,610</u>
Total expenditures	<u>7,574</u>	<u>9,048</u>	<u>7,438</u>	<u>1,610</u>
Excess (deficiency) of revenues				
over (under) expenditures	(6,511)	(7,933)	(6,316)	1,617
Other financing sources -				
Transfers in	<u>6,511</u>	<u>7,841</u>	<u>7,841</u>	<u>-</u>
Total other financing sources (uses)	<u>6,511</u>	<u>7,841</u>	<u>7,841</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(92)</u>	1,525	\$ <u>1,617</u>
Encumbrances, end of year			48	
Fund balance, beginning of year, basis of budgeting			<u>1,437</u>	
Fund balance, end of year, basis of budgeting			3,010	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			9	
Accrued salaries, wages and amounts withheld			<u>(115)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,904</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)CHAP Fund

Year ended December 31, 2013

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
General property taxes	\$ 1,998	\$ 1,998	\$ 1,960	\$ (38)
Excise taxes	100	100	149	49
Charges for services	-	-	3	3
Sale of goods and capital assets	86	86	129	43
Interest and investment earnings	62	62	20	(42)
Other	-	-	1	1
Total revenues	<u>2,246</u>	<u>2,246</u>	<u>2,262</u>	<u>16</u>
Expenditures:				
Current:				
Division of Housing	<u>2,222</u>	<u>5,529</u>	<u>3,518</u>	<u>2,011</u>
Total expenditures	<u>2,222</u>	<u>5,529</u>	<u>3,518</u>	<u>2,011</u>
Excess (deficiency) of revenues				
over (under) expenditures	24	(3,283)	(1,256)	2,027
Other financing uses -				
Transfers out	<u>(44)</u>	<u>(44)</u>	<u>(45)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>(44)</u>	<u>(44)</u>	<u>(45)</u>	<u>(1)</u>
Net change in fund balance	\$ <u>(20)</u>	\$ <u>(3,327)</u>	(1,301)	\$ <u>2,026</u>
Fund balance, beginning of year, basis of budgeting			<u>3,288</u>	
Fund balance, end of year, basis of budgeting			<u>1,987</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			5	
Notes Receivable			1,115	
Accrued salaries, wages and amounts			<u>(8)</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>3,099</u></u>	

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MAJOR CAPITAL PROJECT FUND

2011 Capital Improvement – to account for the projects and improvements throughout the city approved by the voters in 2011. These improvements are funded by General Fund Bonds (Capital Improvement Projects) Series 2012. Only the budget-to-actual statement for this fund appears here. The other statements for this fund are included under the Financial Section tab.

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)2011 Capital Improvement Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Interest and investment earnings	\$ 506	\$ 506	\$ 124	\$ (382)
Other	-	-	2	2
Total revenues	<u>506</u>	<u>506</u>	<u>126</u>	<u>(380)</u>
Expenditures:				
Capital outlay	-	49,689	24,320	25,369
Total expenditures	<u>-</u>	<u>49,689</u>	<u>24,320</u>	<u>25,369</u>
Excess (deficiency) of revenues over (under) expenditures	506	(49,183)	(24,194)	24,989
Other financing uses -				
Transfers in	-	3,466	3,467	1
Total other financing sources (uses)	<u>-</u>	<u>3,466</u>	<u>3,467</u>	<u>1</u>
Net change in fund balance	\$ <u>506</u>	\$ <u>(45,717)</u>	(20,727)	\$ <u>24,990</u>
Encumbrances, end of year			8,349	
Fund balance, beginning of year, basis of budgeting			<u>46,345</u>	
Fund balance, end of year, basis of budgeting			<u>33,967</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			24	
Accrued salaries, wages and amounts withheld from employees			<u>(12)</u>	
Fund balance, end of year, GAAP basis			\$ <u>33,979</u>	

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 committed to be used to construct, purchase and maintain permanently affordable housing units in Boulder.

.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.

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

Climate Action Plan Tax Fund – to account for revenues and expenditures related to programs implemented to increase energy efficiency, increase renewable energy use, reduce emissions from motor vehicles and take other steps toward the goal of meeting the Kyoto Protocol.

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

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.

BJAGID – TDM – to account for revenues and expenditures related to programs implemented by the Boulder Junction Authority General Improvement District to meet its Transportation Demand Management goals.

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.

NONMAJOR DEBT SERVICE FUND

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

.15 Cent Sales Tax Debt Service Fund - Financing is provided by earmarked sales tax. The related bonds were paid off in 2012 so this fund was closed out in the current fiscal year.

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:

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.

Fire Training Center Construction Fund – to account for the construction of a new fire training facility financed by a .15 cent sales tax approved by the voters in 2006 and funding provided by Boulder County.

Boulder Junction Improvement – to account for the development of a new “Boulder Junction” 160-acre site located around 30th and Pearl streets. It will be a regional transit-oriented, mixed-use neighborhood including a new regional bus and light rail terminal developed by Regional Transportation District (RTD). Funding is provided from a portion of the use taxes collected from development in the area.

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2013

(Amounts in 000's)

<u>Assets and Deferred Outflows of Resources</u>	<u>Special Revenue</u>	<u>.15 Cent Sales Tax Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ 6,858	\$ -	\$ 689	\$ 7,547
Investments	35,798	-	3,600	39,398
Receivables:				
General property taxes	26	-	2,292	2,318
Sales and use taxes	950	-	-	950
Accounts	293	-	-	293
Notes	124	-	-	124
Accrued interest	78	-	7	85
Intergovernmental	131	-	-	131
Total receivables	1,602	-	2,299	3,901
Inventory of materials and supplies	49	-	-	49
Restricted assets:				
Investments for special purposes	1,073	-	-	1,073
Total assets	45,380	-	6,588	51,968
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 45,380	\$ -	\$ 6,588	\$ 51,968
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ 1,392	\$ -	\$ 409	\$ 1,801
Contracts and retainage payable	36	-	51	87
Accrued salaries, wages and amounts withheld from employees	392	-	25	417
Due to other funds	80	-	-	80
Advances from other funds	260	-	-	260
Other liabilities	3,274	-	-	3,274
Unearned revenue:				
Other	35	-	-	35
Total liabilities	5,469	-	485	5,954
Deferred inflows of resources:				
Property Tax	26	-	2,292	2,318
Fund balances:				
Nonspendable				
Inventory	49	-	-	49
Restricted				
Legally restricted	5,202	-	-	5,202
Capital projects	-	-	2,250	2,250
Lottery funds	1,513	-	-	1,513
Donor restrictions	568	-	-	568
Committed				
Affordable housing	19,376	-	-	19,376
Assigned				
Special purposes	13,177	-	1,561	14,738
Total fund balances	39,885	-	3,811	43,696
Total liabilities, deferred inflows of resources and fund balances	\$ 45,380	\$ -	\$ 6,588	\$ 51,968

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CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended December 31, 2013

(Amounts in 000's)

	Special <u>Revenue</u>	.15 Cent Sales Tax <u>Debt Service</u>	Capital <u>Project</u>	<u>Total</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ 7,578	\$ -	\$ 268	\$ 7,846
General property taxes	29	-	2,211	2,240
Franchise taxes	1,877	-	-	1,877
Excise taxes	652	-	357	1,009
Charges for services	16,967	-	542	17,509
Sale of goods	647	-	-	647
License, permits and fines	5,743	-	-	5,743
Intergovernmental	3,855	-	1	3,856
Leases, rents and royalties	1,810	-	5	1,815
Interest and investment earnings	208	-	16	224
Other	549	-	6	555
Total revenues	<u>39,915</u>	<u>-</u>	<u>3,406</u>	<u>43,321</u>
Expenditures:				
Current:				
General Government	1,586	-	-	1,586
Public Works	1,570	-	-	1,570
Planning & Development Services	4,616	-	-	4,616
Culture and Recreation	15,504	-	-	15,504
Open Space and Mountain Parks	353	-	-	353
Housing and Human Services	9,948	-	-	9,948
Capital outlay	-	-	3,269	3,269
Debt service payments:				
Principal	2,036	-	-	2,036
Interest	188	-	-	188
Total expenditures	<u>35,801</u>	<u>-</u>	<u>3,269</u>	<u>39,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,114</u>	<u>-</u>	<u>137</u>	<u>4,251</u>
Other financing sources (uses):				
Capital lease funding	107	-	-	107
Transfers in	4,944	-	422	5,366
Transfers out	<u>(6,882)</u>	<u>(243)</u>	<u>(307)</u>	<u>(7,432)</u>
Total other financing sources (uses)	<u>(1,831)</u>	<u>(243)</u>	<u>115</u>	<u>(1,959)</u>
Net change in fund balances	2,283	(243)	252	2,292
Fund balances, beginning of year	<u>37,602</u>	<u>243</u>	<u>3,559</u>	<u>41,404</u>
Fund balances, end of year	\$ <u>39,885</u>	\$ <u>-</u>	\$ <u>3,811</u>	\$ <u>43,696</u>

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2013

(Amounts in 000's)

<u>Assets and Deferred Outflows of Resources</u>	Capital Development Fund	Lottery Fund	Planning & Development Services Fund	Affordable Housing Fund	.25 Cent Sales Tax Fund	Recreation Activity Fund
Equity in pooled cash and cash equivalents	\$ 475	\$ 247	\$ 1,285	\$ 3,668	\$ 389	\$ 256
Investments	2,483	1,292	6,710	19,160	2,036	1,307
Receivables:						
General property taxes	-	-	-	-	-	-
Sales and use taxes	-	-	-	-	950	-
Accounts	-	-	42	-	-	12
Notes	-	-	-	124	-	-
Accrued interest	5	3	14	42	5	3
Intergovernmental	-	-	-	-	-	-
Total receivables	5	3	56	166	955	15
Inventory of materials and supplies	-	-	-	-	-	49
Restricted assets -						
Investments for special purposes	-	-	11	-	287	62
Total assets	2,963	1,542	8,062	22,994	3,667	1,689
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 2,963	\$ 1,542	\$ 8,062	\$ 22,994	\$ 3,667	\$ 1,689
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts and accrued liabilities:						
Vouchers and accounts payable	\$ -	\$ 28	\$ 62	\$ 611	\$ 181	\$ 149
Contracts and retainage payable	11	1	-	-	24	-
Accrued salaries, wages and amounts withheld from employees	-	-	169	7	71	123
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Other liabilities	-	-	258	3,000	11	-
Unearned revenue:						
Other	-	-	-	-	10	24
Total liabilities	11	29	489	3,618	297	296
Deferred inflows of resources:						
Property Tax	-	-	-	-	-	-
Fund balances:						
Nonspendable						
Inventory	-	-	-	-	-	49
Restricted						
Legally restricted	909	-	11	-	3,083	-
Lottery Funds	-	1,513	-	-	-	-
Donor restrictions	-	-	-	-	287	62
Committed						
Affordable housing	-	-	-	19,376	-	-
Assigned						
Special purposes	2,043	-	7,562	-	-	1,282
Total fund balances	2,952	1,513	7,573	19,376	3,370	1,393
Total liabilities, deferred inflows from resources and fund balances	\$ 2,963	\$ 1,542	\$ 8,062	\$ 22,994	\$ 3,667	\$ 1,689

(continued)

Climate Action Plan Tax Fund	Airport Fund	Trans- portation Development Fund	Transit Pass General Improvement District	Boulder Junction Access GID - TDM	Gifts and Contributions Fund	Community Development Fund	HOME Fund	Total
\$ 201	\$ 49	\$ 281	\$ 2	\$ 5	\$ -	\$ -	\$ -	\$ 6,858
1,048	257	1,469	9	27	-	-	-	35,798
-	-	-	10	16	-	-	-	26
-	-	-	-	-	-	-	-	950
185	54	-	-	-	-	-	-	293
-	-	-	-	-	-	-	-	124
2	-	3	-	-	1	-	-	78
-	6	-	-	-	-	106	19	131
187	60	3	10	16	1	106	19	1,602
-	-	-	-	-	-	-	-	49
-	-	-	-	-	713	-	-	1,073
1,436	366	1,753	21	48	714	106	19	45,380
-	-	-	-	-	-	-	-	-
\$ 1,436	\$ 366	\$ 1,753	\$ 21	\$ 48	\$ 714	\$ 106	\$ 19	\$ 45,380
\$ 309	\$ 14	\$ -	\$ -	\$ -	\$ 1	\$ 37	\$ -	\$ 1,392
-	-	-	-	-	-	-	-	36
11	4	-	-	-	-	4	3	392
-	-	-	-	-	-	64	16	80
-	260	-	-	-	-	-	-	260
-	5	-	-	-	-	-	-	3,274
-	-	-	-	-	-	1	-	35
320	283	-	-	-	1	106	19	5,469
-	-	-	10	16	-	-	-	26
-	-	-	-	-	-	-	-	49
1,116	83	-	-	-	-	-	-	5,202
-	-	-	-	-	-	-	-	1,513
-	-	-	-	-	219	-	-	568
-	-	-	-	-	-	-	-	19,376
-	-	1,753	11	32	494	-	-	13,177
1,116	83	1,753	11	32	713	-	-	39,885
\$ 1,436	\$ 366	\$ 1,753	\$ 21	\$ 48	\$ 714	\$ 106	\$ 19	\$ 45,380

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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, 2013

(Amounts in 000's)

	Capital Development <u>Fund</u>	Lottery <u>Fund</u>	Planning & Development Services <u>Fund</u>	Affordable Housing <u>Fund</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ -	\$ -
General property taxes	-	-	-	-
Franchise taxes	-	-	-	-
Excise taxes	91	-	-	-
Charges for services	661	-	2,124	7,175
Sale of goods	-	-	4	450
Licenses, permits and fines	-	-	5,582	-
Intergovernmental	-	1,076	23	-
Leases, rents and royalties	-	-	-	224
Interest and investment earnings	13	6	27	125
Other	-	-	10	124
Total revenues	<u>765</u>	<u>1,082</u>	<u>7,770</u>	<u>8,098</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Works	129	-	-	-
Planning & Development Services	-	-	4,616	-
Culture and Recreation	-	377	-	-
Open Space and Mountain Parks	-	353	-	-
Housing and Human Services	-	-	3,243	4,402
Debt service payments:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>129</u>	<u>730</u>	<u>7,859</u>	<u>4,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>636</u>	<u>352</u>	<u>(89)</u>	<u>3,696</u>
Other financing sources (uses):				
Capital lease funding	-	-	-	-
Transfers in	-	-	2,913	325
Transfers out	<u>(4,022)</u>	<u>-</u>	<u>(2,381)</u>	<u>(44)</u>
Total other financing sources (uses)	<u>(4,022)</u>	<u>-</u>	<u>532</u>	<u>281</u>
Net change in fund balances	(3,386)	352	443	3,977
Fund balances, beginning of year	<u>6,338</u>	<u>1,161</u>	<u>7,130</u>	<u>15,399</u>
Fund balances, end of year	<u>\$ 2,952</u>	<u>\$ 1,513</u>	<u>\$ 7,573</u>	<u>\$ 19,376</u>

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances,
continuedNonmajor Special Revenue Funds

Year ended December 31, 2013

(Amounts in 000's)

	<u>.25 Cent Sales Tax Fund</u>	<u>Recreation Activity Fund</u>	<u>Climate Action Plan Tax Fund</u>	<u>Airport Fund</u>	<u>Trans- portation Development Fund</u>
Revenues:					
Taxes:					
Sales and use taxes	\$ 7,578	\$ -	\$ -	\$ -	\$ -
General property taxes	-	-	-	-	-
Franchise taxes	-	-	1,877	-	-
Excise taxes	-	-	-	-	561
Charges for services	18	6,989	-	-	-
Sale of goods	-	193	-	-	-
Licenses, permits and fines	5	156	-	-	-
Intergovernmental	15	28	7	345	19
Leases, rents and royalties	26	1,154	-	406	-
Interest and investment earnings	14	9	4	-	7
Other	15	191	-	-	-
Total revenues	<u>7,671</u>	<u>8,720</u>	<u>1,888</u>	<u>751</u>	<u>587</u>
Expenditures:					
Current:					
General Government	-	-	1,584	-	-
Public Works	394	-	-	961	76
Planning & Development Services	-	-	-	-	-
Culture and Recreation	5,002	10,053	-	-	-
Open Space and Mountain Parks	-	-	-	-	-
Housing and Human Services	-	-	-	-	-
Debt service payments:					
Principal	2,036	-	-	-	-
Interest	188	-	-	-	-
Total expenditures	<u>7,620</u>	<u>10,053</u>	<u>1,584</u>	<u>961</u>	<u>76</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51</u>	<u>(1,333)</u>	<u>304</u>	<u>(210)</u>	<u>511</u>
Other financing sources (uses):					
Capital lease funding	107	-	-	-	-
Transfers in	-	1,702	-	-	-
Transfers out	(267)	(14)	-	(99)	(16)
Total other financing sources (uses)	<u>(160)</u>	<u>1,688</u>	<u>-</u>	<u>(99)</u>	<u>(16)</u>
Net change in fund balances	(109)	355	304	(309)	495
Fund balances, beginning of year	<u>3,479</u>	<u>1,038</u>	<u>812</u>	<u>392</u>	<u>1,258</u>
Fund balances, end of year	<u>\$ 3,370</u>	<u>\$ 1,393</u>	<u>\$ 1,116</u>	<u>\$ 83</u>	<u>\$ 1,753</u>

Transit Pass General Improvement District	Boulder Junction Access GID- TDM	Gifts and Contributions Fund	Community Development Fund	HOME Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,578
10	19	-	-	-	29
-	-	-	-	-	1,877
-	-	-	-	-	652
-	-	-	-	-	16,967
-	-	-	-	-	647
-	-	-	-	-	5,743
-	-	-	734	1,608	3,855
-	-	-	-	-	1,810
-	-	3	-	-	208
-	-	209	-	-	549
<u>10</u>	<u>19</u>	<u>212</u>	<u>734</u>	<u>1,608</u>	<u>39,915</u>
-	2	-	-	-	1,586
10	-	-	-	-	1,570
-	-	-	-	-	4,616
-	-	72	-	-	15,504
-	-	-	-	-	353
-	-	-	706	1,597	9,948
-	-	-	-	-	2,036
-	-	-	-	-	188
<u>10</u>	<u>2</u>	<u>72</u>	<u>706</u>	<u>1,597</u>	<u>35,801</u>
-	17	140	28	11	4,114
-	-	-	-	-	107
4	-	-	-	-	4,944
-	-	-	(28)	(11)	(6,882)
<u>4</u>	<u>-</u>	<u>-</u>	<u>(28)</u>	<u>(11)</u>	<u>(1,831)</u>
4	17	140	-	-	2,283
<u>7</u>	<u>15</u>	<u>573</u>	<u>-</u>	<u>-</u>	<u>37,602</u>
\$ <u>11</u>	\$ <u>32</u>	\$ <u>713</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>39,885</u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Capital Development Fund

Year ended December 31, 2013

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Excise taxes	\$ 1	\$ 1	\$ 91	\$ 90
Charges for services	324	324	661	337
Interest and investment earnings	51	51	41	(10)
Total revenues	<u>376</u>	<u>376</u>	<u>793</u>	<u>417</u>
Expenditures:				
Current:				
Public Works	110	220	131	89
Total expenditures	<u>110</u>	<u>220</u>	<u>131</u>	<u>89</u>
Excess (deficiency) of revenues				
over (under) expenditures	266	156	662	506
Other financing uses -				
transfers out	(23)	(4,022)	(4,022)	-
Total other financing sources (uses)	<u>(23)</u>	<u>(4,022)</u>	<u>(4,022)</u>	<u>-</u>
Net change in fund balance	\$ <u>243</u>	\$ <u>(3,866)</u>	(3,360)	\$ <u>506</u>
Encumbrances, end of year			2	
Fund balance, beginning of year, basis of budgeting			<u>6,301</u>	
Fund balance, end of year, basis of budgeting			2,943	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>9</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,952</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Lottery Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 836	\$ 836	\$ 1,076	\$ 240
Interest and investment earnings	<u>1</u>	<u>1</u>	<u>8</u>	<u>7</u>
Total revenues	<u>837</u>	<u>837</u>	<u>1,084</u>	<u>247</u>
Expenditures:				
Current:				
Culture and Recreation	493	1,196	425	771
Open Space and Mountain Parks	<u>343</u>	<u>594</u>	<u>452</u>	<u>142</u>
Total expenditures	<u>836</u>	<u>1,790</u>	<u>877</u>	<u>913</u>
Excess (deficiency) of				
revenues over expenditures	1	(953)	207	1,160
Other financing uses -				
Excess (deficiency) of revenues				
over (under) expenditures	\$ <u>1</u>	\$ <u>(953)</u>	207	\$ <u>1,160</u>
Encumbrances, end of year			146	
Fund balance, beginning of year, basis of budgeting			<u>1,157</u>	
Fund balance, end of year, basis of budgeting			1,510	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>3</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,513</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Planning & Development Services Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 1,762	\$ 1,763	\$ 2,124	\$ 361
Sale of goods	5	5	4	(1)
Licenses, permits and fines	4,033	4,078	5,582	1,504
Intergovernmental	-	21	23	2
Interest and investment earnings	91	91	49	(42)
Other	-	-	10	10
Total revenues	<u>5,891</u>	<u>5,958</u>	<u>7,792</u>	<u>1,834</u>
Expenditures:				
Current:				
Planning & Development Services	4,875	5,335	4,904	431
Housing and Human Services	<u>3,310</u>	<u>3,565</u>	<u>3,305</u>	<u>260</u>
Total expenditures	<u>8,185</u>	<u>8,900</u>	<u>8,209</u>	<u>691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,294)</u>	<u>(2,942)</u>	<u>(417)</u>	<u>2,525</u>
Other financing sources (uses):				
Transfers in	2,913	2,913	2,913	-
Transfers out	<u>(1,381)</u>	<u>(2,381)</u>	<u>(2,381)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,532</u>	<u>532</u>	<u>532</u>	<u>-</u>
Net change in fund balance	\$ <u>(762)</u>	\$ <u>(2,410)</u>	115	\$ <u>2,525</u>
Encumbrances, end of year			179	
Fund balance, beginning of year, basis of budgeting			<u>7,427</u>	
Fund balance, end of year, basis of budgeting			7,721	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			21	
Accrued salaries, wages and amounts withheld from employees			<u>(169)</u>	
Fund balance, end of year, GAAP basis			\$ <u>7,573</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Affordable Housing Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 1,004	\$ 1,004	\$ 7,175	\$ 6,171
Sale of goods	-	450	450	-
Leases, rents and royalties	156	156	224	68
Interest and investment earnings	55	55	150	95
Other	-	-	124	124
Total revenues	<u>1,215</u>	<u>1,665</u>	<u>8,123</u>	<u>6,458</u>
Expenditures:				
Current:				
Housing and Human Services	1,519	17,070	4,410	12,660
Total expenditures	<u>1,519</u>	<u>17,070</u>	<u>4,410</u>	<u>12,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(304)</u>	<u>(15,405)</u>	<u>3,713</u>	<u>19,118</u>
Other financing sources (uses):				
Transfers in	325	325	325	-
Transfers out	<u>(44)</u>	<u>(44)</u>	<u>(44)</u>	<u>-</u>
Total other financing sources (uses)	<u>281</u>	<u>281</u>	<u>281</u>	<u>-</u>
Net change in fund balance	\$ <u>(23)</u>	\$ <u>(15,124)</u>	3,994	\$ <u>19,118</u>
Encumbrances, end of year			2	
Fund balance, beginning of year, basis of budgeting			<u>15,202</u>	
Fund balance, end of year, basis of budgeting			19,198	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			61	
Notes Receivable			124	
Accrued salaries, wages and amounts withheld from employees			<u>(7)</u>	
Fund balance, end of year, GAAP basis			\$ <u>19,376</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis).25 Cent Sales Tax Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 7,054	\$ 7,054	\$ 7,578	\$ 524
Charges for services	25	25	18	(7)
Licenses, permits and fines	-	-	5	5
Intergovernmental	-	173	15	(158)
Leases, rents and royalties	-	-	26	26
Interest and investment earnings	20	20	23	3
Other	25	25	15	(10)
Total revenues	<u>7,124</u>	<u>7,297</u>	<u>7,680</u>	<u>383</u>
Expenditures:				
Current:				
Public Works	450	450	451	(1)
Culture and Recreation	4,826	7,463	6,027	1,436
Debt service payments:				
Principal	2,036	2,036	2,036	-
Interest	188	188	188	-
Total expenditures	<u>7,500</u>	<u>10,137</u>	<u>8,702</u>	<u>1,435</u>
Excess (deficiency) of revenues over (under) expenditures	(376)	(2,840)	(1,022)	1,818
Other financing uses -				
Capital lease funding	-	107	107	-
Transfers out	(267)	(267)	(267)	-
Total other financing sources (uses)	<u>(267)</u>	<u>(160)</u>	<u>(160)</u>	<u>-</u>
Net change in fund balance	\$ <u>(643)</u>	\$ <u>(3,000)</u>	(1,182)	\$ <u>1,818</u>
Encumbrances, end of year			1,052	
Fund balance, beginning of year, basis of budgeting			<u>3,566</u>	
Fund balance, end of year, basis of budgeting			3,436	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			5	
Accrued salaries, wages and amounts withheld from employees			<u>(71)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 3,370</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Recreation Activity Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 6,708	\$ 6,714	\$ 6,989	\$ 275
Sale of goods	192	192	193	1
Licenses, permits and fines	180	180	156	(24)
Intergovernmental	-	28	28	-
Leases, rents and royalties	1,052	1,052	1,154	102
Interest and investment earnings	4	18	12	(6)
Other	<u>53</u>	<u>145</u>	<u>191</u>	<u>46</u>
Total revenues	8,189	8,329	8,723	394
Expenditures:				
Current:				
Culture and Recreation	<u>10,198</u>	<u>10,481</u>	<u>10,255</u>	<u>226</u>
Total expenditures	<u>10,198</u>	<u>10,481</u>	<u>10,255</u>	<u>226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,009)</u>	<u>(2,152)</u>	<u>(1,532)</u>	<u>620</u>
Other financing sources (uses):				
Transfers in	1,702	1,702	1,702	-
Transfers out	<u>-</u>	<u>(14)</u>	<u>(14)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,702</u>	<u>1,688</u>	<u>1,688</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(307)</u></u>	\$ <u><u>(464)</u></u>	156	\$ <u><u>620</u></u>
Fund balance, beginning of year, basis of budgeting			<u>1,356</u>	
Fund balance, end of year, basis of budgeting			1,512	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			4	
Accrued salaries, wages and amounts withheld from employees			<u>(123)</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>1,393</u></u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Climate Action Plan Tax Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Franchise taxes	\$ 491	\$ 1,850	\$ 1,877	\$ 27
Intergovernmental	-	15	7	(8)
Interest and investment earnings	-	-	7	7
Total revenues	<u>491</u>	<u>1,865</u>	<u>1,891</u>	<u>26</u>
Expenditures:				
Current:				
General Government	<u>491</u>	<u>2,593</u>	<u>2,010</u>	<u>583</u>
Total expenditures	<u>491</u>	<u>2,593</u>	<u>2,010</u>	<u>583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(728)</u>	<u>(119)</u>	<u>609</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(728)</u>	(119)	\$ <u>609</u>
Encumbrances, end of year			412	
Fund balance, beginning of year, basis of budgeting			<u>831</u>	
Fund balance, end of year, basis of budgeting			1,124	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			3	
Accrued salaries, wages and amounts withheld from employees			<u>(11)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,116</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Airport Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Charges for services	\$ 8	\$ 8	\$ -	\$ (8)
Sale of goods	500	500	-	(500)
Intergovernmental	-	223	345	122
Leases, rents and royalties	418	418	406	(12)
Interest and investment earnings	3	3	1	(2)
Total revenues	<u>929</u>	<u>1,152</u>	<u>752</u>	<u>(400)</u>
Expenditures:				
Current:				
Public Works	<u>460</u>	<u>972</u>	<u>966</u>	<u>6</u>
Total expenditures	<u>460</u>	<u>972</u>	<u>966</u>	<u>6</u>
Excess (deficiency) of revenues over (under) expenditures	469	180	(214)	(394)
Other financing uses -				
Transfers in	260	260	-	(260)
Transfers out	<u>(99)</u>	<u>(99)</u>	<u>(99)</u>	<u>-</u>
Total other financing sources (uses)	<u>161</u>	<u>161</u>	<u>(99)</u>	<u>(260)</u>
Net change in fund balance	\$ <u>630</u>	\$ <u>341</u>	(313)	\$ <u>(654)</u>
Fund balance, beginning of year, basis of budgeting			<u>399</u>	
Fund balance, end of year, basis of budgeting			<u>86</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			1	
Accrued salaries, wages and amounts withheld from employees			<u>(4)</u>	
Fund balance, end of year, GAAP basis			\$ <u>83</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Transportation Development Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Excise taxes	\$ 606	\$ 606	\$ 561	\$ (45)
Intergovernmental	-	-	19	19
Interest and investment earnings	12	12	10	(2)
Other	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total revenues	718	718	590	(128)
Expenditures:				
Current:				
Public Works	<u>701</u>	<u>1,325</u>	<u>186</u>	<u>1,139</u>
Total expenditures	701	1,325	186	1,139
Excess (deficiency) of revenues over (under) expenditures	17	(607)	404	1,011
Other financing uses -				
Transfers out	<u>(16)</u>	<u>(16)</u>	<u>(16)</u>	<u>-</u>
Total other financing sources (uses)	(16)	(16)	(16)	-
Net change in fund balance	\$ <u>1</u>	\$ <u>(623)</u>	388	\$ <u>1,011</u>
Encumbrances, end of year			109	
Fund balance, beginning of year, basis of budgeting			<u>1,252</u>	
Fund balance, end of year, basis of budgeting			1,749	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			<u>4</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,753</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Transit Pass General Improvement District

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
General property taxes	\$ <u>10</u>	\$ <u>10</u>	\$ <u>10</u>	\$ <u>-</u>
Total revenues	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Expenditures:				
Current:				
Public Works	<u>15</u>	<u>15</u>	<u>10</u>	<u>5</u>
Total expenditures	<u>15</u>	<u>15</u>	<u>10</u>	<u>5</u>
Excess (deficiency) of revenues over (under) expenditures	(5)	(5)	-	5
Other financing sources -				
Transfers in	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Total other financing sources (uses)	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(1)</u></u>	\$ <u><u>(1)</u></u>	4	\$ <u><u>5</u></u>
Fund balance, beginning of year, basis of budgeting			<u>7</u>	
Fund balance, end of year, basis of budgeting			11	
Fund balance, end of year, GAAP basis			\$ <u><u>11</u></u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Boulder Junction Access GID - TDM

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
General property taxes	\$ <u>66</u>	\$ <u>66</u>	\$ <u>19</u>	\$ <u>(47)</u>
Total revenues	<u>66</u>	<u>66</u>	<u>19</u>	<u>(47)</u>
Expenditures:				
Current:				
General Government	<u>50</u>	<u>50</u>	<u>2</u>	<u>48</u>
Total expenditures	<u>50</u>	<u>50</u>	<u>2</u>	<u>48</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16</u>	<u>16</u>	<u>17</u>	<u>1</u>
 Net change in fund balance	 \$ <u><u>16</u></u>	 \$ <u><u>16</u></u>	 17	 \$ <u><u>1</u></u>
Fund balance, beginning of year, basis of budgeting			<u>15</u>	
Fund balance, end of year, basis of budgeting			<u>32</u>	
Fund balance, end of year, GAAP basis			\$ <u><u>32</u></u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Community Development Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 720	\$ 1,701	\$ 740	\$ (961)
Total revenues	720	1,701	740	(961)
Expenditures:				
Current:				
Housing and Human Services	692	1,673	712	961
Total expenditures	692	1,673	712	961
Excess (deficiency) of revenues				
over (under) expenditures	28	28	28	-
Other financing uses -				
Transfers out	(28)	(28)	(28)	-
Total other financing sources (uses)	(28)	(28)	(28)	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning of year, basis of budgeting			-	
Fund balance, end of year, GAAP basis			\$ -	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)HOME Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 800	\$ 3,163	\$ 1,608	\$ (1,555)
Total revenues	<u>800</u>	<u>3,163</u>	<u>1,608</u>	<u>(1,555)</u>
Expenditures:				
Current:				
Housing and Human Services	790	3,152	1,597	1,555
Total expenditures	<u>790</u>	<u>3,152</u>	<u>1,597</u>	<u>1,555</u>
Excess (deficiency) of revenues				
over (under) expenditures	10	11	11	-
Other financing uses -				
Transfers out	(11)	(11)	(11)	-
Total other financing sources (uses)	<u>(11)</u>	<u>(11)</u>	<u>(11)</u>	<u>-</u>
Net change in fund balance	\$ <u>(1)</u>	\$ <u>-</u>	-	\$ <u>-</u>
Encumbrances, end of year			-	
Fund balance, beginning of year, basis of budgeting			<u>-</u>	
Fund balance, end of year, basis of budgeting			<u>-</u>	
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
(Budgetary Basis).15 Cent Sales Tax Debt Service Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual amounts	Variance with final budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest and investment earnings	\$ -	\$ 2	\$ -	\$ (2)
Total revenues	-	2	-	(2)
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	2	-	(2)
Other financing uses -				
Transfers out	-	(2)	(243)	(241)
Total other financing sources (uses)	-	(2)	(243)	(241)
Net change in fund balance	\$ -	\$ -	(243)	\$ (243)
Fund balance, beginning of year, basis of budgeting			243	
Fund balance, end of year, GAAP basis			\$ -	

CITY OF BOULDER, COLORADO

Combining Balance Sheet

Nonmajor Capital Project Funds

December 31, 2013

(Amounts in 000's)

<u>Assets and Deferred Outflows of Resources</u>	Permanent Parks and Recreation Fund	Fire Training Center Construction Fund	Boulder Junction Improvement Fund	<u>Total</u>
Equity in pooled cash and cash equivalents	\$ 377	\$ 7	\$ 305	\$ 689
Investments	1,967	39	1,594	3,600
Receivables:				
General property taxes	2,292	-	-	2,292
Accrued interest	4	-	3	7
Total Receivables	<u>2,296</u>	<u>-</u>	<u>3</u>	<u>2,299</u>
Total assets	<u>4,640</u>	<u>46</u>	<u>1,902</u>	<u>6,588</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 4,640</u>	<u>\$ 46</u>	<u>\$ 1,902</u>	<u>\$ 6,588</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>				
Liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ 25	\$ -	\$ 384	\$ 409
Contracts and retainage payable	51	-	-	51
Accrued salaries, wages and amounts withheld from employees	22	-	3	25
Total liabilities	<u>98</u>	<u>-</u>	<u>387</u>	<u>485</u>
Deferred inflows of resources:				
Property Tax	<u>2,292</u>	<u>-</u>	<u>-</u>	<u>2,292</u>
Fund balances:				
Restricted				
Capital projects	2,250	-	-	2,250
Assigned				
Special purposes	-	46	1,515	1,561
Total fund balances	<u>2,250</u>	<u>46</u>	<u>1,515</u>	<u>3,811</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,640</u>	<u>\$ 46</u>	<u>\$ 1,902</u>	<u>\$ 6,588</u>

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Project Funds

Year ended December 31, 2013

(Amounts in 000's)

	Permanent Parks and Recreation <u>Fund</u>	Fire Training Center Construction <u>Fund</u>	Boulder Junction Improvement <u>Fund</u>	<u>Total</u>
Revenues:				
Taxes:				
Sales and use taxes	\$ -	\$ -	\$ 268	\$ 268
General property taxes	2,211	-	-	2,211
Excise taxes	284	-	73	357
Charges for services	-	-	542	542
Licenses, permits and fines	-	-	-	-
Intergovernmental	1	-	-	1
Leases, rents and royalties	5	-	-	5
Interest and investment earnings	10	-	6	16
Other	6	-	-	6
Total revenues	<u>2,517</u>	<u>-</u>	<u>889</u>	<u>3,406</u>
Expenditures:				
Current:				
Capital outlay	<u>2,029</u>	<u>4</u>	<u>1,236</u>	<u>3,269</u>
Total expenditures	<u>2,029</u>	<u>4</u>	<u>1,236</u>	<u>3,269</u>
Excess (deficiency) of revenues over (under) expenditures	488	(4)	(347)	137
Other financing sources (uses)				
Transfers in	-	-	422	422
Transfers out	<u>(307)</u>	<u>-</u>	<u>-</u>	<u>(307)</u>
Total other financing sources (uses)	<u>(307)</u>	<u>-</u>	<u>422</u>	<u>115</u>
Net change in fund balances	<u>181</u>	<u>(4)</u>	<u>75</u>	<u>252</u>
Fund balances, beginning of year	<u>2,069</u>	<u>50</u>	<u>1,440</u>	<u>3,559</u>
Fund balances, end of year	\$ <u><u>2,250</u></u>	\$ <u><u>46</u></u>	\$ <u><u>1,515</u></u>	\$ <u><u>3,811</u></u>

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Permanent Parks and Recreation Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
General property taxes	\$ 2,248	\$ 2,248	\$ 2,211	\$ (37)
Excise taxes	137	137	284	147
Intergovernmental	-	-	1	1
Leases, rents and royalties	-	-	5	5
Interest and investment earnings	7	7	17	10
Other	20	24	6	(18)
Total revenues	<u>2,412</u>	<u>2,416</u>	<u>2,524</u>	<u>108</u>
Expenditures:				
Capital outlay	<u>2,496</u>	<u>3,785</u>	<u>2,079</u>	<u>1,706</u>
Total expenditures	<u>2,496</u>	<u>3,785</u>	<u>2,079</u>	<u>1,706</u>
Excess (deficiency) of revenues over (under) expenditures	(84)	(1,369)	445	1,814
Other financing sources (uses)				
Transfers out	<u>(222)</u>	<u>(307)</u>	<u>(307)</u>	<u>-</u>
Total other financing sources (uses)	<u>(222)</u>	<u>(307)</u>	<u>(307)</u>	<u>-</u>
Net change in fund balance	\$ <u>(306)</u>	\$ <u>(1,676)</u>	138	\$ <u>1,814</u>
Encumbrances, end of year			32	
Fund balance, beginning of year, basis of budgeting			<u>2,096</u>	
Fund balance, end of year, basis of budgeting			<u>2,266</u>	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			6	
Accrued salaries, wages and amounts withheld from employees			<u>(22)</u>	
Fund balance, end of year, GAAP basis			\$ <u>2,250</u>	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)

Fire Training Center Construction Fund

Year ended December 31, 2013

(Amounts in 000's)

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	-	47	4	43
Total expenditures	-	47	4	43
Excess (deficiency) of revenues over (under) expenditures	-	(47)	(4)	43
Net change in fund balance	\$ -	\$ (47)	(4)	\$ 43
Fund balance, beginning of year, basis of budgeting			50	
Fund balance, end of year, GAAP basis			\$ 46	

CITY OF BOULDER, COLORADO

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Budgetary Basis)Boulder Junction Improvement Fund

Year ended December 31, 2013

(Amounts in 000's)

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	final budget - Positive (Negative)
Revenues:				
Taxes:				
Sales and use taxes	\$ 301	\$ 301	\$ 268	\$ (33)
Excise taxes	244	244	73	(171)
Charges for services	348	514	542	28
Interest and investment earnings	11	11	9	(2)
Other	-	436	-	(436)
Total revenues	<u>904</u>	<u>1,506</u>	<u>892</u>	<u>(614)</u>
Expenditures:				
Capital outlay	<u>1,402</u>	<u>3,006</u>	<u>1,883</u>	<u>1,123</u>
Total expenditures	<u>1,402</u>	<u>3,006</u>	<u>1,883</u>	<u>1,123</u>
Excess (deficiency) of revenues over (under) expenditures	(498)	(1,500)	(991)	509
Other financing sources (uses)				
Transfers in	<u>337</u>	<u>422</u>	<u>422</u>	<u>-</u>
Total other financing sources (uses)	<u>337</u>	<u>422</u>	<u>422</u>	<u>-</u>
Net change in fund balance	\$ <u>(161)</u>	\$ <u>(1,078)</u>	(569)	\$ <u>509</u>
Encumbrances, end of year			645	
Fund balance, beginning of year, basis of budgeting			<u>1,437</u>	
Fund balance, end of year, basis of budgeting			1,513	
Basis of budgeting to GAAP basis reconciliation:				
Fair market value adjustment to investments			5	
Accrued salaries, wages and amounts withheld from employees			<u>(3)</u>	
Fund balance, end of year, GAAP basis			\$ <u>1,515</u>	

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are primarily funded through user charges to customers outside of the organization. The City of Boulder has the following Nonmajor Enterprise Funds:

Boulder Municipal Property Authority – to account 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 are derived from the acquired or constructed assets.

University Hill Commercial District Fund – this district provides parking facilities and services to the commercial district adjacent to the University of Colorado (CU) campus. It is predominately self-supported by user charges but also receives general property and other tax revenues.

Boulder Junction Access GID - Parking Fund - to account for revenues and expenditures related to programs implemented by the Boulder Junction Authority General Improvement District to meet its parking facility and service goals. It is predominately self-supported through property tax revenue approved by the voters.

CITY OF BOULDER, COLORADO

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2013

(Amounts in 000's)

	Boulder Municipal Property <u>Authority</u>	University Hill Commercial <u>District</u>	Boulder Junction Access GID - <u>Parking</u>	Total Nonmajor Enterprise <u>Funds</u>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 126	\$ 4	\$ 130
Investments	-	660	24	684
Receivables:				
General property taxes	-	32	23	55
Notes - current installments	139	-	-	139
Accrued interest	12	2	-	14
Total receivables	151	34	23	208
Due from other funds	148	-	-	148
Total current assets	299	820	51	1,170
Noncurrent assets:				
Notes receivable - less current installments	299	-	-	299
Capital assets:				
Land and easements	21,008	444	-	21,452
Buildings	6,433	-	-	6,433
Improvements other than buildings	-	58	-	58
Vehicles	-	83	-	83
Machinery and equipment	-	247	-	247
	27,441	832	-	28,273
Less accumulated depreciation	(3,074)	(227)	-	(3,301)
	24,367	605	-	24,972
Total capital assets, net of accumulated depreciation	24,367	605	-	24,972
Total noncurrent assets	24,666	605	-	25,271
Total assets	24,965	1,425	51	26,441
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 24,965	\$ 1,425	\$ 51	\$ 26,441

CITY OF BOULDER, COLORADO

Combining Statement of Net Position
continuedNonmajor Enterprise Funds

December 31, 2013

(Amounts in 000's)

	Boulder Municipal Property <u>Authority</u>	University Hill Commercial <u>District</u>	Boulder Junction GID <u>Fund</u>	Total Enterprise <u>Funds</u>
Liabilities:				
Current liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	\$ -	\$ 5	\$ -	\$ 5
Accrued salaries, wages and amounts withheld from employees	-	6	-	6
Accrued interest	147	-	-	147
Advances from other funds	-	-	16	16
Other liabilities	-	9	-	9
Revenue notes payable (current portion)	1,771	-	-	1,771
Total current liabilities	<u>1,918</u>	<u>20</u>	<u>16</u>	<u>1,954</u>
Non-current liabilities:				
Revenue notes payable	7,178	-	-	7,178
Compensated absences payable	-	27	-	27
Retiree health care benefit	-	4	-	4
Total non-current liabilities	<u>7,178</u>	<u>31</u>	<u>-</u>	<u>7,209</u>
Total liabilities	<u>9,096</u>	<u>51</u>	<u>16</u>	<u>9,163</u>
Deferred inflows of resources:				
Property Tax	<u>-</u>	<u>32</u>	<u>23</u>	<u>55</u>
Net position:				
Net investment in capital assets	15,418	605	-	16,023
Restricted for:				
Legally restricted	-	6	-	6
Unrestricted	<u>451</u>	<u>731</u>	<u>12</u>	<u>1,194</u>
Total net position	<u>\$ 15,869</u>	<u>\$ 1,342</u>	<u>\$ 12</u>	<u>\$ 17,223</u>

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CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

Year ended December 31, 2013

(Amounts in 000's)

	Boulder Municipal Property <u>Authority</u>	University Hill Commercial <u>District</u>	Boulder Junction Access GID - <u>Parking</u>	Total Nonmajor Enterprise <u>Funds</u>
Operating revenues:				
Charges for services	\$ -	\$ 121	\$ -	\$ 121
Leases, rents and royalties	1,625	-	-	1,625
Total operating revenues	<u>1,625</u>	<u>121</u>	<u>-</u>	<u>1,746</u>
Operating expenses:				
Personnel	-	265	-	265
Non-personnel	-	239	4	243
Depreciation	143	39	-	182
Total operating expenses	<u>143</u>	<u>543</u>	<u>4</u>	<u>690</u>
Operating income (loss)	<u>1,482</u>	<u>(422)</u>	<u>(4)</u>	<u>1,056</u>
Nonoperating revenues (expenses):				
Interest and investment earnings	25	3	-	28
General property taxes	-	28	26	54
Specific ownership & tobacco taxes	-	2	1	3
Interest expense	(260)	-	-	(260)
Gain (loss) on disposition of capital assets	(715)	-	-	(715)
Other, net	-	1	-	1
Total nonoperating revenues (expenses)	<u>(950)</u>	<u>34</u>	<u>27</u>	<u>(889)</u>
Income (loss) before capital contributions and transfers	532	(388)	23	167
Transfers in	-	400	-	400
Transfers out	<u>(161)</u>	<u>(47)</u>	<u>-</u>	<u>(208)</u>
Changes in net position	371	(35)	23	359
Total net position, beginning of year	<u>15,498</u>	<u>1,377</u>	<u>(11)</u>	<u>16,864</u>
Total net position, end of year	\$ <u><u>15,869</u></u>	\$ <u><u>1,342</u></u>	\$ <u><u>12</u></u>	\$ <u><u>17,223</u></u>

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year ended December 31, 2013

(Amounts in 000's)

	Boulder Municipal Property Authority	University Hill Commercial District	Boulder Junction Access GID - Parking	Total Nonmajor Enterprise Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,640	\$ 121	\$ -	\$ 1,761
Other receipts (payments)	-	4	-	4
Payments to suppliers	-	(242)	(4)	(246)
Payments to employees	-	(272)	-	(272)
Net cash provided (used) by operating activities	1,640	(389)	(4)	1,247
Cash flows from noncapital financing activities:				
Payments from (to) other funds on advances	-	-	(2)	(2)
General property taxes	-	28	26	54
Specific ownership & tobacco taxes	-	2	1	3
Transfers in	-	400	-	400
Transfers out	(161)	(47)	-	(208)
Net cash provided (used) by noncapital financing activities	(161)	383	25	247
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	-	(4)	-	(4)
Proceeds from sale or transfer of property and equipment	-	4	-	4
Principal paid on notes payable, bonds payable and capitalized lease obligations	(1,364)	-	-	(1,364)
Interest paid on notes payable, bonds payable, and capitalized lease obligations	(276)	-	-	(276)
Payment received on note receivable due from County for sale of land	132	-	-	132
Net cash provided (used) for capital related financing activities	(1,508)	-	-	(1,508)
Cash flows from investing activities:				
Purchase of investment securities	-	(199)	(21)	(220)
Proceeds from sale and maturities of investment securities	-	310	4	314
Interest on investments	29	2	-	31
Net cash provided (used) in investing activities	29	113	(17)	125
Net increase in cash and cash equivalents	-	107	4	111
Cash and cash equivalents, January 1	-	19	-	19
Cash and cash equivalents, December 31	\$ -	\$ 126	\$ 4	\$ 130

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continuedNonmajor Enterprise Funds

Year ended December 31, 2013

(Amounts in 000's)

	Boulder Municipal Property Authority	University Hill Commercial District	Boulder Junction Access GID - Parking	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,482	\$ (422)	\$ (4)	\$ 1,056
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	143	39	-	182
Change in assets and liabilities:				
(Increase) decrease in assets:				
Due from other funds	15	-	-	15
Increase (decrease) in liabilities:				
Vouchers and accounts payable	-	1	-	1
Other liabilities	-	(7)	-	(7)
Total adjustments	158	33	-	191
Net cash provided (used) by operating activities	\$ 1,640	\$ (389)	\$ (4)	\$ 1,247
Noncash investing, capital and financing activities:				
Assets acquired through:				
Issuance of long-term lease purchase revenue notes	5,000	-	-	5,000
Assets transferred to other funds	\$ (715)	\$ -	\$ -	\$ (715)
Increase in fair value of investments	-	2	-	2
	\$ 4,285	\$ 2	\$ -	\$ 4,287

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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 Position

Internal Service Funds

December 31, 2013

(Amounts 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>
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 221	\$ 1,024	\$ 483	\$ 279
Investments	1,154	5,350	2,522	1,455
Receivables, net:				
Accounts	-	-	-	-
Accrued interest	2	12	5	3
Intergovernmental	-	-	-	-
Total Receivables	2	12	5	3
Due from other funds	-	-	57	-
Advances to other funds	-	-	-	-
Other assets - prepaid expenses	-	182	-	-
Total current assets	1,377	6,568	3,067	1,737
Noncurrent assets:				
Advances to other funds, less current	-	-	-	-
Capital assets:				
Land and easements	-	-	-	-
Buildings	207	-	-	-
Improvements other than buildings	-	-	-	-
Vehicles	-	-	-	-
Machinery and equipment	3,106	13	-	-
	3,313	13	-	-
Less accumulated depreciation	(1,765)	(4)	-	-
	1,548	9	-	-
Construction in progress	-	-	-	-
Total capital assets, net of accumulated depreciation	1,548	9	-	-
Total noncurrent assets	1,548	9	-	-
Total assets	2,925	6,577	3,067	1,737
Deferred outflows of resources:				
Deferred loss on refunding	-	-	-	-
Total assets and deferred outflows of resources	2,925	6,577	3,067	1,737
Liabilities:				
Current liabilities:				
Accounts and accrued liabilities:				
Vouchers and accounts payable	51	-	37	-
Contracts and retainage payable	-	-	-	-
Accrued salaries, wages and amounts withheld from employees	3	8	6	11
Accrued interest	-	-	-	-
Accrued claims liability (current portion)	-	167	762	-
Due to other funds	-	98	-	-
Other liabilities	2	-	-	-
Compensated absences payable (current portion)	-	-	-	-
Capitalized lease obligations (current portion)	-	-	-	-
Total current liabilities	56	273	805	11
Non-current liabilities:				
Capitalized lease obligations	-	-	-	-
Compensated absences payable	-	-	-	-
Accrued claims liability	-	553	421	-
Retiree health care benefit	-	3	2	-
Total non-current liabilities	-	556	423	-
Total liabilities	56	829	1,228	11
Deferred inflows of resources	-	-	-	-
Net position:				
Net investment in capital assets	1,548	9	-	-
Unrestricted	1,321	5,739	1,839	1,726
Total net position	\$ 2,869	\$ 5,748	\$ 1,839	\$ 1,726

<u>Fleet Fund</u>	<u>Computer Replacement Fund</u>	<u>Equipment Replacement Fund</u>	<u>Facility Renovation and Replacement Fund</u>	<u>Total</u>
\$ 1,733	\$ 1,078	\$ 670	\$ 1,870	\$ 7,358
9,052	5,632	3,497	9,766	38,428
11	-	-	16	27
20	12	8	21	83
-	-	-	73	73
<u>31</u>	<u>12</u>	<u>8</u>	<u>110</u>	<u>183</u>
-	-	-	-	57
140	-	-	-	140
-	-	-	-	182
<u>10,956</u>	<u>6,722</u>	<u>4,175</u>	<u>11,746</u>	<u>46,348</u>
992	-	-	-	992
-	-	-	102	102
2,381	-	108	84,743	87,439
1,437	-	-	7,174	8,611
29,775	-	-	-	29,775
27	3,912	3,213	182	10,453
<u>33,620</u>	<u>3,912</u>	<u>3,321</u>	<u>92,201</u>	<u>136,380</u>
<u>(16,678)</u>	<u>(2,321)</u>	<u>(2,420)</u>	<u>(51,046)</u>	<u>(74,234)</u>
16,942	1,591	901	41,155	62,146
-	-	-	423	423
<u>16,942</u>	<u>1,591</u>	<u>901</u>	<u>41,578</u>	<u>62,569</u>
<u>17,934</u>	<u>1,591</u>	<u>901</u>	<u>41,578</u>	<u>63,561</u>
<u>28,890</u>	<u>8,313</u>	<u>5,076</u>	<u>53,324</u>	<u>109,909</u>
-	-	-	139	139
<u>28,890</u>	<u>8,313</u>	<u>5,076</u>	<u>53,463</u>	<u>110,048</u>
424	25	61	204	802
-	-	-	1,089	1,089
33	-	-	2	63
-	-	-	57	57
-	-	-	-	929
145	-	-	-	243
-	-	-	248	250
11	-	-	-	11
-	-	-	514	514
<u>613</u>	<u>25</u>	<u>61</u>	<u>2,114</u>	<u>3,958</u>
-	-	-	9,374	9,374
80	-	-	-	80
-	-	-	-	974
19	-	1	2	27
<u>99</u>	<u>-</u>	<u>1</u>	<u>9,376</u>	<u>10,455</u>
<u>712</u>	<u>25</u>	<u>62</u>	<u>11,490</u>	<u>14,413</u>
-	-	-	-	-
16,942	1,591	849	30,510	51,449
<u>11,236</u>	<u>6,697</u>	<u>4,165</u>	<u>11,463</u>	<u>44,186</u>
\$ <u>28,178</u>	\$ <u>8,288</u>	\$ <u>5,014</u>	\$ <u>41,973</u>	\$ <u>95,635</u>

CITY OF BOULDER, COLORADO

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

Year ended December 31, 2013

(Amounts 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>
Operating revenues:				
Charges for services	\$ 726	\$ 1,510	\$ 1,310	\$ 844
Total operating revenues	<u>726</u>	<u>1,510</u>	<u>1,310</u>	<u>844</u>
Operating expenses:				
Personnel	154	323	228	696
Non-personnel	390	728	1,429	-
Depreciation	266	3	-	-
Total operating expenses	<u>810</u>	<u>1,054</u>	<u>1,657</u>	<u>696</u>
Operating income (loss)	<u>(84)</u>	<u>456</u>	<u>(347)</u>	<u>148</u>
Nonoperating revenues (expenses):				
Interest and investment earnings	3	21	9	5
Leases, rents and royalties	-	-	-	-
Interest expense	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-
Other (net)	<u>-</u>	<u>5</u>	<u>25</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>3</u>	<u>26</u>	<u>34</u>	<u>5</u>
Income (loss) before capital contributions, and transfers	(81)	482	(313)	153
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>(15)</u>	<u>(168)</u>	<u>(131)</u>	<u>(35)</u>
Changes in net position	(96)	314	(444)	118
Total net position, beginning of year	<u>2,965</u>	<u>5,434</u>	<u>2,283</u>	<u>1,608</u>
Total net position, end of year	\$ <u>2,869</u>	\$ <u>5,748</u>	\$ <u>1,839</u>	\$ <u>1,726</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>8,052</u>	\$ <u>1,794</u>	\$ <u>700</u>	\$ <u>3,337</u>	\$ <u>18,273</u>
<u>8,052</u>	<u>1,794</u>	<u>700</u>	<u>3,337</u>	<u>18,273</u>
1,086	-	27	110	2,624
2,171	875	58	913	6,564
<u>2,153</u>	<u>460</u>	<u>260</u>	<u>3,678</u>	<u>6,820</u>
<u>5,410</u>	<u>1,335</u>	<u>345</u>	<u>4,701</u>	<u>16,008</u>
<u>2,642</u>	<u>459</u>	<u>355</u>	<u>(1,364)</u>	<u>2,265</u>
74	22	12	27	173
-	-	-	20	20
-	-	-	(366)	(366)
366	5	(16)	(9)	346
<u>15</u>	<u>-</u>	<u>-</u>	<u>142</u>	<u>187</u>
<u>455</u>	<u>27</u>	<u>(4)</u>	<u>(186)</u>	<u>360</u>
3,097	486	351	(1,550)	2,625
136	-	-	349	485
78	-	35	4,150	4,263
<u>(1,437)</u>	<u>(13)</u>	<u>(2,506)</u>	<u>(46)</u>	<u>(4,351)</u>
1,874	473	(2,120)	2,903	3,022
<u>26,304</u>	<u>7,815</u>	<u>7,134</u>	<u>39,070</u>	<u>92,613</u>
\$ <u><u>28,178</u></u>	\$ <u><u>8,288</u></u>	\$ <u><u>5,014</u></u>	\$ <u><u>41,973</u></u>	\$ <u><u>95,635</u></u>

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows

Internal Service Funds

Year ended December 31, 2013

(Amount in 000's)

	Telecom- munications Fund	Property and Casualty Insurance Fund	Workers' Compensation Insurance Fund	Compensated Absences Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 757	\$ 1,510	\$ 1,310	\$ 844
Receipts from interfund services provided	-	-	-	-
Other receipts (payments)	-	5	25	-
Refundable deposits receipts (payments)	-	-	-	-
Payments to suppliers	(370)	(994)	(1,431)	-
Payments to employees	(158)	(337)	(236)	(786)
Net cash provided (used) by operating activities	<u>229</u>	<u>184</u>	<u>(332)</u>	<u>58</u>
Cash flows from noncapital financing activities:				
Payments from (to) other funds				
on due from (due to) balances	-	57	(57)	-
Payments from (to) other funds on advances	-	-	-	-
Leases, rents and royalties	-	-	-	-
Intergovernmental revenue	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(15)	(168)	(131)	(35)
Net cash provided (used) by noncapital financing activities	<u>(15)</u>	<u>(111)</u>	<u>(188)</u>	<u>(35)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(61)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Principal paid on capitalized lease obligation	-	-	-	-
Interest paid on capitalized lease obligation	-	-	-	-
Capital contributions	-	-	-	-
Net cash provided (used) for capital and related financing activities	<u>(61)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investment securities	(344)	(1,578)	(741)	(430)
Proceeds from sale and maturities of investment securities	374	2,365	1,655	641
Interest on investments	8	10	3	3
Net cash provided in investing activities	<u>38</u>	<u>797</u>	<u>917</u>	<u>214</u>
Net increase in cash and cash equivalents	191	870	397	237
Equity in pooled cash and cash equivalents, January 1	<u>30</u>	<u>154</u>	<u>86</u>	<u>42</u>
Equity in pooled cash and cash equivalents, December 31	<u>\$ 221</u>	<u>\$ 1,024</u>	<u>\$ 483</u>	<u>\$ 279</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>
\$ 71	\$ -	\$ -	\$ -	\$ 4,492
7,990	1,795	700	3,336	13,821
15	-	-	142	187
	-	-	(1,018)	(1,018)
(1,928)	(966)	(60)	(2,900)	(8,649)
<u>(1,198)</u>	<u>-</u>	<u>(29)</u>	<u>(116)</u>	<u>(2,860)</u>
<u>4,950</u>	<u>829</u>	<u>611</u>	<u>(556)</u>	<u>5,973</u>
-	-	-	-	-
135	-	-	-	135
-	-	-	20	20
-	-	-	(285)	(285)
78	-	35	4,150	4,263
<u>(520)</u>	<u>(13)</u>	<u>(2,506)</u>	<u>(46)</u>	<u>(3,434)</u>
<u>(307)</u>	<u>(13)</u>	<u>(2,471)</u>	<u>3,839</u>	<u>699</u>
(4,962)	(983)	(121)	(2,496)	(8,623)
461	5	-	-	466
-	-	-	(503)	(503)
-	-	-	(349)	(349)
<u>-</u>	<u>-</u>	<u>-</u>	<u>349</u>	<u>349</u>
<u>(4,501)</u>	<u>(978)</u>	<u>(121)</u>	<u>(2,999)</u>	<u>(8,660)</u>
(2,670)	(1,681)	(1,044)	(2,916)	(11,404)
3,947	2,700	3,497	4,177	19,356
<u>55</u>	<u>53</u>	<u>48</u>	<u>69</u>	<u>249</u>
<u>1,332</u>	<u>1,072</u>	<u>2,501</u>	<u>1,330</u>	<u>8,201</u>
1,474	910	520	1,614	6,213
<u>259</u>	<u>168</u>	<u>150</u>	<u>256</u>	<u>1,145</u>
<u>\$ 1,733</u>	<u>\$ 1,078</u>	<u>\$ 670</u>	<u>\$ 1,870</u>	<u>\$ 7,358</u>

(continued)

CITY OF BOULDER, COLORADO

Combining Statement of Cash Flows,
continuedInternal Service Funds

Year ended December 31, 2013

(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 (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ <u>(84)</u>	\$ <u>456</u>	\$ <u>(347)</u>	\$ <u>148</u>
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	266	3	-	-
Other nonoperating revenues (expenses)	-	5	25	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	57	-	-	-
Other assets - prepaid expenses	-	22	-	-
Increase (decrease) in liabilities:				
Vouchers and accounts payable	20	(1)	(25)	-
Accrued salaries, wages and amounts withheld from employees	(4)	(11)	(6)	(90)
Other liabilities	-	-	-	-
Other liabilities - refundable deposits	-	-	-	-
Unearned revenue	(26)	-	-	-
Accrued claims liability	-	(287)	23	-
Compensated absences	-	-	-	-
Retiree health care benefit	-	(3)	(2)	-
Total adjustments	<u>313</u>	<u>(272)</u>	<u>15</u>	<u>(90)</u>
Net cash provided (used) by operating activities	\$ <u><u>229</u></u>	\$ <u><u>184</u></u>	\$ <u><u>(332)</u></u>	\$ <u><u>58</u></u>
Noncash investing, capital and financing activities:				
Assets acquired through:				
Capital contributions:				
From governmental funds	\$ -	\$ -	\$ -	\$ -
Financed through accounts, contracts and retainage payable	-	-	-	-
Assets transferred to other funds	-	-	-	-
Increase (decrease) in fair value of investments	<u>(3)</u>	<u>19</u>	<u>12</u>	<u>4</u>
	\$ <u><u>(3)</u></u>	\$ <u><u>19</u></u>	\$ <u><u>12</u></u>	\$ <u><u>4</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>
\$ 2,642	\$ 459	\$ 355	\$ (1,364)	\$ 2,265
2,153	460	260	3,678	6,820
15	-	-	142	187
9	1	-	(1)	66
	-	-		22
243	(91)	(3)	(1,393)	(1,250)
(26)	-	(2)	(6)	(145)
-	-	-	(594)	(594)
-	-	-	(1,018)	(1,018)
-	-	-		(26)
-	-	-	-	(264)
(103)	-	-	-	(103)
17	-	1	-	13
<u>2,308</u>	<u>370</u>	<u>256</u>	<u>808</u>	<u>3,708</u>
\$ <u>4,950</u>	\$ <u>829</u>	\$ <u>611</u>	\$ <u>(556)</u>	\$ <u>5,973</u>
\$ 136	\$ -	\$ -	\$ -	\$ 136
-	-	51	120	171
(917)	-	-	-	(917)
<u>32</u>	<u>(22)</u>	<u>(25)</u>	<u>(30)</u>	<u>(13)</u>
\$ <u>(749)</u>	\$ <u>(22)</u>	\$ <u>26</u>	\$ <u>90</u>	\$ <u>(623)</u>

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SUPPLEMENTARY SCHEDULE

Supplementary Schedule

Combined Schedule of Long-Term Debt Payable

December 31, 2013

(Amounts in 000's)

	Interest rates %	Dates		Authorized and issued	Outstanding	Current portion
		Issued	Maturity			
Governmental Activities:						
Supported by sales tax revenues and other financing sources:						
General Obligation Bonds:						
Open Space Acquisition	4.00 - 5.50	6/20/06	8/15/19	\$ 20,115	\$ 10,565	\$ 1,590
Premium on Bonds					78	
Open Space Acquisition Refunding	3.50 - 4.00	6/26/07	8/15/18	12,345	7,880	1,445
Premium on Refunding Bonds					16	
Parks, Recreation, Muni., Cap., Imp., Ref.	2.00 - 3.00	9/16/09	12/15/15	11,895	4,195	2,065
Premium on Refunding Bonds					81	
Waste Reduction Bonds	2.00 - 4.00	12/15/09	12/01/29	6,000	5,000	250
Premium on Waste Reduction Bonds					50	
General Fund Cap. Imp. Projects Bonds	2.00 - 4.00	3/22/12	10/01/31	49,000	44,900	2,315
Premium on Cap. Imp. Projects Bonds					4,952	
				<u>99,355</u>	<u>77,717</u>	<u>7,665</u>
Taxable Pension Obligation Bonds	2.00 - 5.00	10/26/10	10/01/30	9,070	8,075	355
Premium on Pension Obligation Bonds					101	
				<u>9,070</u>	<u>8,176</u>	<u>355</u>
Sales Tax Revenue Bonds:						
Open Space Acq. Sales Tax Rev. Ref. Bonds	2.50 - 3.00	7/07/09	8/15/14	6,485	1,370	1,370
Premium on Refunding Bonds					8	
				<u>6,485</u>	<u>1,378</u>	<u>1,370</u>
Capital Lease Purchase Agreements						
Banc of America Leasing & Capital, LLC	4.93	9/27/10	11/27/23	1,500	1,244	99
Suntrust Equipment Finance & Leasing Corp.	2.65	1/25/12	7/25/27	9,250	8,644	415
Bank of the West Equipment Lease	3.25	2/05/13	3/15/16	107	81	35
				<u>10,857</u>	<u>9,969</u>	<u>549</u>
Compensated Absences				-	11,014	559
Retiree Health Care Benefit (OPEB)				-	1,561	-
Estimated Claims Payable				<u>-</u>	<u>1,903</u>	<u>-</u>
Total Governmental Activities and total supported by sales tax revenues and other financing sources				\$ <u>125,767</u>	\$ <u>111,718</u>	\$ <u>10,498</u>

Business-type Activities:

Supported by utility revenues:

Revenue Bonds:						
Water and Sewer Revenue Refunding Bonds	2.00 - 4.00	2/22/11	12/01/21	18,335	14,070	1,560
Premium on Bonds					513	
Water and Sewer Revenue Refunding Bonds	3.00 - 3.75	5/01/05	12/01/16	7,900	2,400	770
Water and Sewer Revenue Refunding Bonds	4.00 - 4.125	7/10/07	12/01/19	25,935	12,320	2,030
Water and Sewer	3.50 - 5.00	11/15/05	12/01/15	45,245	4,210	2,065
Premium on Bonds				-	14	
Water and Sewer	4.00 - 5.00	11/20/12	12/01/25	24,325	24,325	-
Premium on Bonds				-	5,772	
Water and Sewer Revenue Bonds	2.00 - 3.00	10/12/10	12/01/30	9,980	8,790	410
Premium on Bonds					172	
Storm Water & Flood Mgmt Rev. Rfdg.	2.00 - 3.00	6/08/10	12/01/18	3,165	1,765	335
Premium on Bonds					34	
				<u>134,885</u>	<u>74,385</u>	<u>7,170</u>

(continued)

CITY OF BOULDER, COLORADO

Supplementary ScheduleCombined Schedule of Long-Term Debt Payable,
(continued)

December 31, 2013

(Amounts in 000's)

	Interest rates	Dates		Authorized and issued	Outstanding	Current portion	
		Issued	Maturity				
Business-type Activities (Continued):							
Compensated Absences				-	1,095	155	
Retiree Health Care Benefit (OPEB)				-	185	-	
Total supported by utility revenues				134,885	75,665	7,325	
Supported by parking revenues:							
General Obligation General Improvement District Bonds:							
Downtown Commercial District:							
Parking Facilities	2.00 - 3.00	11/28/12	8/15/23	7,275	7,185	640	
Premium on Bonds					458		
Parking Facilities	3.00 - 4.00	5/14/09	8/15/18	7,730	4,625	855	
Premium on Bonds					122		
				15,005	12,390	1,495	
Compensated Absences				-	151	-	
Retiree Health Care Benefit (OPEB)				-	48	-	
Total supported by parking revenues				15,005	12,589	1,495	
Supported by base rentals:							
Lease Purchase Revenue Notes:							
Boulder Municipal Property Authority:							
Open space acquisition:							
Foothills	Note 1997G	7.00	7/16/97	7/16/17	1,095	350	79
Van Vleet	Note 1999B	6.00	3/05/99	3/05/14	2,500	243	243
Abbott	Note 2001D	6.00	12/05/01	1/14/14	430	45	45
Dagle	Note 2004A	4.75	12/01/04	12/01/14	770	94	94
Gisle	Note 2005A	4.75	2/18/05	2/18/17	1,180	468	109
Hill	Note 2005B	4.75	4/05/05	4/05/15	910	217	106
Luchetta	Note 2005C	5.00	8/05/05	8/05/20	720	401	49
Boulder Valley	Note 2006A	5.00	6/16/06	6/16/16	3,550	1,252	397
Eisenberg	Note 2006B	5.00	6/07/06	6/07/16	1,206	425	135
Kolb, Edward H.	Note 2008AR-1	5.00	4/22/08	4/22/18	404	227	41
Vigil	Note 2008AR-2	5.00	4/22/08	4/22/18	404	227	41
E.R.T.L.	Note 2013A	3.25	10/31/13	10/31/23	5,000	5,000	432
				18,169	8,949	1,771	
Total supported by base rentals				18,169	8,949	1,771	
Total Business-type Activities				\$ 168,059	\$ 97,203	\$ 10,591	

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APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2014 Bonds. The 2014 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2014 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, all 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect

Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2014 Bond documents. For example, Beneficial Owners of 2014 Bonds may wish to ascertain that the nominee holding the 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2014 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014 Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2014 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Agreement”) is executed and delivered by the City of Boulder, Colorado (the “City”) in connection with the issuance of \$10,000,000 aggregate principal amount of the City of Boulder, Colorado, Open Space Acquisition Bonds, Series 2014 (the “Bonds”). The Bonds are being issued pursuant to an Ordinance of the City dated as of September 2, 2014 (the “Ordinance”).

In consideration of the issuance of the Bonds by the City and the purchase of such Bonds by the owners thereof, the City hereby covenants and agrees as follows:

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by the City as of the date set forth below, for the benefit of the holders and owners (the “Bondholders”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become an obligated person at any time after the issuance of the Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the City’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the Charter, and as described in Exhibit I hereto.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Material Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2 12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Colorado.

“*Undertaking*” means the obligations of the City pursuant to Sections 4 and 5.

Section 3. CUSIP Number/Final Official Statement. The final CUSIP Number of the Bonds is 101421J89. The final Official Statement relating to the Bonds is dated September 2, 2014 (the “Final Official Statement”).

Section 4. Annual Financial Information Disclosure. Subject to Section 9 of this Agreement, the City hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within 210 days of the completion of the City’s fiscal year.

The City is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Material Events Disclosure. Subject to Section 9 of this Agreement, the City hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Ordinance. From and after the Effective Date, the City is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty To Update EMMA/MSRB. The City shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the City To Provide Information. The City shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Ordinance or the Agreement or any other agreement, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the City may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the City or by an approving vote of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the City or its affiliates) pursuant to the terms of the Ordinance at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Undertaking of the City shall be terminated hereunder when the City shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The City shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the City shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The City shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Past Compliance. The City represents that it has complied with the requirements of each continuing disclosure undertaking entered into by it pursuant to the Rule in connection with previous financings to which the Rule was applicable.

Section 15. Assignment. The City shall not transfer its obligations under the Financing Agreement unless the transferee agrees to assume all obligations of the City under this Agreement or to execute a continuing disclosure undertaking under the Rule.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State.

[Signature on Following Page]

CITY OF BOULDER, COLORADO

By _____
Chief Financial Officer

Dated: October 9, 2014

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data exclusive of Audited Financial Statements as set forth below of the type appearing or incorporated by reference as set forth on page iv of the Final Official Statement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 210 days after the last day of the City’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the City.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, including for this purpose a change made to the fiscal year-end of the City, the City will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City *
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

APPENDIX D
FORM OF BOND COUNSEL OPINION

October 9, 2014

\$10,000,000
City of Boulder, Colorado
Open Space Acquisition Bonds
Series 2014

We have examined the Charter of the City of Boulder, Colorado (the “City”), in the County of Boulder and the State of Colorado (the “State”), and a certified copy of the transcript of proceedings of the City relating to the issuance by the City of its Open Space Acquisition Bonds, Series 2014 (the “2014 Bonds”). The 2014 Bonds are executed and delivered in the aggregate principal amount of \$10,000,000 and are dated, bear interest at the rates and mature on the dates provided in the Ordinance (as defined below). The 2014 Bonds are executed and delivered solely as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The 2014 Bonds are subject to redemption prior to maturity in the manner and upon the terms set forth therein and in the Ordinance (defined below).

The 2014 Bonds have been issued under and pursuant to the Constitution and laws of the State, including particularly the Charter of the City, the City’s Resolution adopted on August 19, 2014 authorizing the sale of the 2014 Bonds (the “Resolution”) and an emergency ordinance finally adopted by the City on September 2, 2014 (the “Ordinance”), for the purpose of providing funds to (a) acquire open space real property or interests therein and (b) pay all necessary, incidental and appurtenant expenses in connection therewith, including the costs of issuance of the 2014 Bonds.

In our opinion, the proceedings show lawful authority for the issuance of the 2014 Bonds. The Ordinance and the Resolution have been duly adopted by the City Council of the City and are in full force and effect in the forms in which finally adopted as of the date hereof.

We have also examined an executed form of bond of said issue of 2014 Bonds and have found it to be in proper form and executed by the proper officers of the City. In our opinion, based upon our examination as set forth above, the 2014 Bonds constitute valid and legally binding special obligations of the City enforceable in accordance with their terms, payable, as to principal and interest, out of the Net Pledged Revenues (as defined in the Ordinance) which the City has irrevocably (but not exclusively) pledged for such payment. Other obligations are presently outstanding and additional obligations may be issued in the future which are or may be secured by a parity or subordinate lien on the Net Pledged Revenues. The 2014 Bonds are additionally secured by a pledge of the full faith and credit of the City.

The obligations of the City contained in the Ordinance may be subject to general principles of equity which may permit the exercise of judicial discretion, are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power

inherent in the sovereignty of the State and its governmental bodies of the police power inherent in the sovereignty of the State, are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally, and are subject to the exercise by the United States of America of the powers delegated to it by the federal constitution.

It is also our opinion that under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2014 Bonds is excludable from gross income for federal income tax purposes, and is not a specific preference item for purposes of the federal alternative minimum tax. We note, however, that interest on the 2014 Bonds is taken into account in determining adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations (as defined for federal income tax purposes).

It is also our opinion that, to the extent excludable from gross income for federal income tax purposes, interest on the 2014 Bonds is not subject to State income taxation or included in the calculation of alternative minimum taxable income for purposes of the State alternative minimum tax.

The accrual or receipt of interest on the 2014 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The opinions expressed above are based upon existing legislation as of the date thereof, and we express no opinion as of any date subsequent hereto or with respect to any pending legislation.

Respectfully,