



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE FIRST (1) MONTH ENDED
JULY 31, 2010**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
JULY 31, 2010 AND 2009**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through July 31, 2009 and 2010

<u>AGP Comparison</u>				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 22,351,618	\$ 22,434,642	\$ 83,024	0.37%
\$2 - \$5 Million	\$ 18,098,150	\$ 17,846,511	\$ (251,639)	(1.39%)
\$5 - \$13+ Million	\$ 35,711,827	\$ 29,773,076	\$ (5,938,751)	(16.63%)
Total	<u>\$ 76,161,595</u>	<u>\$ 70,054,229</u>	<u>\$ (6,107,366)</u>	<u>(8.02%)</u>

<u>Tax Comparison</u>				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 105,879	\$ 101,087	\$ (4,792)	(4.53%)
\$2 - \$5 Million	\$ 361,963	\$ 296,930	\$ (65,033)	(17.97%)
\$5 - \$13+ Million	\$ 1,603,840	\$ 1,607,501	\$ 3,661	0.23%
Total	<u>\$ 2,071,682</u>	<u>\$ 2,005,518</u>	<u>\$ (66,164)</u>	<u>(3.19%)</u>

<u>AGP Summary</u>			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	30	31	1
\$2 - \$5 Million	6	6	0
\$5 - \$13+ Million	4	3	(1)
	<u>40</u>	<u>40</u>	<u>0</u>

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
JULY 31, 2010 AND 2009
(UNAUDITED)**

	<u>FY 2011</u>	<u>FY 2010</u>
ASSETS:		
Cash	\$ 91,635,052	\$ 87,424,765
Accounts Receivable		
Gaming Taxes	2,006,619	2,073,826
Background	0	278
Fines Receivable	1,116	3,147
Miscellaneous	1,391	2,801
Net Accounts Receivable	<u>2,009,126</u>	<u>2,080,052</u>
Prepaid Expenses	<u>77,106</u>	<u>69,897</u>
Total Current Assets	<u>93,721,284</u>	<u>89,574,714</u>
TOTAL ASSETS	\$ <u>93,721,284</u>	\$ <u>89,574,714</u>
LIABILITIES AND FUND BALANCE:		
Accounts Payable	\$ 30,343	\$ 34,760
Wages & Salaries Payable	0	62
Due to Other State Agencies	53,432,970	64,039,232
Due to Other Governments	19,538,640	18,761,839
Due to the State's General Fund	16,200,000	2,811,210
Background and Other Deposits	161,012	156,828
Deferred Revenue	227,530	310,570
Total Liabilities	<u>89,590,495</u>	<u>86,114,501</u>
Fund Balance:		
Spendable Restricted Fund Balance	1,273,750	1,311,833
Nonspendable Restricted Fund Balance	<u>2,857,039</u>	<u>2,148,380</u>
Total Fund Balance	<u>4,130,789</u>	<u>3,460,213</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>93,721,284</u>	\$ <u>89,574,714</u>

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
JULY 31, 2010 AND 2009
(UNAUDITED)**

	FY 2011	FY 2010
REVENUES:		
Gaming Taxes	\$ 2,005,518	\$ 2,071,682
License and Application Fees	48,556	57,945
Background Investigations	16,691	23,427
Fines	25,630	2,772
Interest Income	175,336	161,663
Other Revenue	119	21
TOTAL REVENUES	2,271,850	2,317,510
EXPENDITURES:		
Salaries and Benefits	553,590	563,847
Annual and Sick Leave Payouts	1,698	0
Professional Services	7,357	7,203
Travel	846	2,777
Automobiles	12,197	12,307
Printing	559	1,715
Police Supplies	244	98
Computer Services & Name Searches	11,001	25,253
Materials, Supplies, and Services	20,265	23,522
Postage	187	327
Telephone	8,735	6,299
Utilities	1,754	1,649
Other Operating Expenditures	387	1,010
Leased Space	5,224	12,980
Capital Outlay	4,674	0
EXPENDITURES - SUBTOTAL	628,718	658,987
STATE AGENCY SERVICES		
Colorado Bureau of Investigations	65,000	65,200
Fire Safety	14,000	15,100
Colorado State Patrol	202,000	176,000
State Auditors	4,000	13,640
Indirect Costs - Department of Revenue	61,544	51,030
Local Affairs	12,626	13,175
Colorado Department of Law	9,992	8,548
TOTAL STATE AGENCY SERVICES	369,162	342,693
Background Expenditures	220	3,997
TOTAL EXPENDITURES	998,100	1,005,677
SPENDABLE RESTRICTED FUND BALANCE	1,273,750	1,311,833
(Excess Of Revenues Over Expenditures)		
NONSPENDABLE RESTRICTED	2,857,039	2,148,380
FUND BALANCE AT JULY 1, 2010 & 2009		
TOTAL FUND BALANCE AT JULY 31, 2010 AND 2009	\$ 4,130,789	\$ 3,460,213

**COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED JULY 31, 2010
(UNAUDITED)**

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 2,005,518	\$ (111,160,748)	1.77%
License and Application Fees	637,848	0	637,848	48,556	(589,292)	7.61%
Background Investigations	253,768	0	253,768	16,691	(237,077)	6.58%
Fines	0	0	0	25,630	25,630	100.00%
Interest Revenue	1,311,461	0	1,311,461	175,336	(1,136,125)	13.37%
Other Revenue	0	0	0	119	119	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	2,271,850	(113,097,493)	1.97%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	511,964	(6,183,173)	7.65%
Personal Services Rollforward	11,000	0	11,000	0	(11,000)	0.00%
Health, Dental and Life Insurance	492,969	0	492,969	39,281	(453,688)	7.97%
Short Term Disability	9,407	0	9,407	771	(8,636)	8.20%
Amortization Equalization Disbursement	145,660	0	145,660	9,721	(135,939)	6.67%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	6,628	(99,582)	6.24%
Operating Expenditures	588,084	25,000	613,084	22,118	(590,967)	3.61%
Operating Expenditures Rollforward	110,248	0	110,248	0	(110,248)	0.00%
Workers Compensation	35,448	0	35,448	2,954	(32,494)	8.33%
Risk Management	4,242	0	4,242	354	(3,889)	8.33%
Licensure Activities	181,497	0	181,497	13,296	(168,201)	7.33%
Leased Space	370,828	0	370,828	0	(370,828)	0.00%
Vehicle Lease Payments - Fixed	81,897	0	81,897	7,140	(74,757)	8.72%
Vehicle Lease Payments - Variable	83,039	0	83,039	5,057	(77,982)	6.09%
Utilities	25,465	0	25,465	1,754	(23,711)	6.89%
EDO - MNT	57,881	0	57,881	4,823	(53,058)	8.33%
EDO - Communications	19,594	0	19,594	1,633	(17,961)	8.33%
Capitol Complex Leased Space	62,689	0	62,689	5,224	(57,465)	8.33%
Legal Services	109,257	0	109,257	9,992	(99,265)	9.15%
Indirect Costs - Department of Revenue	738,529	0	738,529	61,544	(676,985)	8.33%
State Agency Services	3,626,225	0	3,626,225	293,626	(3,332,599)	8.10%
Division Expenditures	13,555,305	25,000	13,580,305	997,880	(12,582,426)	7.35%
Background Expenditures	263,964	0	263,964	220	(263,744)	0.08%
TOTAL EXPENDITURES	13,819,269	25,000	13,844,269	998,100	(12,846,170)	7.21%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,550,074	N/A	\$ 101,525,074	\$ 1,273,750	\$ (100,251,323)	1.25%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.
The percent of the fiscal year elapsed through July 31, 2010 is 8.3%.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE TWO (2) MONTHS ENDED
AUGUST 31, 2010**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
AUGUST 31, 2010 AND 2009**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through August 31, 2009 and 2010

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 19,826,319	\$ 22,939,544	\$ 3,113,225	15.70%
\$2 - \$5 Million	\$ 31,786,240	\$ 25,569,651	\$ (6,216,589)	(19.56%)
\$5 - \$8 Million	\$ 26,384,465	\$ 21,501,308	\$ (4,883,157)	(18.51%)
\$8 - \$10 Million	\$ -	\$ 8,569,622	\$ 8,569,622	100.00%
\$10 - \$13 Million	\$ 10,766,603	\$ -	\$ (10,766,603)	(100.00%)
\$13+ Million	\$ 57,067,470	\$ 58,707,336	\$ 1,639,866	2.87%
Total	<u>\$ 145,831,097</u>	<u>\$ 137,287,461</u>	<u>\$ (8,543,636)</u>	<u>(5.86%)</u>

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 139,566	\$ 137,349	\$ (2,217)	(1.59%)
\$2 - \$5 Million	\$ 715,725	\$ 671,393	\$ (44,332)	(6.19%)
\$5 - \$8 Million	\$ 1,654,602	\$ 1,215,118	\$ (439,484)	(26.56%)
\$8 - \$10 Million	\$ 880,000	\$ 722,658	\$ (157,342)	(17.88%)
\$10 - \$13 Million	\$ 1,562,656	\$ 1,440,000	\$ (122,656)	(7.85%)
\$13+ Million	\$ 3,613,494	\$ 3,941,467	\$ 327,973	9.08%
Total	<u>\$ 8,566,043</u>	<u>\$ 8,127,985</u>	<u>\$ (438,058)</u>	<u>(5.11%)</u>

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	22	24	2
\$2 - \$5 Million	10	8	(2)
\$5 - \$8 Million	4	4	0
\$8 - \$10 Million	0	1	1
\$10 - \$13 Million	1	0	(1)
\$13+ Million	3	3	0
	<u>40</u>	<u>40</u>	<u>0</u>

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
AUGUST 31, 2010 AND 2009
(UNAUDITED)**

	<u>FY 2011</u>	<u>FY 2010</u>
ASSETS:		
Cash	\$ 4,120,711	\$ 6,242,232
Accounts Receivable		
Gaming Taxes	6,122,467	6,496,957
Accounts Receivable Other Agencies	4,650	0
Background	0	839
Fines Receivable	26,927	753
Miscellaneous	1,979	2,579
Net Accounts Receivable	<u>6,156,023</u>	<u>6,501,128</u>
Prepaid Expenses	<u>79,443</u>	<u>48,869</u>
Total Current Assets	<u>10,356,177</u>	<u>12,792,229</u>
TOTAL ASSETS	\$ <u>10,356,177</u>	\$ <u>12,792,229</u>
LIABILITIES AND FUND BALANCE:		
Accounts Payable	\$ 22,355	\$ 36,339
Wages & Salaries Payable	0	62
Due to Other State Agencies	418,866	286,624
Due to the State's General Fund	0	2,811,210
Background and Other Deposits	161,182	115,260
Deferred Revenue	<u>221,120</u>	<u>326,810</u>
Total Liabilities	<u>823,523</u>	<u>3,576,305</u>
Fund Balance:		
Spendable Restricted Fund Balance	6,675,615	7,067,544
Nonspendable Restricted Fund Balance	<u>2,857,039</u>	<u>2,148,380</u>
Total Fund Balance	<u>9,532,654</u>	<u>9,215,924</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>10,356,177</u>	\$ <u>12,792,229</u>

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
AUGUST 31, 2010 AND 2009
(UNAUDITED)**

	FY 2011	FY 2010
REVENUES:		
Gaming Taxes	\$ 8,127,985	\$ 8,566,043
License and Application Fees	106,760	104,704
Background Investigations	29,667	46,402
Fines	51,945	3,087
Interest Income	324,457	315,756
Other Revenue	165	133
TOTAL REVENUES	8,640,979	9,036,125
EXPENDITURES:		
Salaries and Benefits	1,097,746	1,117,565
Annual and Sick Leave Payouts	1,698	1,679
Professional Services	9,165	8,912
Travel	1,895	4,877
Automobiles	24,922	23,810
Printing	3,606	2,219
Police Supplies	384	146
Computer Services & Name Searches	21,606	38,413
Materials, Supplies, and Services	40,524	43,709
Postage	393	482
Telephone	17,419	12,560
Utilities	3,139	3,061
Other Operating Expenditures	1,395	2,058
Leased Space	10,449	25,960
Capital Outlay	5,074	0
EXPENDITURES - SUBTOTAL	1,239,415	1,285,451
STATE AGENCY SERVICES		
Colorado Bureau of Investigations	125,485	135,747
Fire Safety	31,196	23,727
Colorado State Patrol	379,405	354,653
State Auditors	13,706	15,345
Indirect Costs - Department of Revenue	123,088	102,133
Local Affairs	25,253	26,349
Colorado Department of Law	25,835	17,949
TOTAL STATE AGENCY SERVICES	723,968	675,903
Background Expenditures	1,981	7,227
TOTAL EXPENDITURES	1,965,364	1,968,581
SPENDABLE RESTRICTED FUND BALANCE	6,675,615	7,067,544
(Excess Of Revenues Over Expenditures)		
NONSPENDABLE RESTRICTED	2,857,039	2,148,380
FUND BALANCE AT JULY 1, 2010 & 2009		
TOTAL FUND BALANCE AT AUGUST 31, 2010 AND 2009	\$ 9,532,654	\$ 9,215,924

**COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED AUGUST 31, 2010
(UNAUDITED)**

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 8,127,985	\$ (105,038,281)	7.18%
License and Application Fees	637,848	0	637,848	106,760	(531,088)	16.74%
Background Investigations	253,768	0	253,768	29,667	(224,101)	11.69%
Fines	0	0	0	51,945	51,945	100.00%
Interest Revenue	1,311,461	0	1,311,461	324,457	(987,004)	24.74%
Other Revenue	0	0	0	165	165	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	8,640,979	(106,728,364)	7.49%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	1,009,310	(5,685,826)	15.08%
Personal Services Rollforward	11,000	0	11,000	0	(11,000)	0.00%
Health, Dental and Life Insurance	492,969	0	492,969	77,870	(415,099)	15.80%
Short Term Disability	9,407	0	9,407	1,526	(7,881)	16.22%
Amortization Equalization Disbursement	145,660	0	145,660	19,250	(126,410)	13.22%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	13,125	(93,085)	12.36%
Operating Expenditures	588,084	25,000	613,084	51,351	(561,733)	8.38%
Operating Expenditures Rollforward	110,248	0	110,248	0	(110,248)	0.00%
Workers Compensation	35,448	0	35,448	5,908	(29,540)	16.67%
Risk Management	4,242	0	4,242	707	(3,535)	16.67%
Licensure Activities	181,497	0	181,497	22,651	(158,846)	12.48%
Leased Space	370,828	0	370,828	0	(370,828)	0.00%
Vehicle Lease Payments - Fixed	81,897	0	81,897	14,279	(67,618)	17.44%
Vehicle Lease Payments - Variable	83,039	0	83,039	10,643	(72,396)	12.82%
Utilities	25,465	0	25,465	3,139	(22,326)	12.33%
EDO - MNT	57,881	0	57,881	9,647	(48,234)	16.67%
EDO - Communications	19,594	0	19,594	3,266	(16,328)	16.67%
Capitol Complex Leased Space	62,689	0	62,689	10,449	(52,241)	16.67%
Legal Services	109,257	0	109,257	25,835	(83,422)	23.65%
Indirect Costs - Department of Revenue	738,529	0	738,529	123,088	(615,441)	16.67%
State Agency Services	3,626,225	0	3,626,225	561,339	(3,064,886)	15.48%
Division Expenditures	13,555,305	25,000	13,580,305	1,963,383	(11,616,922)	14.46%
Background Expenditures	263,964	0	263,964	1,981	(261,983)	0.75%
TOTAL EXPENDITURES	13,819,269	25,000	13,844,269	1,965,364	(11,878,905)	14.20%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,550,074	N/A	\$ 101,525,074	\$ 6,675,615	\$ (94,849,459)	6.58%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.
The percent of the fiscal year elapsed through August 31, 2010 is 16.7%.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE THREE (3) MONTHS ENDED
SEPTEMBER 30, 2010**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
SEPTEMBER 30, 2010 AND 2009**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through September 30, 2009 and 2010

<u>AGP Comparison</u>				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 16,412,869	\$ 16,491,098	\$ 78,229	0.48%
\$2 - \$5 Million	\$ 35,350,601	\$ 37,785,532	\$ 2,434,931	6.89%
\$5 - \$8 Million	\$ 22,889,473	\$ 32,037,682	\$ 9,148,209	39.97%
\$8 - \$10 Million	\$ 27,445,828	\$ 16,110,924	\$ (11,334,904)	(41.30%)
\$10 - \$13 Million	\$ 10,319,877	\$ 12,804,714	\$ 2,484,837	24.08%
\$13+ Million	\$ 96,857,190	\$ 87,676,048	\$ (9,181,142)	(9.48%)
Total	\$ 209,275,838	\$ 202,905,998	\$ (6,369,840)	(3.04%)

<u>Tax Comparison</u>				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 156,032	\$ 156,228	\$ 196	0.13%
\$2 - \$5 Million	\$ 987,012	\$ 935,711	\$ (51,301)	(5.20%)
\$5 - \$8 Million	\$ 2,420,053	\$ 2,253,391	\$ (166,662)	(6.89%)
\$8 - \$10 Million	\$ 1,479,041	\$ 892,202	\$ (586,839)	(39.68%)
\$10 - \$13 Million	\$ 1,971,180	\$ 1,888,754	\$ (82,426)	(4.18%)
\$13+ Million	\$ 8,971,438	\$ 9,735,209	\$ 763,771	8.51%
Total	\$ 15,984,756	\$ 15,861,495	\$ (123,261)	(0.77%)

<u>AGP Summary</u>			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	17	17	0
\$2 - \$5 Million	11	12	1
\$5 - \$8 Million	4	5	1
\$8 - \$10 Million	3	2	(1)
\$10 - \$13 Million	1	1	0
\$13+ Million	4	3	(1)
	40	40	0

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
SEPTEMBER 30, 2010 AND 2009
(UNAUDITED)**

	<u>FY 2011</u>	<u>FY 2011</u>	<u>FY 2011</u>	<u>FY 2010</u>
	<u>EXTENDED</u>	<u>LIMITED</u>	<u>TOTAL</u>	<u>LIMITED</u>
	<u>GAMING FUND</u>	<u>GAMING FUND</u>	<u>FUND BALANCE</u>	<u>GAMING FUND</u>
ASSETS:				
Cash (Note 2)	\$ 19,020	\$ 9,327,922	\$ 9,346,942	\$ 11,864,289
Accounts Receivable (Note 3)				
Gaming Taxes	0	7,733,510	7,733,510	7,418,713
Accounts Receivable Other Agencies	0	841	841	0
Fines Receivable	0	1,298	1,298	10,879
Miscellaneous	0	18,654	18,654	429
Net Accounts Receivable	<u>0</u>	<u>7,754,303</u>	<u>7,754,303</u>	<u>7,430,021</u>
Prepaid Expenses	<u>0</u>	<u>55,043</u>	<u>55,043</u>	<u>27,841</u>
Total Current Assets	<u>19,020</u>	<u>17,137,268</u>	<u>17,156,288</u>	<u>19,322,151</u>
TOTAL ASSETS	<u>\$ 19,020</u>	<u>\$ 17,137,268</u>	<u>\$ 17,156,288</u>	<u>\$ 19,322,151</u>
LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 90,834	\$ 90,834	\$ 13,929
Wages & Salaries Payable	0	4,628	4,628	480
Due to Other State Agencies (Note 13)	0	393,016	393,016	279,528
Due to the State's General Fund	0	0	0	2,811,210
Background and Other Deposits (Note 5)	0	184,740	184,740	105,575
Deferred Revenue (Note 6)	0	247,190	247,190	302,880
Total Liabilities	<u>0</u>	<u>920,408</u>	<u>920,408</u>	<u>3,513,602</u>
Fund Balance:				
Spendable Restricted Fund Balance	0	13,359,821	13,359,821	13,660,169
Nonspendable Restricted Fund Balance	<u>19,020</u>	<u>2,857,039</u>	<u>2,876,059</u>	<u>2,148,380</u>
Total Fund Balance	<u>19,020</u>	<u>16,216,860</u>	<u>16,235,880</u>	<u>15,808,549</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 19,020</u>	<u>\$ 17,137,268</u>	<u>\$ 17,156,288</u>	<u>\$ 19,322,151</u>

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
SEPTEMBER 30, 2010 AND 2009
(UNAUDITED)**

	FY 2011 EXTENDED GAMING FUND	FY 2011 LIMITED GAMING FUND	FY 2011 TOTAL FUND BALANCE	FY 2010 LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 15,861,518	\$ 15,861,518	\$ 15,986,245
License and Application Fees	0	158,149	158,149	171,821
Background Investigations	0	43,311	43,311	65,898
Fines	0	55,579	55,579	15,607
Interest Income (Note 2)	19,020	336,174	355,194	331,343
Other Revenue	0	230	230	184
TOTAL REVENUES	<u>19,020</u>	<u>16,454,961</u>	<u>16,473,981</u>	<u>16,571,098</u>
EXPENDITURES:				
Salaries and Benefits	0	1,633,681	1,633,681	1,647,325
Annual and Sick Leave Payouts	0	2,317	2,317	2,497
Professional Services	0	21,893	21,893	10,520
Travel	0	4,046	4,046	8,171
Automobiles	0	37,794	37,794	36,341
Printing	0	5,203	5,203	3,075
Police Supplies	0	327	327	211
Computer Services & Name Searches	0	29,828	29,828	52,890
Materials, Supplies, and Services	0	219,070	219,070	60,372
Postage	0	656	656	685
Telephone	0	26,115	26,115	18,744
Utilities	0	4,450	4,450	4,477
Other Operating Expenditures	0	4,875	4,875	3,085
Leased Space (Note 9)	0	15,672	15,672	38,940
Capital Outlay	0	15,645	15,645	0
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>2,021,572</u>	<u>2,021,572</u>	<u>1,887,333</u>
STATE AGENCY SERVICES (Note 13)				
Colorado Bureau of Investigations	0	188,807	188,807	201,223
Fire Safety	0	48,302	48,302	32,098
Colorado State Patrol	0	558,756	558,756	539,869
State Auditors	0	14,725	14,725	17,050
Indirect Costs - Department of Revenue	0	180,919	180,919	152,037
Local Affairs	0	37,879	37,879	39,524
Colorado Department of Law	0	36,957	36,957	30,193
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>1,066,345</u>	<u>1,066,345</u>	<u>1,011,994</u>
Background Expenditures	0	7,223	7,223	11,602
TOTAL EXPENDITURES	<u>0</u>	<u>3,095,140</u>	<u>3,095,140</u>	<u>2,910,929</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	0	13,359,821	13,359,821	13,660,169
NONSPENDABLE RESTRICTED FUND BALANCE	19,020.00	0	19,020	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT SEPTEMBER 30, 2010 AND 2009	<u>\$ 19,020</u>	<u>\$ 16,216,860</u>	<u>\$ 16,235,880</u>	<u>\$ 15,808,549</u>

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED SEPTEMBER 30, 2010
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 15,861,518	\$ (97,304,748)	14.02%
License and Application Fees	637,848	0	637,848	158,149	(479,699)	24.79%
Background Investigations	253,768	0	253,768	43,311	(210,457)	17.07%
Fines	0	0	0	55,579	55,579	100.00%
Interest Revenue	1,311,461	0	1,311,461	336,174	(975,287)	25.63%
Other Revenue	0	0	0	230	230	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	16,454,961	(98,914,382)	14.26%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	1,489,231	(5,205,905)	22.24%
Personal Services Rollforward	11,000	0	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	117,264	(375,705)	23.79%
Short Term Disability	9,407	0	9,407	2,295	(7,112)	24.40%
Amortization Equalization Disbursement	145,660	0	145,660	28,920	(116,740)	19.85%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	19,718	(86,492)	18.57%
Operating Expenditures	588,084	25,000	613,084	140,807	(472,277)	22.97%
Operating Expenditures Rollforward	110,248	0	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	8,862	(26,586)	25.00%
Risk Management	4,242	0	4,242	1,061	(3,182)	25.00%
Licensure Activities	181,497	0	181,497	29,608	(151,889)	16.31%
Leased Space	370,828	0	370,828	0	(370,828)	0.00%
Vehicle Lease Payments - Fixed	81,897	0	81,897	21,419	(60,478)	26.15%
Vehicle Lease Payments - Variable	83,039	0	83,039	16,375	(66,664)	19.72%
Utilities	25,465	0	25,465	4,450	(21,015)	17.48%
EDO - MNT	57,881	0	57,881	14,470	(43,411)	25.00%
EDO - Communications	19,594	0	19,594	4,898	(14,696)	25.00%
Capitol Complex Leased Space	62,689	0	62,689	15,672	(47,017)	25.00%
Legal Services	109,257	0	109,257	36,957	(72,301)	33.83%
Indirect Costs - Department of Revenue	738,529	0	738,529	180,919	(557,610)	24.50%
State Agency Services	3,626,225	0	3,626,225	833,744	(2,792,481)	22.99%
Division Expenditures	13,555,305	25,000	13,580,305	3,087,917	(10,492,388)	22.74%
Background Expenditures	263,964	0	263,964	7,223	(256,741)	2.74%
TOTAL EXPENDITURES	13,819,269	25,000	13,844,269	3,095,140	(10,749,129)	22.36%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,550,074	N/A	\$ 101,525,074	\$ 13,359,821	\$ (88,165,253)	13.16%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.
The percent of the fiscal year elapsed through September 30, 2010 is 25.0%.

COLORADO DIVISION OF GAMING

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado Division of Gaming (the "Division") is an agency of the State of Colorado and was created June 4, 1991, under the provision of Section 12-47.1-201, Colorado Revised Statutes (C.R.S.).

The Division operates under the Colorado Limited Gaming Control Commission (the "Commission"). The Division implements, regulates, and supervises the conduct of limited gaming in the State, as authorized by statute.

The State of Colorado is the primary reporting entity for State financial activities. Therefore, the Division's accounts are presented in a manner consistent with presentation of statewide financial activities, which are reported in accordance with generally accepted accounting principles for governmental organizations.

In April 2009, House Bill 09-1272 was approved due to the passage of Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The extended gaming funds to be distributed are transferred to a separate fund every fiscal year end beginning with fiscal year 2010; therefore, a new extended gaming fund was created for this purpose. All fund or Division references throughout these financial statements refer to the limited gaming fund except if a specific reference to the extended gaming fund exists.

A. Fund Structure and Basis of Accounting

The financial activities of the Division are organized on the basis of individual funds, each of which is considered to be a separate entity. The operations of the Special Revenue Fund are recorded in a discrete set of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, of the entity. Throughout the year, encumbrances are recorded. However, at fiscal year-end all encumbrances lapse and no reserve for encumbrances is reported. The accounts used for fixed assets and long-term liabilities are not recorded in the Special Revenue Fund. They are recorded in a separate fund.

GOVERNMENTAL FUNDS

Special Revenue Funds

Transactions related to resources obtained from specific sources, which are restricted to specific purposes, are accounted for in the Special Revenue Fund. The Division's resources are obtained from specific gaming related activities such as license fees, application fees, and gaming taxes. These sources are restricted for specific uses as outlined in Section 12-47.1-701, C.R.S.

Fixed Assets

All fixed assets are stated at historical cost, or estimated historical cost, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Structure and Basis of Accounting (continued)

The Governmental Accounting Standards Board (GASB) issued statement number 34 which became effective July 1, 2001. This statement requires the Division to depreciate its' fixed assets; however, the fixed assets and depreciation amounts will only be represented on the statewide financial statements, not on the Division's individual financial statements. The capitalization criteria for fixed assets are \$50,000 for buildings and leasehold improvements, \$5,000 for furniture and equipment, and all land is capitalized regardless of cost. The purchase of stand-alone software is capitalized at \$5,000.

The calculation for the amount of depreciation is based upon the cost of the asset and its' estimated useful life. The estimated useful life of a capital asset is a function of each agency's own experience. The Division has determined the useful lives of furniture and equipment ranges from 5 to 10 years, building 30 years, and the licensing software 10 years.

Below is a chart depicting the Division's fixed assets and accumulated depreciation:

<u>Assets</u>		<u>Carrying Value</u>
Building and Land	\$1,669,035	
Accumulated Depreciation - Buildings	(81,344)	\$1,587,691
Furniture & Equipment	205,787	
Accumulated Depr. - Furn. & Equip.	(175,270)	30,517
Total		<u>\$1,618,208</u>

Long-term Liabilities

The Division's long-term liability is the accrued compensated absence liability. This amount is recorded in a separate fund and is reported on the statewide financial statements. Prior to the implementation of GASB 34, this liability was reported on the Division's year-end financial statements.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Structure and Basis of Accounting (continued)

BASIS OF ACCOUNTING

The Division uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

B. Budget

The statement of revenues and expenditures-budget to actual compares those revenues and expenditures, which are legally authorized by State statute. The fiscal year 2011 revenue projections were provided by the Division, based on the tax rate structure established by the Commission. Each year, the Division submits to the Commission a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Commission to obtain comments and approval. During the fiscal year, the approved budget may be modified due to roll-forward authorization or supplemental budget approval. The Commission must approve all modifications. Appropriations lapse at fiscal year-end unless the Commission approves a roll-forward of the unexpended budget.

Appropriation as of July 1, 2010	\$13,819,269
Supplemental appropriations	<u>25,000</u>
Total appropriation	<u>\$13,844,269</u>

2. CASH AND INVESTMENTS

The State Treasury acts as a bank for all state agencies. Monies deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund unless a specific statute directs otherwise. Cash held by the State Treasurer for the Division of Gaming on September 30, 2010 was \$9.3 million.

The Division of Gaming receives interest payments from the State Treasurer's Office on cash held by the Treasurer's Office on behalf of the Division for its limited gaming fund and extended gaming fund. The amount of \$355,194 is interest earned on the average daily cash balances. During the month of September, the State Treasurer was paying interest at 2.28% annualized.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

3. ACCOUNTS RECEIVABLE

As of September 30, 2010, the Division had an accounts receivable balance of \$7,754,303. This amount includes \$7,733,510 in gaming taxes collected by the Department of Revenue for the Division for the month of September 2010, which were due on the 15th of October 2010. In addition, the Division had accounts receivable from other agencies balance of \$841, a fines receivable balance of \$1,298, \$1,528 in outstanding credit card deposits, \$17,050 due from Workers Compensation, and \$75 due from others.

4. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balances at July 1, 2010	Deletions	Additions	Balances at September 30, 2010
Computer Equipment	\$ 94,355		\$ 1,825	\$ 96,180
Office Equipment	103,517		10,971	114,488
Investigative Equipment	6,090			6,090
Software	372,861	\$ (1,825)		371,036
Building and Land	1,664,361		4,674	1,669,035
Total	\$ 2,241,184	\$ (1,825)	\$ 17,470	\$ 2,256,829

5. DEPOSITS

Applicants applying for gaming licenses are required to remit deposits to the Division, which are used to perform background investigations of these applicants. These deposits are recorded as liabilities until the Division incurs expenditures to perform the background investigations, or until any remaining balance is refunded to the applicant. Deposits for background investigations were \$180,427 at September 30, 2010. Additionally, on September 30, 2010, the Division of Gaming held \$4,313 on deposit, which represents funds seized during criminal investigations, or involves gaming patrons, and are pending court order releases or adjudication.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

6. DEFERRED REVENUE

The Division issues a two-year license to individuals who are subject to an investigative review on an annual basis. Beginning in August 2008, the Division began to stagger the issuance of 2-year licenses to businesses as well. The fees for the second year of the license period are recorded as deferred revenue until the Division incurs the expense during the review period. As of September 30, 2010 deferred license fees were \$247,190.

7. ACCRUED COMPENSATED ABSENCES

All permanent employees of the Division may accrue annual and sick leave based on length of service. The accrued amount will be paid upon termination, subject to certain limitations.

Annual Leave	\$432,033
Sick Leave	<u>53,915</u>
Total	<u><u>\$485,948</u></u>

The current and long-term portion of vacation and sick leave benefits are recorded in a separate fund and are only reported on the statewide financial statements.

8. GAMING DISTRIBUTION

A. Extended Gaming Distribution

The voters of Colorado passed Amendment 50 on November 4, 2008. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The tax revenues and interest, less expenses, attributable to Amendment 50 will be distributed as follows:

- 78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges;
- 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

8. GAMING DISTRIBUTION (Continued)

A. Extended Gaming Distribution (continued)

The following are definitions necessitated by the passage of Amendment 50:

- (1) “Extended gaming” means subsection (7) of section 9 of article XVIII of the state constitution as approved by statewide voters on November 4, 2008, and subsequently approved by voters in the cities of Black Hawk, Central City and Cripple Creek;
- (2) “Extended gaming revenues” mean the “limited gaming tax revenues attributable to extended limited gaming” as defined by Section 12-47.1-701.5(4)(d);
- (3) “Limited gaming revenues” mean the gaming tax revenues attributable to the operation of limited gaming prior to extended gaming.

In accordance with House Bill 09-1272, there will be a determination of tax revenues and expenditures attributable to extended and limited gaming.

- (1) After the end of the fiscal year ending June 30, 2011, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the fiscal year ending June 30, 2010, by a factor of three percent and adding that amount to the amount of limited gaming tax revenues collected during fiscal year 2010. This amount is \$100,686,391.62. Any gaming tax revenues collected over this amount in fiscal year 2011, will be attributable to extended gaming revenues.
- (2) After the end of each subsequent fiscal year ending June 30, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the previous fiscal year by a factor of three percent and adding that amount to the amount of limited gaming tax revenues collected during the previous fiscal year. If the annual increase in total gaming tax revenues is less than three percent, either positive or negative, limited gaming revenues shall be the amount of limited gaming revenues collected during the previous fiscal year multiplied by a factor of the actual percentage of annual growth or decline in total gaming tax revenues. That amount shall be added or subtracted from the amount of limited gaming tax revenues collected during the previous fiscal year.
- (3) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming revenues by subtracting the amount of limited gaming revenues from the amount of total gaming tax revenues collected during the fiscal year.
- (4) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming expenses by multiplying the total of all expenses of the Commission and other state agencies for the fiscal year by the percentage of total limited gaming revenues attributable to extended gaming revenues.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

8. GAMING DISTRIBUTION (Continued)

A. Extended Gaming Distribution (continued)

The original or limited gaming fund recipients will receive an annual adjustment of the lesser of 6 percent or the actual percentage, of annual growth in extended gaming revenues.

B. Limited Gaming Distribution

In accordance with Section 12-47.1-701, the balance remaining in the limited gaming fund is to be distributed by the State Treasurer to the recipients of limited gaming revenues according to the following formula:

- 50% to the State General Fund;
- 28% to the Colorado State Historical Fund;
- 12% to Gilpin and Teller Counties, in proportion to the gaming revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the gaming revenues generated in the respective cities.

In addition, the 50% that goes to the General Fund is further divided as follows:

- 13% to the Local Government Limited Gaming Impact Fund;
- \$19 million to the Colorado Travel & Tourism Promotion Fund (adjusted annually by rate of inflation);
- \$3 million to the New Jobs Incentives Cash Fund (adjusted annually by rate of inflation);
- \$1.5 million to the Creative Industries Cash Fund (adjusted annually by rate of inflation);
- \$1.0 million to the Innovative Higher Education Research Fund;
- \$600,000 to the Creative Industries Cash Fund (adjusted annually by rate of inflation);

8. GAMING DISTRIBUTION (Continued)

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

B. Limited Gaming Distribution (continued)

- \$5.5 million to the Bioscience Discovery Evaluation Cash Fund, and;
- The remaining portion of General Fund share to the Clean Energy Fund, unless the General Fund is in a deficit at the end of the fiscal year, in which case the remaining portion would be directed to the General Fund.

In fiscal year 2010, the above division of General Fund distribution monies was changed by legislation, and fiscal year 2011 legislation to change the above division of General Fund monies is highly anticipated to occur.

The amount to be distributed is derived from revenues collected by the Division during the fiscal year after payment of operating expenditures of the Division and other regulatory expenditures, except for an amount equal to expenditures for the last two-month period. As of September 30, 2010, the amount calculated as reserved fund balance, which is restricted by enabling legislation, was \$2,171,211. This amount equals Division expenditures for the preceding two-month period.

Fund Balance as of September 30, 2010	\$16,216,860
Less: Two month Reserve	<u>(2,171,211)</u>
Available for Distribution at September 30, 2009	<u>\$14,045,649</u>

9. LEASED SPACE

The Division occupies office space in Cripple Creek and Golden. Rental payments are contingent upon the continuing availability of funds.

Cripple Creek

In April 2007, the Division entered into a lease and option to purchase agreement with a third party to lease office space at a new location in Cripple Creek, Colorado. The lease began in September 2007 with an initial term of ten years.

On June 15, 2010 the Division exercised the lease agreement's option to purchase the Cripple Creek building. The purchase price (including the land) was approximately \$844,000.

**Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010**

9. LEASED SPACE (Continued)

Golden

In May 2010, the Division entered into a lease agreement with a third party to lease office space at 17301 W. Colfax Avenue, Golden, Colorado. The initial term of the lease is ten years. The lease term began on September 17, 2010, and a rental credit of \$20,501 was applied per the signed lease agreement. September's prorated rental payment based on 14 days of occupancy was \$10,661, leaving a credit balance of \$9,840 once the rental credit was applied. The remaining credit balance will be applied to October's rental payment of \$22,845, thus reducing the payment amount due for October to \$13,005.

Per House Bill 08-1395, the reduction in property tax due is already reflected in the rental obligations listed below.

GOLDEN	
<u>Estimated Future Payments</u>	
OCTOBER FISCAL YEAR 2010	\$ 13,005
FISCAL YEAR 2011 (November 2010– June 2011)	182,760
FISCAL YEAR 2012	279,509
FISCAL YEAR 2013	285,038
FISCAL YEAR 2014	290,566
FISCAL YEAR 2015	296,582
FISCAL YEAR 2016	302,599
FISCAL YEAR 2017	308,777
FISCAL YEAR 2018	315,281
FISCAL YEAR 2019	321,785
FISCAL YEAR 2020	328,615
	<u>\$ 2,924,517</u>

The remaining leased space expenditure amount shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance represents the Division's share of Capitol Complex lease cost for the Division's previous Lakewood location.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

10. PENSION PLAN

A. Plan Description

Virtually all of the Division's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, excluding community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan.

New employees, excluding four-year college and university employees, are allowed 60 days to elect to participate in PERA's defined contribution plan. If that election is not made, the employee is automatically enrolled in the plan to which he last contributed or, if there was no prior participation, to the defined benefit plan. PERA members electing the PERA defined contribution plan are allowed an irrevocable election between the second and fifth year of membership to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same amount as the contributions to the PERA defined benefit plan.

Defined benefit plan members (except state troopers) vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 - age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

10. PENSION PLAN (Continued)

A. Plan Description (continued)

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more..

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and state troopers are eligible for retirement benefits at different ages and years of service.

Most members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods.

For retirements after January 1, 2009, the HAS is calculated based on original hire date as follows:

- Hired before January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to a 15 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 15 percent increase.
- Hired on or after January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to an 8 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 8 percent increase.

Prior to January 1, 2010, retiree benefits were increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI).
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

10. PENSION PLAN (Continued)

A. Plan Description (continued)

In the 2010 legislative session, the general assembly set the current increase as the lesser of 2 percent or the average of the monthly CPI amounts for calendar year 2009. The 2009 CPI was negative resulting in a calendar year 2010 increase of 0 percent. The 2010 legislation moved the payment date of all increases to July. New rules governing the annual increase amount will be in effect beginning January 1, 2011.

Members who are disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

B. Funding Policy

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

Most employees contribute 8.0 percent of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2009, to December 31, 2009, the state contributed 12.95 percent of the employee's salary. From January 1, 2010, through June 30, 2010, the state contributed 13.85 percent. From July 1, 2010 through September 30, 2010, the state contributed 11.35% and employees contributed 2.5% of the state's share. During all of Fiscal Year 2010 and through 2011, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2009, the division of PERA in which the state participates was underfunded with an amortization period of 43 years.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional .5 percent of salary beginning January 1, 2006, another .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

10. PENSION PLAN (Continued)

B. Funding Policy (continued)

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to state employees' salaries, and used by the employer to pay the SAED.

In the 2010 legislative session, the general assembly extended both the AED and SAED. The AED will continue to increase at a rate of .4 percent of salary from calendar years 2013 through 2017. The SAED will continue to increase by one-half percentage point from calendar years 2014 through 2017. If the funding ratio reaches 103%, both the AED and the SAED will be reduced by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The Division's contributions to PERA and/or the state defined contribution plan for the period ending September 30, 2010 were \$135,404. These contributions met the contribution requirement.

11. OTHER RETIREMENT PLANS

Defined Contribution Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the state's defined contribution plan was transferred to PERA and participants of the state's plan became participants of the PERA defined contribution plan. Existing state plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years.

Participants in the plan are required to contribute 8 percent of their salary. At December 31, 2009, the plan had 3,039 participants.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

11. OTHER RETIREMENT PLANS (Continued)

Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the state's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the state's administrative functions were transferred to PERA, and all costs of administration and funding are borne by the plan participants. In calendar year 2009, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of \$16,500. Participants who are age 50 and older may contribute an additional \$5,500 for total contributions of \$22,000 in 2009. At December 31, 2009, the plan had 18,007 participants.

PERA also offers a voluntary 401k plan entirely separate from the defined benefit pension plan. Certain agencies and institutions of the state offer 403(b) or 401(a) plans.

12. OTHER POST EMPLOYMENT BENEFITS

Health Care Plan

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 10. Beginning July 1, 2004, state agencies/institutions are required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. As of September 30, 2010, the Division contributed \$13,375 as required by statute.

**Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010**

12. OTHER POST EMPLOYMENT BENEFITS (Continued)

Health Care Plan (continued)

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered high deductible health care plans in 2009. As of December 31, 2009, there were 46,985 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2009, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.50 billion, a funded ratio of 14.8 percent, and a 53-year amortization period.

13. RELATED-PARTY TRANSACTIONS

The Division, as an agency of the State of Colorado, paid fees to the State for auditing, investigative, legal, and other expenses incurred with the Department of Revenue for indirect costs. Interagency charges as of September 30, 2010 consist of the following:

State Agency Services:

Colorado Bureau of Investigation	\$ 188,807
Colorado Division of Fire Safety	48,302
Colorado State Patrol	558,756
Office of the State Auditor	14,725
Indirect Costs (Department of Revenue)	180,919
Colorado Department of Local Affairs	37,879
Colorado Department of Law	36,957
Total Payments to State Agencies	<u><u>\$ 1,066,345</u></u>

As of September 30, 2010, the Division had liabilities to other State agencies as follows:

State Agency Liabilities:

Colorado Bureau of Investigation	\$ 68,725
Colorado Division of Fire Safety	14,000
Colorado State Patrol	202,000
Office of the State Auditor	14,725
Colorado Department of Corrections	91,224
Colorado Department of Revenue	2,031
Colorado Department of Personnel and Administration	311
Total Payments to State Agencies	<u><u>\$ 393,016</u></u>

Colorado Division of Gaming
Notes to Financial Statements (Continued)
September 30, 2010

14. RISK MANAGEMENT

The Division participates in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

There were no significant reductions or changes in insurance coverage from the prior year. Settlements did not exceed insurance coverage in any of the past three fiscal years.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE FOUR (4) MONTHS ENDED
OCTOBER 31, 2010**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
OCTOBER 31, 2010 AND 2009**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through October 31, 2009 and 2010

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 16,718,586	\$ 16,721,211	\$ 2,625	0.02%
\$2 - \$5 Million	\$ 27,164,477	\$ 31,784,495	\$ 4,620,018	17.01%
\$5 - \$8 Million	\$ 43,012,249	\$ 43,788,909	\$ 776,660	1.81%
\$8 - \$10 Million	\$ 8,253,320	\$ -	\$ (8,253,320)	(100.00%)
\$10 - \$13 Million	\$ 34,855,958	\$ 42,077,000	\$ 7,221,042	20.72%
\$13+ Million	\$ 141,062,973	\$ 133,285,396	\$ (7,777,577)	(5.51%)
Total	\$ 271,067,563	\$ 267,657,011	\$ (3,410,552)	(1.26%)

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 166,796	\$ 166,803	\$ 7	0.00%
\$2 - \$5 Million	\$ 1,143,290	\$ 1,135,690	\$ (7,600)	(0.66%)
\$5 - \$8 Million	\$ 3,151,102	\$ 2,951,002	\$ (200,100)	(6.35%)
\$8 - \$10 Million	\$ 1,787,865	\$ 1,760,000	\$ (27,865)	(1.56%)
\$10 - \$13 Million	\$ 3,176,953	\$ 2,252,320	\$ (924,633)	(29.10%)
\$13+ Million	\$ 15,212,595	\$ 16,257,079	\$ 1,044,484	6.87%
Total	\$ 24,638,601	\$ 24,522,894	\$ (115,707)	(0.47%)

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	15	15	0
\$2 - \$5 Million	9	10	1
\$5 - \$8 Million	7	7	0
\$8 - \$10 Million	1	0	(1)
\$10 - \$13 Million	3	4	1
\$13+ Million	5	4	(1)
	40	40	0

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
OCTOBER 31, 2010 AND 2009
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash	\$ 19,055	\$ 16,110,535	\$ 16,129,590	\$ 18,428,646
Accounts Receivable				
Gaming Taxes	0	8,661,399	8,661,399	8,653,845
Accounts Receivable Other Agencies	0	79	79	0
Fines Receivable	0	1,031	1,031	1,413
Miscellaneous	0	1,363	1,363	717
Net Accounts Receivable	0	8,663,872	8,663,872	8,655,975
 Prepaid Expenses	 0	 71,704	 71,704	 46,337
Total Current Assets	19,055	24,846,111	24,865,166	27,130,958
TOTAL ASSETS	\$ 19,055	\$ 24,846,111	\$ 24,865,166	\$ 27,130,958
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 37,803	\$ 37,803	\$ 17,234
Wages & Salaries Payable	0	1,109	1,109	923
Due to Other State Agencies	0	393,898	393,898	264,300
Due to the State's General Fund	0	0	0	2,811,210
Background and Other Deposits	0	124,021	124,021	96,866
Deferred Revenue	0	250,110	250,110	295,295
Total Liabilities	0	806,941	806,941	3,485,828
Fund Balance:				
Spendable Restricted Fund Balance	0	21,182,131	21,182,131	21,496,750
Nonspendable Restricted Fund Balance	19,055	2,857,039	2,876,094	2,148,380
Total Fund Balance	19,055	24,039,170	24,058,225	23,645,130
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,055	\$ 24,846,111	\$ 24,865,166	\$ 27,130,958

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
OCTOBER 31, 2010 AND 2009
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 24,532,208	\$ 24,532,208	\$ 24,640,106
License and Application Fees	0	201,714	201,714	212,143
Background Investigations	0	101,560	101,560	105,322
Fines	0	62,018	62,018	16,678
Interest Income	19,055	359,592	378,647	360,395
Other Revenue	0	246	246	307
TOTAL REVENUES	<u>19,055</u>	<u>25,257,338</u>	<u>25,276,393</u>	<u>25,334,951</u>
EXPENDITURES:				
Salaries and Benefits	0	2,186,272	2,186,272	2,173,348
Annual and Sick Leave Payouts	0	2,317	2,317	2,497
Professional Services	0	23,602	23,602	12,228
Travel	0	6,261	6,261	9,813
Automobiles	0	50,381	50,381	48,667
Printing	0	5,806	5,806	3,663
Police Supplies	0	2,077	2,077	458
Computer Services & Name Searches	0	36,775	36,775	63,436
Materials, Supplies, and Services	0	239,067	239,067	73,624
Postage	0	818	818	899
Telephone	0	35,610	35,610	25,260
Utilities	0	6,023	6,023	6,176
Other Operating Expenditures	0	5,752	5,752	4,234
Leased Space	0	28,678	28,678	51,920
Capital Outlay	0	15,645	15,645	0
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>2,645,084</u>	<u>2,645,084</u>	<u>2,476,223</u>
STATE AGENCY SERVICES				
Colorado Bureau of Investigations	0	252,537	252,537	266,119
Fire Safety	0	65,003	65,003	40,490
Colorado State Patrol	0	729,985	729,985	717,701
State Auditors	0	14,950	14,950	17,050
Indirect Costs - Department of Revenue	0	241,226	241,226	202,716
Local Affairs	0	50,505	50,505	52,698
Colorado Department of Law	0	50,099	50,099	41,356
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>1,404,305</u>	<u>1,404,305</u>	<u>1,338,130</u>
Background Expenditures	0	25,818	25,818	23,848
TOTAL EXPENDITURES	<u>0</u>	<u>4,075,207</u>	<u>4,075,207</u>	<u>3,838,201</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	<u>0</u>	<u>21,182,131</u>	<u>21,182,131</u>	<u>21,496,750</u>
NONSPENDABLE RESTRICTED FUND BALANCE	19,055	0	19,055	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT OCTOBER 31, 2010 AND 2009	<u>\$ 19,055</u>	<u>\$ 24,039,170</u>	<u>\$ 24,058,225</u>	<u>\$ 23,645,130</u>

**COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED OCTOBER 31, 2010
(UNAUDITED)**

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 24,532,208	\$ (88,634,058)	21.68%
License and Application Fees	637,848	0	637,848	201,714	(436,134)	31.62%
Background Investigations	253,768	0	253,768	101,560	(152,208)	40.02%
Fines	0	0	0	62,018	62,018	100.00%
Interest Revenue	1,311,461	0	1,311,461	359,592	(951,869)	27.42%
Other Revenue	0	0	0	246	246	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	25,257,338	(90,112,005)	21.89%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	1,984,577	(4,710,559)	29.64%
Personal Services Rollforward	11,000	0	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	156,455	(336,514)	31.74%
Short Term Disability	9,407	0	9,407	3,049	(6,358)	32.41%
Amortization Equalization Disbursement	145,660	0	145,660	38,600	(107,060)	26.50%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	26,318	(79,892)	24.78%
Operating Expenditures	588,084	25,000	613,084	169,229	(443,855)	27.60%
Operating Expenditures Rollforward	110,248	0	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	11,816	(23,632)	33.33%
Risk Management	4,242	0	4,242	1,414	(2,828)	33.33%
Licensure Activities	181,497	0	181,497	36,422	(145,075)	20.07%
Leased Space	370,828	0	370,828	13,006	(357,822)	3.51%
Vehicle Lease Payments - Fixed	81,897	0	81,897	28,559	(53,338)	34.87%
Vehicle Lease Payments - Variable	83,039	0	83,039	21,822	(61,217)	26.28%
Utilities	25,465	0	25,465	6,023	(19,442)	23.65%
EDO - MNT	57,881	0	57,881	19,294	(38,587)	33.33%
EDO - Communications	19,594	0	19,594	6,531	(13,063)	33.33%
Capitol Complex Leased Space	62,689	0	62,689	15,672	(47,017)	25.00%
Legal Services	109,257	0	109,257	50,099	(59,158)	45.85%
Indirect Costs - Department of Revenue	738,529	0	738,529	241,226	(497,303)	32.66%
State Agency Services	3,626,225	0	3,626,225	1,098,030	(2,528,195)	30.28%
Division Expenditures	13,555,305	25,000	13,580,305	4,049,389	(9,530,916)	29.82%
Background Expenditures	263,964	0	263,964	25,818	(238,146)	9.78%
TOTAL EXPENDITURES	13,819,269	25,000	13,844,269	4,075,207	(9,769,062)	29.44%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,550,074	N/A	\$ 101,525,074	\$ 21,182,131	\$ (80,342,943)	20.86%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.
The percent of the fiscal year elapsed through October 31, 2010 is 33.3%.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE FIVE (5) MONTHS ENDED
NOVEMBER 30, 2010**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
NOVEMBER 30, 2010 AND 2009**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through November 30, 2009 and 2010

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 17,989,830	\$ 15,670,754	\$ (2,319,076)	(12.89%)
\$2 - \$5 Million	\$ 35,011,862	\$ 36,542,873	\$ 1,531,011	4.37%
\$5 - \$8 Million	\$ 34,729,647	\$ 24,953,975	\$ (9,775,672)	(28.15%)
\$8 - \$10 Million	\$ 27,258,084	\$ 33,995,731	\$ 6,737,647	24.72%
\$10 - \$13 Million	\$ -	\$ 50,545,223	\$ 50,545,223	100.00%
\$13+ Million	\$ 217,252,337	\$ 162,980,655	\$ (54,271,682)	(24.98%)
Total	\$ 332,241,760	\$ 324,689,211	\$ (7,552,549)	(2.27%)

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 174,975	\$ 174,177	\$ (798)	(0.46%)
\$2 - \$5 Million	\$ 1,260,237	\$ 1,250,857	\$ (9,380)	(0.74%)
\$5 - \$8 Million	\$ 3,845,668	\$ 3,685,858	\$ (159,810)	(4.16%)
\$8 - \$10 Million	\$ 2,118,389	\$ 1,979,530	\$ (138,859)	(6.55%)
\$10 - \$13 Million	\$ 3,840,000	\$ 3,607,236	\$ (232,764)	(6.06%)
\$13+ Million	\$ 22,650,468	\$ 22,196,131	\$ (454,337)	(2.01%)
Total	\$ 33,889,737	\$ 32,893,789	\$ (995,948)	(2.94%)

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	14	12	(2)
\$2 - \$5 Million	10	10	0
\$5 - \$8 Million	5	4	(1)
\$8 - \$10 Million	3	4	1
\$10 - \$13 Million	0	4	4
\$13+ Million	8	4	(4)
	40	38	(2)

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
NOVEMBER 30, 2010 AND 2009
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash	\$ 19,090	\$ 23,969,680	\$ 23,988,770	\$ 26,355,475
Accounts Receivable				
Gaming Taxes	0	8,370,895	8,370,895	9,251,135
Accounts Receivable Other Agencies	0	3,063	3,063	2,000
Fines Receivable	0	1,031	1,031	879
Miscellaneous	0	2,307	2,307	692
Net Accounts Receivable	0	8,377,296	8,377,296	9,254,706
Prepaid Expenses	0	47,802	47,802	25,309
Total Current Assets	19,090	32,394,778	32,413,868	35,635,490
TOTAL ASSETS	\$ 19,090	\$ 32,394,778	\$ 32,413,868	\$ 35,635,490
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 12,464	\$ 12,464	\$ 21,483
Wages & Salaries Payable	0	14,023	14,023	952
Due to Other State Agencies	0	398,965	398,965	262,782
Due to the State's General Fund	0	0	0	2,811,210
Background and Other Deposits	0	129,599	129,599	129,852
Deferred Revenue	0	261,870	261,870	293,830
Total Liabilities	0	816,921	816,921	3,520,109
Fund Balance:				
Spendable Restricted Fund Balance	0	28,720,818	28,720,818	29,967,001
Nonspendable Restricted Fund Balance	19,090	2,857,039	2,876,129	2,148,380
Total Fund Balance	19,090	31,577,857	31,596,947	32,115,381
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,090	\$ 32,394,778	\$ 32,413,868	\$ 35,635,490

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
NOVEMBER 30, 2010 AND 2009
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 32,903,168	\$ 32,903,168	\$ 33,891,246
License and Application Fees	0	265,655	265,655	256,835
Background Investigations	0	110,297	110,297	156,827
Fines	0	62,207	62,207	17,056
Interest Income	19,090	395,273	414,363	402,509
Other Revenue	0	275	275	425
TOTAL REVENUES	<u>19,090</u>	<u>33,736,875</u>	<u>33,755,965</u>	<u>34,724,898</u>
EXPENDITURES:				
Salaries and Benefits	0	2,742,507	2,742,507	2,698,947
Annual and Sick Leave Payouts	0	2,317	2,317	2,497
Professional Services	0	25,310	25,310	13,837
Travel	0	7,078	7,078	10,611
Automobiles	0	63,146	63,146	60,368
Printing	0	7,029	7,029	4,223
Police Supplies	0	2,157	2,157	458
Computer Services & Name Searches	0	45,802	45,802	71,094
Materials, Supplies, and Services	0	261,050	261,050	87,417
Postage	0	1,016	1,016	1,064
Telephone	0	49,546	49,546	31,430
Utilities	0	7,405	7,405	7,567
Other Operating Expenditures	0	6,151	6,151	5,269
Leased Space	0	46,622	46,622	64,901
Capital Outlay	0	15,645	15,645	0
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>3,282,781</u>	<u>3,282,781</u>	<u>3,059,683</u>
STATE AGENCY SERVICES				
Colorado Bureau of Investigations	0	296,776	296,776	328,617
Fire Safety	0	64,015	64,015	48,871
Colorado State Patrol	0	898,832	898,832	893,920
State Auditors	0	19,925	19,925	17,050
Indirect Costs - Department of Revenue	0	302,676	302,676	253,508
Local Affairs	0	63,132	63,132	65,873
Colorado Department of Law	0	61,958	61,958	52,869
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>1,707,314</u>	<u>1,707,314</u>	<u>1,660,708</u>
Background Expenditures	0	25,962	25,962	37,506
TOTAL EXPENDITURES	<u>0</u>	<u>5,016,057</u>	<u>5,016,057</u>	<u>4,757,897</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	0	28,720,818	28,720,818	29,967,001
NONSPENDABLE RESTRICTED FUND BALANCE	19,090	0	19,090	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT NOVEMBER 30, 2010 AND 2009	<u>\$ 19,090</u>	<u>\$ 31,577,857</u>	<u>\$ 31,596,947</u>	<u>\$ 32,115,381</u>

**COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED NOVEMBER 30, 2010
(UNAUDITED)**

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 32,903,168	\$ (80,263,098)	29.08%
License and Application Fees	637,848	0	637,848	265,655	(372,193)	41.65%
Background Investigations	253,768	0	253,768	110,297	(143,471)	43.46%
Fines	0	0	0	62,207	62,207	100.00%
Interest Revenue	1,311,461	0	1,311,461	395,273	(916,188)	30.14%
Other Revenue	0	0	0	275	275	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	33,736,875	(81,632,468)	29.24%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	2,485,802	(4,209,334)	37.13%
Personal Services Rollforward	11,000	0	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	197,444	(295,525)	40.05%
Short Term Disability	9,407	0	9,407	3,844	(5,563)	40.86%
Amortization Equalization Disbursement	145,660	0	145,660	48,681	(96,979)	33.42%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	33,192	(73,018)	31.25%
Operating Expenditures	588,084	25,000	613,084	202,317	(410,767)	33.00%
Operating Expenditures Rollforward	110,248	0	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	14,770	(20,678)	41.67%
Risk Management	4,242	0	4,242	1,768	(2,475)	41.67%
Licensure Activities	181,497	0	181,497	44,187	(137,310)	24.35%
Leased Space	370,828	(96,684)	274,144	35,851	(238,293)	13.08%
Vehicle Lease Payments - Fixed	81,897	0	81,897	35,699	(46,198)	43.59%
Vehicle Lease Payments - Variable	83,039	0	83,039	27,447	(55,592)	33.05%
Utilities	25,465	0	25,465	7,405	(18,060)	29.08%
EDO - MNT	57,881	0	57,881	24,117	(33,764)	41.67%
EDO - Communications	19,594	0	19,594	8,164	(11,430)	41.67%
Capitol Complex Leased Space	62,689	(49,482)	13,207	10,771	(2,436)	81.56%
Legal Services	109,257	0	109,257	61,958	(47,299)	56.71%
Indirect Costs - Department of Revenue	738,529	(14,852)	723,677	302,676	(421,001)	41.82%
State Agency Services	3,626,225	0	3,626,225	1,322,755	(2,303,470)	36.48%
Division Expenditures	13,555,305	(136,018)	13,419,287	4,990,095	(8,429,192)	37.19%
Background Expenditures	263,964	0	263,964	25,962	(238,002)	9.84%
TOTAL EXPENDITURES	13,819,269	(136,018)	13,683,251	5,016,057	(8,667,194)	36.66%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,550,074	N/A	\$ 101,686,092	\$ 28,720,818	\$ (72,965,274)	28.24%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.
The percent of the fiscal year elapsed through November 30, 2010 is 41.7%.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE SIX (6) MONTHS ENDED
DECEMBER 31, 2010**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
DECEMBER 31, 2010 AND 2009**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through December 31, 2009 and 2010

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 14,434,688	\$ 13,739,523	\$ (695,165)	(4.82%)
\$2 - \$5 Million	\$ 41,948,161	\$ 41,281,824	\$ (666,337)	(1.59%)
\$5 - \$8 Million	\$ 19,358,429	\$ 34,390,615	\$ 15,032,186	77.65%
\$8 - \$10 Million	\$ 35,526,517	\$ 29,056,916	\$ (6,469,601)	(18.21%)
\$10 - \$13 Million	\$ 21,918,069	\$ 11,101,041	\$ (10,817,028)	(49.35%)
\$13+ Million	\$ 254,510,560	\$ 252,699,473	\$ (1,811,087)	(0.71%)
Total	\$ 387,696,424	\$ 382,269,392	\$ (5,427,032)	(1.40%)

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 181,087	\$ 179,349	\$ (1,738)	(0.96%)
\$2 - \$5 Million	\$ 1,378,963	\$ 1,365,637	\$ (13,326)	(0.97%)
\$5 - \$8 Million	\$ 4,172,259	\$ 4,085,155	\$ (87,104)	(2.09%)
\$8 - \$10 Million	\$ 2,587,917	\$ 2,536,261	\$ (51,656)	(2.00%)
\$10 - \$13 Million	\$ 4,146,891	\$ 4,016,166	\$ (130,725)	(3.15%)
\$13+ Million	\$ 30,102,112	\$ 29,739,895	\$ (362,217)	(1.20%)
Total	\$ 42,569,229	\$ 41,922,463	\$ (646,766)	(1.52%)

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	11	9	(2)
\$2 - \$5 Million	12	11	(1)
\$5 - \$8 Million	3	5	2
\$8 - \$10 Million	4	3	(1)
\$10 - \$13 Million	2	1	(1)
\$13+ Million	8	8	0
	40	37	(3)

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
DECEMBER 31, 2010 AND 2009
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash (Note 2)	\$ 19,123	\$ 31,389,536	\$ 31,408,659	\$ 31,956,583
Accounts Receivable (Note 3)				
Gaming Taxes	0	9,028,673	9,028,673	8,680,110
Background	0	0	0	17,377
Fines Receivable	0	1,283	1,283	1,631
Miscellaneous	0	1,040	1,040	505
Net Accounts Receivable	0	9,030,996	9,030,996	8,699,623
 Prepaid Expenses	 0	 57,060	 57,060	 63,838
Total Current Assets	19,123	40,477,592	40,496,715	40,720,044
TOTAL ASSETS	\$ 19,123	\$ 40,477,592	\$ 40,496,715	\$ 40,720,044
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 11,670	\$ 11,670	\$ 14,761
Wages & Salaries Payable	0	0	0	2,136
Due to Other State Agencies (Note 13)	0	304,587	304,587	271,114
Background and Other Deposits (Note 5)	0	136,574	136,574	130,281
Deferred Revenue (Note 6)	0	258,290	258,290	287,070
Total Liabilities	0	711,121	711,121	705,362
Fund Balance:				
Spendable Restricted Fund Balance	0	36,909,432	36,909,432	37,866,302
Nonspendable Restricted Fund Balance	19,123	2,857,039	2,876,162	2,148,380
Total Fund Balance	19,123	39,766,471	39,785,594	40,014,682
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,123	\$ 40,477,592	\$ 40,496,715	\$ 40,720,044

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
DECEMBER 31, 2010 AND 2009
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 41,933,543	\$ 41,933,543	\$ 42,570,748
License and Application Fees	0	309,531	309,531	318,980
Background Investigations	0	124,793	124,793	186,152
Fines	0	63,278	63,278	18,499
Interest Income (Note 2)	19,123	441,445	460,568	464,270
Other Revenue	0	277	277	507
TOTAL REVENUES	<u>19,123</u>	<u>42,872,867</u>	<u>42,891,990</u>	<u>43,559,156</u>
OTHER FINANCING SOURCES / USES:				
Insurance Recoveries (Note 14)	0	8,458	8,458	0
TOTAL REVENUES & OTHER FINANCING SOURCES	<u>19,123</u>	<u>42,881,325</u>	<u>42,900,448</u>	<u>43,559,156</u>
EXPENDITURES:				
Salaries and Benefits	0	3,304,034	3,304,034	3,237,607
Annual and Sick Leave Payouts	0	2,317	2,317	2,497
Professional Services	0	26,818	26,818	15,545
Travel	0	9,785	9,785	12,297
Automobiles	0	75,232	75,232	72,346
Printing	0	7,436	7,436	5,300
Police Supplies	0	2,871	2,871	3,767
Computer Services & Name Searches	0	53,178	53,178	82,147
Materials, Supplies, and Services	0	288,894	288,894	99,629
Postage	0	1,637	1,637	1,722
Telephone	0	58,816	58,816	37,301
Utilities	0	9,105	9,105	9,470
Other Operating Expenditures	0	6,537	6,537	6,549
Leased Space (Note 9)	0	69,467	69,467	77,881
Capital Outlay	0	15,645	15,645	1,500
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>3,931,772</u>	<u>3,931,772</u>	<u>3,665,558</u>
STATE AGENCY SERVICES (Note 13)				
Colorado Bureau of Investigations	0	340,733	340,733	390,047
Fire Safety	0	76,509	76,509	57,377
Colorado State Patrol	0	1,066,571	1,066,571	1,069,754
State Auditors	0	19,925	19,925	17,050
Indirect Costs - Department of Revenue	0	363,167	363,167	308,874
Local Affairs	0	75,758	75,758.00	79,047
Colorado Department of Law	0	71,047	71,047	63,515
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>2,013,710</u>	<u>2,013,710</u>	<u>1,985,664</u>
Background Expenditures	0	26,411	26,411	41,632
TOTAL EXPENDITURES	<u>0</u>	<u>5,971,893</u>	<u>5,971,893</u>	<u>5,692,854</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	<u>0</u>	<u>36,909,432</u>	<u>36,909,432</u>	<u>37,866,302</u>
NONSPENDABLE RESTRICTED FUND BALANCE	19,123	0	19,123	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT DECEMBER 31, 2010 AND 2009	<u>\$ 19,123</u>	<u>\$ 39,766,471</u>	<u>\$ 39,785,594</u>	<u>\$ 40,014,682</u>

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED DECEMBER 31, 2010
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 41,933,543	\$ (71,232,723)	37.05%
License and Application Fees	637,848	0	637,848	309,531	(328,317)	48.53%
Background Investigations	253,768	0	253,768	124,793	(128,975)	49.18%
Fines	0	0	0	63,278	63,278	100.00%
Interest Revenue	1,311,461	0	1,311,461	441,445	(870,016)	33.66%
Other Revenue	0	0	0	277	277	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	42,872,867	(72,496,476)	37.16%
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	8,458	8,458	100.00%
TOTAL REVENUES & OTHER FINANCING SOURCES	115,369,343	0	115,369,343	42,881,325	(72,488,018)	37.17%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	2,987,235	(3,707,901)	44.62%
Personal Services Rollforward	11,000	0	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	238,825	(254,144)	48.45%
Short Term Disability	9,407	0	9,407	4,621	(4,786)	49.12%
Amortization Equalization Disbursement	145,660	0	145,660	58,486	(87,174)	40.15%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	39,877	(66,333)	37.55%
Operating Expenditures	588,084	25,000	613,084	238,110	(374,974)	38.84%
Operating Expenditures Rollforward	110,248	0	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	17,724	(17,724)	50.00%
Risk Management	4,242	0	4,242	2,121	(2,121)	50.00%
Licensure Activities	181,497	0	181,497	50,909	(130,588)	28.05%
Leased Space	370,828	(96,684)	274,144	58,696	(215,448)	21.41%
Vehicle Lease Payments - Fixed	81,897	0	81,897	42,839	(39,058)	52.31%
Vehicle Lease Payments - Variable	83,039	0	83,039	32,393	(50,646)	39.01%
Utilities	25,465	0	25,465	9,105	(16,360)	35.76%
EDO - MNT	57,881	0	57,881	28,941	(28,940)	50.00%
EDO - Communications	19,594	0	19,594	9,797	(9,797)	50.00%
Capitol Complex Leased Space	62,689	(49,482)	13,207	10,771	(2,436)	81.56%
Legal Services	109,257	0	109,257	71,047	(38,210)	65.03%
Indirect Costs - Department of Revenue	738,529	(14,852)	723,677	363,167	(360,510)	50.18%
State Agency Services	3,626,225	0	3,626,225	1,559,571	(2,066,654)	43.01%
Division Expenditures	13,555,305	(136,018)	13,419,287	5,945,482	(7,473,805)	44.31%
Background Expenditures	263,964	0	263,964	26,411	(237,553)	10.01%
TOTAL EXPENDITURES	13,819,269	(136,018)	13,683,251	5,971,893	(7,711,358)	43.64%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,550,074	N/A	\$ 101,686,092	\$ 36,909,432	\$ (64,776,660)	36.30%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.
The percent of the fiscal year elapsed through December 31, 2010 is 50.0%.

COLORADO DIVISION OF GAMING

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado Division of Gaming (the "Division") is an agency of the State of Colorado and was created June 4, 1991, under the provision of Section 12-47.1-201, Colorado Revised Statutes (C.R.S.).

The Division operates under the Colorado Limited Gaming Control Commission (the "Commission"). The Division implements, regulates, and supervises the conduct of limited gaming in the State, as authorized by statute.

The State of Colorado is the primary reporting entity for State financial activities. Therefore, the Division's accounts are presented in a manner consistent with presentation of statewide financial activities, which are reported in accordance with generally accepted accounting principles for governmental organizations.

In April 2009, House Bill 09-1272 was approved due to the passage of Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The extended gaming funds to be distributed are transferred to a separate fund every fiscal year end beginning with fiscal year 2010; therefore, a new extended gaming fund was created for this purpose. All fund or Division references throughout these financial statements refer to the limited gaming fund except if a specific reference to the extended gaming fund exists.

A. Fund Structure and Basis of Accounting

The financial activities of the Division are organized on the basis of individual funds, each of which is considered to be a separate entity. The operations of the Special Revenue Fund are recorded in a discrete set of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, of the entity. Throughout the year, encumbrances are recorded. However, at fiscal year-end all encumbrances lapse and no reserve for encumbrances is reported. The accounts used for fixed assets and long-term liabilities are not recorded in the Special Revenue Fund. They are recorded in a separate fund.

GOVERNMENTAL FUNDS

Special Revenue Funds

Transactions related to resources obtained from specific sources, which are restricted to specific purposes, are accounted for in the Special Revenue Fund. The Division's resources are obtained from specific gaming related activities such as license fees, application fees, and gaming taxes. These sources are restricted for specific uses as outlined in Section 12-47.1-701, C.R.S.

Fixed Assets

All fixed assets are stated at historical cost, or estimated historical cost, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Structure and Basis of Accounting (continued)

The Governmental Accounting Standards Board (GASB) issued statement number 34 which became effective July 1, 2001. This statement requires the Division to depreciate its' fixed assets; however, the fixed assets and depreciation amounts will only be represented on the statewide financial statements, not on the Division's individual financial statements. The capitalization criteria for fixed assets are \$50,000 for buildings and leasehold improvements, \$5,000 for furniture and equipment, and all land is capitalized regardless of cost. The purchase of stand-alone software is capitalized at \$5,000.

The calculation for the amount of depreciation is based upon the cost of the asset and its' estimated useful life. The estimated useful life of a capital asset is a function of each agency's own experience. The Division has determined the useful lives of furniture and equipment ranges from 5 to 10 years, building 30 years, and the licensing software 10 years.

Below is a chart depicting the Division's fixed assets and accumulated depreciation:

<u>Assets</u>		<u>Carrying Value</u>
Building and Land	\$1,669,035	
Accumulated Depreciation - Buildings	(89,300)	\$1,579,735
Furniture & Equipment	216,758	
Accumulated Depr. - Furn. & Equip.	(176,608)	40,150
Total		<u>\$1,619,885</u>

Long-term Liabilities

The Division's long-term liability is the accrued compensated absence liability. This amount is recorded in a separate fund and is reported on the statewide financial statements. Prior to the implementation of GASB 34, this liability was reported on the Division's year-end financial statements.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Structure and Basis of Accounting (continued)

BASIS OF ACCOUNTING

The Division uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

B. Budget

The statement of revenues and expenditures-budget to actual compares those revenues and expenditures, which are legally authorized by State statute. The fiscal year 2011 revenue projections were provided by the Division, based on the tax rate structure established by the Commission. Each year, the Division submits to the Commission a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Commission to obtain comments and approval. During the fiscal year, the approved budget may be modified due to roll-forward authorization or supplemental budget approval. The Commission must approve all modifications. Appropriations lapse at fiscal year-end unless the Commission approves a roll-forward of the unexpended budget.

Appropriation as of July 1, 2010	\$13,819,269
Supplemental appropriations	<u>(136,018)</u>
Total appropriation	<u>\$13,683,251</u>

2. CASH AND INVESTMENTS

The State Treasury acts as a bank for all state agencies. Monies deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund unless a specific statute directs otherwise. Cash held by the State Treasurer for the Division of Gaming on December 31, 2010 was \$31.4 million.

The Division of Gaming receives interest payments from the State Treasurer's Office on cash held by the Treasurer's Office on behalf of the Division for its limited gaming fund and extended gaming fund. The amount of \$460,568 is interest earned on the average daily cash balances. During the month of December, the State Treasurer was paying interest at 2.07% annualized.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

3. ACCOUNTS RECEIVABLE

As of December 31, 2010, the Division had an accounts receivable balance of \$9,030,996. This amount includes \$9,028,673 in gaming taxes collected by the Department of Revenue for the Division for the month of December 2010, which were due on the 18th of January 2011. In addition, the Division had a fines receivable balance of \$1,283, \$926 in outstanding credit card deposits, and \$114 due from others.

4. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balances at July 1, 2010	Deletions	Additions	Balances at December 31, 2010
Computer Equipment	\$ 94,355		\$ 1,825	\$ 96,180
Office Equipment	103,517		10,971	114,488
Investigative Equipment	6,090			6,090
Software	372,861	\$ (1,825)		371,036
Building and Land	1,664,361		4,674	1,669,035
Total	\$ 2,241,184	\$ (1,825)	\$ 17,470	\$ 2,256,829

5. DEPOSITS

Applicants applying for gaming licenses are required to remit deposits to the Division, which are used to perform background investigations of these applicants. These deposits are recorded as liabilities until the Division incurs expenditures to perform the background investigations, or until any remaining balance is refunded to the applicant. Deposits for background investigations were \$132,260 at December 31, 2010. Additionally, on December 31, 2010, the Division of Gaming held \$4,314 on deposit, which represents funds seized during criminal investigations, or involves gaming patrons, and are pending court order releases or adjudication.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

6. DEFERRED REVENUE

The Division issues a two-year license to individuals who are subject to an investigative review on an annual basis. Beginning in August 2008, the Division began to stagger the issuance of 2-year licenses to businesses as well. The fees for the second year of the license period are recorded as deferred revenue until the Division incurs the expense during the review period. As of December 31, 2010 deferred license fees were \$258,290.

7. ACCRUED COMPENSATED ABSENCES

All permanent employees of the Division may accrue annual and sick leave based on length of service. The accrued amount will be paid upon termination, subject to certain limitations.

Annual Leave	\$434,814
Sick Leave	<u>53,322</u>
Total	<u><u>\$488,136</u></u>

The current and long-term portion of vacation and sick leave benefits are recorded in a separate fund and are only reported on the statewide financial statements.

8. GAMING DISTRIBUTION

A. Extended Gaming Distribution

The voters of Colorado passed Amendment 50 on November 4, 2008. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The tax revenues and interest, less expenses, attributable to Amendment 50 will be distributed as follows:

- 78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges;
- 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

8. GAMING DISTRIBUTION (Continued)

A. Extended Gaming Distribution (continued)

The following are definitions necessitated by the passage of Amendment 50:

- (1) “Extended gaming” means subsection (7) of section 9 of article XVIII of the state constitution as approved by statewide voters on November 4, 2008, and subsequently approved by voters in the cities of Black Hawk, Central City and Cripple Creek;
- (2) “Extended gaming revenues” mean the “limited gaming tax revenues attributable to extended limited gaming” as defined by Section 12-47.1-701.5(4)(d);
- (3) “Limited gaming revenues” mean the gaming tax revenues attributable to the operation of limited gaming prior to extended gaming.

In accordance with House Bill 09-1272, there will be a determination of tax revenues and expenditures attributable to extended and limited gaming.

- (1) After the end of the fiscal year ending June 30, 2011, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the fiscal year ending June 30, 2010, by a factor of three percent and adding that amount to the amount of limited gaming tax revenues collected during fiscal year 2010. This amount is \$100,686,391.62. Any gaming tax revenues collected over this amount in fiscal year 2011, will be attributable to extended gaming revenues.
- (2) After the end of each subsequent fiscal year ending June 30, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the previous fiscal year by a factor of three percent and adding that amount to the amount of limited gaming tax revenues collected during the previous fiscal year. If the annual increase in total gaming tax revenues is less than three percent, either positive or negative, limited gaming revenues shall be the amount of limited gaming revenues collected during the previous fiscal year multiplied by a factor of the actual percentage of annual growth or decline in total gaming tax revenues. That amount shall be added or subtracted from the amount of limited gaming tax revenues collected during the previous fiscal year.
- (3) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming revenues by subtracting the amount of limited gaming revenues from the amount of total gaming tax revenues collected during the fiscal year.
- (4) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming expenses by multiplying the total of all expenses of the Commission and other state agencies for the fiscal year by the percentage of total limited gaming revenues attributable to extended gaming revenues.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

8. GAMING DISTRIBUTION (Continued)

A. Extended Gaming Distribution (continued)

The original or limited gaming fund recipients will receive an annual adjustment of the lesser of 6 percent or the actual percentage, of annual growth in extended gaming revenues.

B. Limited Gaming Distribution

In accordance with Section 12-47.1-701, the balance remaining in the limited gaming fund is to be distributed by the State Treasurer to the recipients of limited gaming revenues according to the following formula:

- 50% to the State General Fund;
- 28% to the Colorado State Historical Fund;
- 12% to Gilpin and Teller Counties, in proportion to the gaming revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the gaming revenues generated in the respective cities.

In addition, the 50% that goes to the General Fund is further divided as follows:

- 13% to the Local Government Limited Gaming Impact Fund;
- \$19 million to the Colorado Travel & Tourism Promotion Fund (adjusted annually by rate of inflation);
- \$3 million to the New Jobs Incentives Cash Fund (adjusted annually by rate of inflation);
- \$1.5 million to the Creative Industries Cash Fund (adjusted annually by rate of inflation);
- \$1.0 million to the Innovative Higher Education Research Fund;
- \$600,000 to the Creative Industries Cash Fund (adjusted annually by rate of inflation);

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

8. GAMING DISTRIBUTION (Continued)

B. Limited Gaming Distribution (continued)

- \$5.5 million to the Bioscience Discovery Evaluation Cash Fund, and;
- The remaining portion of General Fund share to the Clean Energy Fund, unless the General Fund is in a deficit at the end of the fiscal year, in which case the remaining portion would be directed to the General Fund.

In fiscal year 2010, the above division of General Fund distribution monies was changed by legislation, and fiscal year 2011 legislation to change the above division of General Fund monies is highly anticipated to occur.

The amount to be distributed is derived from revenues collected by the Division during the fiscal year after payment of operating expenditures of the Division and other regulatory expenditures, except for an amount equal to expenditures for the last two-month period. As of December 31, 2010, the amount calculated as reserved fund balance, which is restricted by enabling legislation, was \$1,964,585. This amount equals Division expenditures for the preceding two-month period.

Fund Balance as of December 31, 2010	\$39,766,471
Less: Two month Reserve	<u>(1,964,585)</u>
Available for Distribution at December 31, 2010	<u><u>\$37,801,886</u></u>

9. LEASED SPACE

The Division occupies office space in Cripple Creek and Golden. Rental payments are contingent upon the continuing availability of funds.

Cripple Creek

In April 2007, the Division entered into a lease and option to purchase agreement with a third party to lease office space at a new location in Cripple Creek, Colorado. The lease began in September 2007 with an initial term of ten years.

On June 15, 2010 the Division exercised the lease agreement's option to purchase the Cripple Creek building. The purchase price (including the land) was approximately \$844,000.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

9. LEASED SPACE (Continued)

Golden

In May 2010, the Division entered into a lease agreement with a third party to lease office space at 17301 W. Colfax Avenue, Golden, Colorado. The initial term of the lease is ten years. The lease term began on September 17, 2010, and a rental credit of \$20,501 was applied per the signed lease agreement. September's prorated rental payment based on 14 days of occupancy was \$10,661, leaving a credit balance of \$9,840 once the rental credit was applied. The remaining credit balance was applied to October's rental payment of \$22,845, thus reducing the payment amount for October to \$13,005.

Per House Bill 08-1395, the reduction in property tax due is already reflected in the rental obligations listed below.

GOLDEN	
<u>Estimated Future Payments</u>	
FISCAL YEAR 2011 (January 2011 – June 2011)	\$ 137,070
FISCAL YEAR 2012	279,509
FISCAL YEAR 2013	285,038
FISCAL YEAR 2014	290,566
FISCAL YEAR 2015	296,582
FISCAL YEAR 2016	302,599
FISCAL YEAR 2017	308,777
FISCAL YEAR 2018	315,281
FISCAL YEAR 2019	321,785
FISCAL YEAR 2020	328,615
	<hr/>
	\$ 2,865,822
	<hr/> <hr/>

The remaining leased space expenditure amount shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance represents the Division's share of Capitol Complex lease cost for the Division's previous Lakewood location.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

10. PENSION PLAN

A. Plan Description

Virtually all of the Division's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, excluding community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan.

New employees, excluding four-year college and university employees, are allowed 60 days to elect to participate in PERA's defined contribution plan. If that election is not made, the employee is automatically enrolled in the plan to which he last contributed or, if there was no prior participation, to the defined benefit plan. PERA members electing the PERA defined contribution plan are allowed an irrevocable election between the second and fifth year of membership to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same amount as the contributions to the PERA defined benefit plan.

Defined benefit plan members (except state troopers) vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 - age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

10. PENSION PLAN (Continued)

A. Plan Description (continued)

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and state troopers are eligible for retirement benefits at different ages and years of service.

Most members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods.

For retirements after January 1, 2009, the HAS is calculated based on original hire date as follows:

- Hired before January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to a 15 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 15 percent increase.
- Hired on or after January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to an 8 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 8 percent increase.

Prior to January 1, 2010, retiree benefits were increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI).
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007).

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

10. PENSION PLAN (Continued)

A. Plan Description (continued)

In the 2010 legislative session, the general assembly set the current increase as the lesser of 2 percent or the average of the monthly CPI amounts for calendar year 2009. The 2009 CPI was negative resulting in a calendar year 2010 increase of 0 percent. The 2010 legislation moved the payment date of all increases to July. New rules governing the annual increase amount will be in effect beginning January 1, 2011.

Members who are disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

B. Funding Policy

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

Most employees contribute 8.0 percent of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2009, to December 31, 2009, the state contributed 12.95 percent of the employee's salary. From January 1, 2010, through June 30, 2010, the state contributed 13.85 percent. From July 1, 2010 through December 31, 2010, the state contributed 11.35 percent and employees contributed 2.5 percent of the state's share. During all of Fiscal Year 2010 and through 2011, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2009, the division of PERA in which the state participates was underfunded with an amortization period of 43 years.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional .5 percent of salary beginning January 1, 2006, another .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

10. PENSION PLAN (Continued)

B. Funding Policy (continued)

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to state employees' salaries, and used by the employer to pay the SAED.

In the 2010 legislative session, the general assembly extended both the AED and SAED. The AED will continue to increase at a rate of .4 percent of salary from calendar years 2013 through 2017. The SAED will continue to increase by one-half percentage point from calendar years 2014 through 2017. If the funding ratio reaches 103%, both the AED and the SAED will be reduced by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The Division's contributions to PERA and/or the state defined contribution plan for the period ending December 31, 2010 were \$274,609. These contributions met the contribution requirement.

11. OTHER RETIREMENT PLANS

Defined Contribution Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the state's defined contribution plan was transferred to PERA and participants of the state's plan became participants of the PERA defined contribution plan. Existing state plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years.

Participants in the plan are required to contribute 8 percent of their salary. At December 31, 2009, the plan had 3,039 participants.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

11. OTHER RETIREMENT PLANS (Continued)

Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the state's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the state's administrative functions were transferred to PERA, and all costs of administration and funding are borne by the plan participants. In calendar year 2009, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of \$16,500. Participants who are age 50 and older may contribute an additional \$5,500 for total contributions of \$22,000 in 2009. At December 31, 2009, the plan had 18,007 participants.

PERA also offers a voluntary 401k plan entirely separate from the defined benefit pension plan. Certain agencies and institutions of the state offer 403(b) or 401(a) plans.

12. OTHER POST EMPLOYMENT BENEFITS

Health Care Plan

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 10. Beginning July 1, 2004, state agencies/institutions are required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. As of December 31, 2010, the Division contributed \$27,126 as required by statute.

**Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010**

12. OTHER POST EMPLOYMENT BENEFITS (Continued)

Health Care Plan (continued)

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered high deductible health care plans in 2009. As of December 31, 2009, there were 46,985 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2009, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.50 billion, a funded ratio of 14.8 percent, and a 53-year amortization period.

13. RELATED-PARTY TRANSACTIONS

The Division, as an agency of the State of Colorado, paid fees to the State for auditing, investigative, legal, and other expenses incurred with the Department of Revenue for indirect costs. Interagency charges as of December 31, 2010 consist of the following:

State Agency Services:

Colorado Bureau of Investigation	\$ 340,733
Colorado Division of Fire Safety	76,509
Colorado State Patrol	1,066,571
Office of the State Auditor	19,925
Indirect Costs (Department of Revenue)	363,167
Colorado Department of Local Affairs	75,758
Colorado Department of Law	71,047
Total Payments to State Agencies	<u><u>\$ 2,013,710</u></u>

As of December 31, 2010, the Division had liabilities to other State agencies as follows:

State Agency Liabilities:

Colorado Bureau of Investigation	\$ 65,000
Colorado Division of Fire Safety	14,000
Colorado State Patrol	202,000
Office of the State Auditor	19,925
Colorado Department of Corrections	2,337
Colorado Department of Revenue	1,325
Total Payments to State Agencies	<u><u>\$ 304,587</u></u>

Colorado Division of Gaming
Notes to Financial Statements (Continued)
December 31, 2010

14. RISK MANAGEMENT

The Division participates in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The Division has recorded \$8,458 in insurance recoveries as of December 31, 2010. The entire amount is related to a single event which occurred in fiscal year 2011 at the Division of Gaming's Cripple Creek office.

There were no significant reductions or changes in insurance coverage from the prior year. Settlements did not exceed insurance coverage in any of the past three fiscal years.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE SEVEN (7) MONTHS ENDED
JANUARY 31, 2011**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
JANUARY 31, 2011 AND 2010**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through January 31, 2010 and 2011

<u>AGP Comparison</u>				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 10,364,065	\$ 11,959,382	\$ 1,595,317	15.39%
\$2 - \$5 Million	\$ 27,896,419	\$ 30,083,696	\$ 2,187,277	7.84%
\$5 - \$8 Million	\$ 41,387,562	\$ 34,603,345	\$ (6,784,217)	(16.39%)
\$8 - \$10 Million	\$ 28,126,850	\$ 26,287,789	\$ (1,839,061)	(6.54%)
\$10 - \$13 Million	\$ 46,657,369	\$ 46,524,724	\$ (132,645)	(0.28%)
\$13+ Million	\$ 297,556,271	\$ 292,052,472	\$ (5,503,799)	(1.85%)
Total	<u>\$ 451,988,536</u>	<u>\$ 441,511,408</u>	<u>\$ (10,477,128)</u>	<u>(2.32%)</u>

<u>Tax Comparison</u>				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 185,910	\$ 184,898	\$ (1,012)	(0.54%)
\$2 - \$5 Million	\$ 1,477,928	\$ 1,461,674	\$ (16,254)	(1.10%)
\$5 - \$8 Million	\$ 4,624,881	\$ 4,464,301	\$ (160,580)	(3.47%)
\$8 - \$10 Million	\$ 3,093,954	\$ 2,891,657	\$ (202,297)	(6.54%)
\$10 - \$13 Million	\$ 4,905,179	\$ 4,883,956	\$ (21,223)	(0.43%)
\$13+ Million	\$ 38,711,254	\$ 37,610,494	\$ (1,100,760)	(2.84%)
Total	<u>\$ 52,999,106</u>	<u>\$ 51,496,980</u>	<u>\$ (1,502,126)</u>	<u>(2.83%)</u>

<u>AGP Summary</u>			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	8	8	0
\$2 - \$5 Million	10	9	(1)
\$5 - \$8 Million	7	6	(1)
\$8 - \$10 Million	3	3	0
\$10 - \$13 Million	4	4	0
\$13+ Million	8	8	0
	<u>40</u>	<u>38</u>	<u>(2)</u>

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
JANUARY 31, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash	\$ 19,152	\$ 39,560,550	\$ 39,579,702	\$ 39,872,779
Accounts Receivable				
Gaming Taxes	0	9,574,518	9,574,518	10,430,177
Accounts Receivable Other Agencies	0	360	360	18,000
Fines Receivable	0	1,787	1,787	12,207
Miscellaneous	0	3,488	3,488	489
Net Accounts Receivable	0	9,580,153	9,580,153	10,460,873
Prepaid Expenses	0	82,957	82,957	91,217
Total Current Assets	19,152	49,223,660	49,242,812	50,424,869
TOTAL ASSETS	\$ 19,152	\$ 49,223,660	\$ 49,242,812	\$ 50,424,869
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 10,755	\$ 10,755	\$ 14,474
Wages & Salaries Payable	0	260	260	0
Due to Other State Agencies	0	283,849	283,849	267,946
Background and Other Deposits	0	141,056	141,056	178,329
Deferred Revenue	0	264,000	264,000	283,480
Total Liabilities	0	699,920	699,920	744,229
Fund Balance:				
Spendable Restricted Fund Balance	0	45,666,701	45,666,701	47,532,260
Nonspendable Restricted Fund Balance	19,152	2,857,039	2,876,191	2,148,380
Total Fund Balance	19,152	48,523,740	48,542,892	49,680,640
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,152	\$ 49,223,660	\$ 49,242,812	\$ 50,424,869

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
JANUARY 31, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 51,508,061	\$ 51,508,061	\$ 53,000,636
License and Application Fees	0	367,372	367,372	362,494
Background Investigations	0	135,313	135,313	207,344
Fines	0	64,223	64,223	31,795
Interest Income	19,152	493,858	513,010	536,905
Other Revenue	0	281	281	680
TOTAL REVENUES	<u>19,152</u>	<u>52,569,108</u>	<u>52,588,260</u>	<u>54,139,854</u>
OTHER FINANCING SOURCES / USES:				
Insurance Recoveries	0	8,458	8,458	0
TOTAL REVENUES & OTHER FINANCING SOURCES	<u>19,152</u>	<u>52,577,566</u>	<u>52,596,718</u>	<u>54,139,854</u>
EXPENDITURES:				
Salaries and Benefits	0	3,859,413	3,859,413	3,783,151
Annual and Sick Leave Payouts	0	2,317	2,317	2,497
Professional Services	0	30,627	30,627	21,290
Travel	0	10,868	10,868	13,363
Automobiles	0	87,840	87,840	83,890
Printing	0	8,234	8,234	6,021
Police Supplies	0	3,104	3,104	3,908
Computer Services & Name Searches	0	60,569	60,569	83,568
Materials, Supplies, and Services	0	304,584	304,584	114,044
Postage	0	1,765	1,765	1,897
Telephone	0	68,150	68,150	43,501
Utilities	0	11,252	11,252	11,800
Other Operating Expenditures	0	6,948	6,948	7,563
Leased Space	0	92,313	92,313	90,861
Capital Outlay	0	15,645	15,645	2,000
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>4,563,629</u>	<u>4,563,629</u>	<u>4,269,354</u>
STATE AGENCY SERVICES				
Colorado Bureau of Investigations	0	385,208	385,208	437,765
Fire Safety	0	88,906	88,906	65,875
Colorado State Patrol	0	1,235,971	1,235,971	1,246,289
State Auditors	0	16,198	16,198	17,050
Indirect Costs - Department of Revenue	0	423,526	423,526	360,496
Local Affairs	0	88,384	88,383.96	92,222
Colorado Department of Law	0	82,428	82,428	75,261
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>2,320,621</u>	<u>2,320,621</u>	<u>2,294,958</u>
Background Expenditures	0	26,615	26,615	43,282
TOTAL EXPENDITURES	<u>0</u>	<u>6,910,865</u>	<u>6,910,865</u>	<u>6,607,594</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	0	45,666,701	45,666,701	47,532,260
NONSPENDABLE RESTRICTED FUND BALANCE	19,152	0	19,152	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT JANUARY 31, 2011 AND 2010	<u>\$ 19,152</u>	<u>\$ 48,523,740</u>	<u>\$ 48,542,892</u>	<u>\$ 49,680,640</u>

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED JANUARY 31, 2011
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 51,508,061	\$ (61,658,205)	45.52%
License and Application Fees	637,848	0	637,848	367,372	(270,476)	57.60%
Background Investigations	253,768	0	253,768	135,313	(118,455)	53.32%
Fines	0	0	0	64,223	64,223	100.00%
Interest Revenue	1,311,461	0	1,311,461	493,858	(817,603)	37.66%
Other Revenue	0	0	0	281	281	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	52,569,108	(62,800,235)	45.57%
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	8,458	8,458	100.00%
TOTAL REVENUES & OTHER FINANCING SOURCES	115,369,343	0	115,369,343	52,577,566	(62,791,777)	45.57%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	3,477,768	(3,217,368)	51.94%
Personal Services Rollforward	0	11,000	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	279,580	(213,389)	56.71%
Short Term Disability	9,407	0	9,407	5,391	(4,016)	57.31%
Amortization Equalization Disbursement	145,660	0	145,660	70,044	(75,616)	48.09%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	48,768	(57,442)	45.92%
Operating Expenditures	588,084	25,000	613,084	260,230	(352,854)	42.45%
Operating Expenditures Rollforward	0	110,248	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	20,678	(14,770)	58.33%
Risk Management	4,242	0	4,242	2,475	(1,768)	58.33%
Licensure Activities	181,497	0	181,497	57,047	(124,450)	31.43%
Leased Space	370,828	(96,684)	274,144	81,542	(192,602)	29.74%
Vehicle Lease Payments - Fixed	81,897	0	81,897	49,979	(31,918)	61.03%
Vehicle Lease Payments - Variable	83,039	0	83,039	37,861	(45,178)	45.59%
Utilities	25,465	0	25,465	11,252	(14,213)	44.19%
EDO - MNT	57,881	0	57,881	33,764	(24,117)	58.33%
EDO - Communications	19,594	0	19,594	11,430	(8,164)	58.33%
Capitol Complex Leased Space	62,689	(49,482)	13,207	10,771	(2,436)	81.56%
Legal Services	109,257	0	109,257	82,428	(26,829)	75.44%
Indirect Costs - Department of Revenue	738,529	(14,852)	723,677	423,526	(300,151)	58.52%
State Agency Services	3,626,225	0	3,626,225	1,798,469	(1,827,756)	49.60%
Division Expenditures	13,434,057	(14,770)	13,419,287	6,884,250	(6,535,038)	51.30%
Background Expenditures	263,964	0	263,964	26,615	(237,349)	10.08%
TOTAL EXPENDITURES	13,698,021	(14,770)	13,683,251	6,910,865	(6,772,387)	50.51%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,671,322	N/A	\$ 101,686,092	\$ 45,666,701	\$ (56,019,390)	44.91%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE EIGHT (8) MONTHS ENDED
FEBRUARY 28, 2011**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
FEBRUARY 28, 2011 AND 2010**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through February 28, 2010 and 2011

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 11,615,634	\$ 10,763,867	\$ (851,767)	(7.33%)
\$2 - \$5 Million	\$ 31,525,479	\$ 33,366,183	\$ 1,840,704	5.84%
\$5 - \$8 Million	\$ 37,750,181	\$ 35,726,536	\$ (2,023,645)	(5.36%)
\$8 - \$10 Million	\$ 18,423,498	\$ 27,494,770	\$ 9,071,272	49.24%
\$10 - \$13 Million	\$ 46,236,840	\$ 35,892,202	\$ (10,344,638)	(22.37%)
\$13+ Million	\$ 365,134,743	\$ 355,468,941	\$ (9,665,802)	(2.65%)
Total	\$ 510,686,375	\$ 498,712,499	\$ (11,973,876)	(2.34%)

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 189,039	\$ 191,910	\$ 2,871	1.52%
\$2 - \$5 Million	\$ 1,550,510	\$ 1,547,324	\$ (3,186)	(0.21%)
\$5 - \$8 Million	\$ 5,017,516	\$ 4,835,388	\$ (182,128)	(3.63%)
\$8 - \$10 Million	\$ 3,346,585	\$ 3,244,425	\$ (102,160)	(3.05%)
\$10 - \$13 Million	\$ 5,797,894	\$ 5,742,752	\$ (55,142)	(0.95%)
\$13+ Million	\$ 47,026,949	\$ 45,093,788	\$ (1,933,161)	(4.11%)
Total	\$ 62,928,493	\$ 60,655,587	\$ (2,272,906)	(3.61%)

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	8	6	(2)
\$2 - \$5 Million	10	10	0
\$5 - \$8 Million	6	6	0
\$8 - \$10 Million	2	3	1
\$10 - \$13 Million	4	3	(1)
\$13+ Million	10	9	(1)
	40	37	(3)

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
FEBRUARY 28, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash	\$ 19,178	\$ 48,265,937	\$ 48,285,115	\$ 49,534,436
Accounts Receivable				
Gaming Taxes	0	9,158,607	9,158,607	9,929,387
Accounts Receivable Other Agencies	0	224	224	0
Fines Receivable	0	1,044	1,044	1,746
Miscellaneous	0	2,006	2,006	1,628
Net Accounts Receivable	0	9,161,881	9,161,881	9,932,761
 Prepaid Expenses	 0	 61,450	 61,450	 70,044
Total Current Assets	19,178	57,489,268	57,508,446	59,537,241
TOTAL ASSETS	\$ 19,178	\$ 57,489,268	\$ 57,508,446	\$ 59,537,241
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 27,356	\$ 27,356	\$ 20,432
Wages & Salaries Payable	0	302	302	0
Due to Other State Agencies	0	284,408	284,408	268,103
Background and Other Deposits	0	100,942	100,942	133,824
Deferred Revenue	0	277,910	277,910	272,740
Total Liabilities	0	690,918	690,918	695,099
Fund Balance:				
Spendable Restricted Fund Balance	0	53,941,311	53,941,311	56,693,762
Nonspendable Restricted Fund Balance	19,178	2,857,039	2,876,217	2,148,380
Total Fund Balance	19,178	56,798,350	56,817,528	58,842,142
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,178	\$ 57,489,268	\$ 57,508,446	\$ 59,537,241

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FEBRUARY 28, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 60,666,667	\$ 60,666,667	\$ 62,930,022
License and Application Fees	0	401,582	401,582	401,402
Background Investigations	0	148,958	148,958	244,414
Fines	0	64,286	64,286	58,181
Interest Income	19,178	550,615	569,793	612,638
Other Revenue	0	292	292	680
TOTAL REVENUES	<u>19,178</u>	<u>61,832,400</u>	<u>61,851,578</u>	<u>64,247,337</u>
OTHER FINANCING SOURCES / USES:				
Insurance Recoveries	0	8,458	8,458	0
TOTAL REVENUES & OTHER FINANCING SOURCES	<u>19,178</u>	<u>61,840,858</u>	<u>61,860,036</u>	<u>64,247,337</u>
EXPENDITURES:				
Salaries and Benefits	0	4,413,325	4,413,325	4,334,711
Annual and Sick Leave Payouts	0	4,638	4,638	2,497
Professional Services	0	33,935	33,935	24,438
Travel	0	13,145	13,145	14,425
Automobiles	0	100,600	100,600	95,402
Printing	0	8,598	8,598	6,669
Police Supplies	0	4,144	4,144	3,930
Computer Services & Name Searches	0	68,808	68,808	89,540
Materials, Supplies, and Services	0	321,821	321,821	130,720
Postage	0	1,921	1,921	2,033
Telephone	0	76,932	76,932	49,813
Utilities	0	13,120	13,120	13,566
Other Operating Expenditures	0	7,475	7,475	8,566
Leased Space	0	115,158	115,158	103,841
Capital Outlay	0	15,645	15,645	2,000
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>5,199,265</u>	<u>5,199,265</u>	<u>4,882,151</u>
STATE AGENCY SERVICES				
Colorado Bureau of Investigations	0	449,018	449,018	495,850
Fire Safety	0	101,463	101,463	79,984
Colorado State Patrol	0	1,426,604	1,426,604	1,426,041
State Auditors	0	16,198	16,198	17,050
Indirect Costs - Department of Revenue	0	484,043	484,043	412,118
Local Affairs	0	101,011	101,010.66	105,396
Colorado Department of Law	0	92,503	92,503	85,125
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>2,670,840</u>	<u>2,670,840</u>	<u>2,621,564</u>
Background Expenditures	0	29,442	29,442	49,860
TOTAL EXPENDITURES	<u>0</u>	<u>7,899,547</u>	<u>7,899,547</u>	<u>7,553,575</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	<u>0</u>	<u>53,941,311</u>	<u>53,941,311</u>	<u>56,693,762</u>
NONSPENDABLE RESTRICTED FUND BALANCE	19,178	0	19,178	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT FEBRUARY 28, 2011 AND 2010	<u>\$ 19,178</u>	<u>\$ 56,798,350</u>	<u>\$ 56,817,528</u>	<u>\$ 58,842,142</u>

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED FEBRUARY 28, 2011
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 60,666,667	\$ (52,499,599)	53.61%
License and Application Fees	637,848	0	637,848	401,582	(236,266)	62.96%
Background Investigations	253,768	0	253,768	148,958	(104,810)	58.70%
Fines	0	0	0	64,286	64,286	100.00%
Interest Revenue	1,311,461	0	1,311,461	550,615	(760,846)	41.98%
Other Revenue	0	0	0	292	292	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	61,832,400	(53,536,943)	53.60%
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	8,458	8,458	100.00%
TOTAL REVENUES & OTHER FINANCING SOURCES	115,369,343	0	115,369,343	61,840,858	(53,528,485)	53.60%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	3,971,546	(2,723,590)	59.32%
Personal Services Rollforward	0	11,000	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	321,410	(171,559)	65.20%
Short Term Disability	9,407	0	9,407	6,155	(3,252)	65.43%
Amortization Equalization Disbursement	145,660	0	145,660	81,470	(64,190)	55.93%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	57,557	(48,653)	54.19%
Operating Expenditures	588,084	25,000	613,084	283,941	(329,143)	46.31%
Operating Expenditures Rollforward	0	110,248	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	23,632	(11,816)	66.67%
Risk Management	4,242	0	4,242	2,828	(1,414)	66.67%
Licensure Activities	181,497	0	181,497	65,149	(116,348)	35.90%
Leased Space	370,828	(96,684)	274,144	104,387	(169,757)	38.08%
Vehicle Lease Payments - Fixed	81,897	0	81,897	57,118	(24,779)	69.74%
Vehicle Lease Payments - Variable	83,039	0	83,039	43,482	(39,558)	52.36%
Utilities	25,465	0	25,465	13,120	(12,345)	51.52%
EDO - MNT	57,881	0	57,881	38,587	(19,294)	66.67%
EDO - Communications	19,594	0	19,594	13,063	(6,531)	66.67%
Capitol Complex Leased Space	62,689	(49,482)	13,207	10,771	(2,436)	81.56%
Legal Services	109,257	0	109,257	92,503	(16,754)	84.67%
Indirect Costs - Department of Revenue	738,529	(14,852)	723,677	484,043	(239,634)	66.89%
State Agency Services	3,626,225	0	3,626,225	2,078,096	(1,548,129)	57.31%
Division Expenditures	13,434,057	(14,770)	13,419,287	7,870,105	(5,549,182)	58.65%
Background Expenditures	263,964	0	263,964	29,442	(234,522)	11.15%
TOTAL EXPENDITURES	13,698,021	(14,770)	13,683,251	7,899,547	(5,783,704)	57.73%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,671,322	N/A	\$ 101,686,092	\$ 53,941,311	\$ (47,744,781)	53.05%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.

The percent of the fiscal year elapsed through February 28, 2011 is 66.7%.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE NINE (9) MONTHS ENDED
MARCH 31, 2011**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
MARCH 31, 2011 AND 2010**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through March 31, 2010 and 2011

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 8,746,453	\$ 7,625,142	\$ (1,121,311)	(12.82%)
\$2 - \$5 Million	\$ 34,632,302	\$ 38,575,454	\$ 3,943,152	11.39%
\$5 - \$8 Million	\$ 47,736,849	\$ 45,654,367	\$ (2,082,482)	(4.36%)
\$8 - \$10 Million	\$ 9,977,806	\$ 9,054,783	\$ (923,023)	(9.25%)
\$10 - \$13 Million	\$ 35,744,132	\$ 34,489,459	\$ (1,254,673)	(3.51%)
\$13+ Million	\$ 437,086,045	\$ 428,910,663	\$ (8,175,382)	(1.87%)
Total	<u>\$ 573,923,587</u>	<u>\$ 564,309,868</u>	<u>\$ (9,613,719)</u>	<u>(1.68%)</u>

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 191,866	\$ 194,063	\$ 2,197	1.15%
\$2 - \$5 Million	\$ 1,632,646	\$ 1,671,509	\$ 38,863	2.38%
\$5 - \$8 Million	\$ 5,466,316	\$ 5,278,893	\$ (187,423)	(3.43%)
\$8 - \$10 Million	\$ 3,517,559	\$ 3,416,026	\$ (101,533)	(2.89%)
\$10 - \$13 Million	\$ 6,679,061	\$ 6,478,313	\$ (200,748)	(3.01%)
\$13+ Million	\$ 56,217,209	\$ 54,582,133	\$ (1,635,076)	(2.91%)
Total	<u>\$ 73,704,657</u>	<u>\$ 71,620,937</u>	<u>\$ (2,083,720)</u>	<u>(2.83%)</u>

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	5	4	(1)
\$2 - \$5 Million	11	11	0
\$5 - \$8 Million	7	7	0
\$8 - \$10 Million	1	1	0
\$10 - \$13 Million	3	3	0
\$13+ Million	12	11	(1)
	<u>39</u>	<u>37</u>	<u>(2)</u>

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
MARCH 31, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash (Note 2)	\$ 19,207	\$ 56,582,146	\$ 56,601,353	\$ 58,678,226
Accounts Receivable (Note 3)				
Gaming Taxes	0	10,965,350	10,965,350	10,776,165
Accounts Receivable Other Agencies	0	25	25	0
Fines Receivable	0	1,041	1,041	1,653
Miscellaneous	0	5,519	5,519	3,172
Net Accounts Receivable	0	10,971,935	10,971,935	10,780,990
Prepaid Expenses	0	39,942	39,942	48,871
Total Current Assets	19,207	67,594,023	67,613,230	69,508,087
TOTAL ASSETS	\$ 19,207	\$ 67,594,023	\$ 67,613,230	\$ 69,508,087
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 11,274	\$ 11,274	\$ 18,219
Wages & Salaries Payable	0	547	547	0
Due to Other State Agencies (Note 13)	0	286,040	286,040	260,676
Background and Other Deposits (Note 5)	0	106,117	106,117	122,436
Deferred Revenue (Note 6)	0	290,620	290,620	262,010
Total Liabilities	0	694,598	694,598	663,341
Fund Balance:				
Spendable Restricted Fund Balance	0	64,042,386	64,042,386	66,696,366
Nonspendable Restricted Fund Balance	19,207	2,857,039	2,876,246	2,148,380
Total Fund Balance	19,207	66,899,425	66,918,632	68,844,746
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,207	\$ 67,594,023	\$ 67,613,230	\$ 69,508,087

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
MARCH 31, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 71,632,023	\$ 71,632,023	\$ 73,706,187
License and Application Fees	0	449,340	449,340	446,820
Background Investigations	0	159,168	159,168	288,524
Fines	0	65,042	65,042	59,063
Interest Income (Note 2)	19,207	627,623	646,830	719,354
Other Revenue	0	317	317	683
TOTAL REVENUES	<u>19,207</u>	<u>72,933,513</u>	<u>72,952,720</u>	<u>75,220,631</u>
OTHER FINANCING SOURCES / USES:				
Insurance Recoveries (Note 14)	0	8,458	8,458	0
TOTAL REVENUES & OTHER FINANCING SOURCES	<u>19,207</u>	<u>72,941,971</u>	<u>72,961,178</u>	<u>75,220,631</u>
EXPENDITURES:				
Salaries and Benefits	0	4,971,368	4,971,368	4,910,058
Annual and Sick Leave Payouts	0	4,638	4,638	2,497
Professional Services	0	35,383	35,383	26,047
Travel	0	14,377	14,377	16,029
Automobiles	0	112,691	112,691	107,143
Printing	0	10,215	10,215	7,343
Police Supplies	0	4,214	4,214	4,105
Computer Services & Name Searches	0	80,696	80,696	101,036
Materials, Supplies, and Services	0	339,751	339,751	143,828
Postage	0	2,127	2,127	2,231
Telephone	0	85,318	85,318	55,292
Utilities	0	14,677	14,677	15,067
Other Operating Expenditures	0	8,311	8,311	12,076
Leased Space (Note 9)	0	138,003	138,003	116,821
Capital Outlay	0	15,645	15,645	2,000
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>5,837,414</u>	<u>5,837,414</u>	<u>5,521,573</u>
STATE AGENCY SERVICES (Note 13)				
Colorado Bureau of Investigations	0	511,300	511,300	562,380
Fire Safety	0	113,960	113,960	94,070
Colorado State Patrol	0	1,629,539	1,629,539	1,592,521
State Auditors	0	16,198	16,198	17,050
Indirect Costs - Department of Revenue	0	544,561	544,561	463,740
Local Affairs	0	113,637	113,637	118,571
Colorado Department of Law	0	103,274	103,274	95,609
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>3,032,469</u>	<u>3,032,469</u>	<u>2,943,941</u>
Background Expenditures	0	29,702	29,702	58,751
TOTAL EXPENDITURES	<u>0</u>	<u>8,899,585</u>	<u>8,899,585</u>	<u>8,524,265</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	<u>0</u>	<u>64,042,386</u>	<u>64,042,386</u>	<u>66,696,366</u>
NONSPENDABLE RESTRICTED FUND BALANCE	19,207	0	19,207	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT MARCH 31, 2011 AND 2010	<u>\$ 19,207</u>	<u>\$ 66,899,425</u>	<u>\$ 66,918,632</u>	<u>\$ 68,844,746</u>

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED MARCH 31, 2011
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 71,632,023	\$ (41,534,243)	63.30%
License and Application Fees	637,848	0	637,848	449,340	(188,508)	70.45%
Background Investigations	253,768	0	253,768	159,168	(94,600)	62.72%
Fines	0	0	0	65,042	65,042	100.00%
Interest Revenue	1,311,461	0	1,311,461	627,623	(683,838)	47.86%
Other Revenue	0	0	0	317	317	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	72,933,513	(42,435,830)	63.22%
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	8,458	8,458	100.00%
TOTAL REVENUES & OTHER FINANCING SOURCES	115,369,343	0	115,369,343	72,941,971	(42,427,372)	63.22%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	4,464,236	(2,230,900)	66.68%
Personal Services Rollforward	0	11,000	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	364,306	(128,663)	73.90%
Short Term Disability	9,407	0	9,407	6,923	(2,484)	73.59%
Amortization Equalization Disbursement	145,660	0	145,660	92,878	(52,783)	63.76%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	66,332	(39,878)	62.45%
Operating Expenditures	588,084	25,000	613,084	308,685	(304,399)	50.35%
Operating Expenditures Rollforward	0	110,248	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	26,586	(8,862)	75.00%
Risk Management	4,242	0	4,242	3,182	(1,061)	75.00%
Licensure Activities	181,497	0	181,497	75,760	(105,737)	41.74%
Leased Space	370,828	(96,684)	274,144	127,232	(146,912)	46.41%
Vehicle Lease Payments - Fixed	81,897	0	81,897	64,258	(17,639)	78.46%
Vehicle Lease Payments - Variable	83,039	0	83,039	48,433	(34,606)	58.33%
Utilities	25,465	0	25,465	14,677	(10,788)	57.64%
EDO - MNT	57,881	0	57,881	43,411	(14,470)	75.00%
EDO - Communications	19,594	0	19,594	14,695	(4,899)	75.00%
Capitol Complex Leased Space	62,689	(51,918)	10,771	10,771	0	100.00%
Legal Services	109,257	0	109,257	103,274	(5,983)	94.52%
Indirect Costs - Department of Revenue	738,529	(12,416)	726,113	544,561	(181,552)	75.00%
State Agency Services	3,626,225	0	3,626,225	2,368,436	(1,257,789)	65.31%
Division Expenditures	13,434,057	(14,770)	13,419,287	8,869,883	(4,549,405)	66.10%
Background Expenditures	263,964	0	263,964	29,702	(234,262)	11.25%
TOTAL EXPENDITURES	13,698,021	(14,770)	13,683,251	8,899,585	(4,783,667)	65.04%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,671,322	N/A	\$ 101,686,092	\$ 64,042,386	\$ (37,643,705)	62.98%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.

The percent of the fiscal year elapsed through March 31, 2011 is 75.0%.

COLORADO DIVISION OF GAMING

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Colorado Division of Gaming (the "Division") is an agency of the State of Colorado and was created June 4, 1991, under the provision of Section 12-47.1-201, Colorado Revised Statutes (C.R.S.).

The Division operates under the Colorado Limited Gaming Control Commission (the "Commission"). The Division implements, regulates, and supervises the conduct of limited gaming in the State, as authorized by statute.

The State of Colorado is the primary reporting entity for State financial activities. Therefore, the Division's accounts are presented in a manner consistent with presentation of statewide financial activities, which are reported in accordance with generally accepted accounting principles for governmental organizations.

In April 2009, House Bill 09-1272 was approved due to the passage of Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The extended gaming funds to be distributed are transferred to a separate fund every fiscal year end beginning with fiscal year 2010; therefore, a new extended gaming fund was created for this purpose. All fund or Division references throughout these financial statements refer to the limited gaming fund except if a specific reference to the extended gaming fund exists.

A. Fund Structure and Basis of Accounting

The financial activities of the Division are organized on the basis of individual funds, each of which is considered to be a separate entity. The operations of the Special Revenue Fund are recorded in a discrete set of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, of the entity. Throughout the year, encumbrances are recorded. However, at fiscal year-end all encumbrances lapse and no reserve for encumbrances is reported. The accounts used for fixed assets and long-term liabilities are not recorded in the Special Revenue Fund. They are recorded in a separate fund.

GOVERNMENTAL FUNDS

Special Revenue Funds

Transactions related to resources obtained from specific sources, which are restricted to specific purposes, are accounted for in the Special Revenue Fund. The Division's resources are obtained from specific gaming related activities such as license fees, application fees, and gaming taxes. These sources are restricted for specific uses as outlined in Section 12-47.1-701, C.R.S.

Fixed Assets

All fixed assets are stated at historical cost, or estimated historical cost, if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Structure and Basis of Accounting (continued)

The Governmental Accounting Standards Board (GASB) issued statement number 34 which became effective July 1, 2001. This statement requires the Division to depreciate its' fixed assets; however, the fixed assets and depreciation amounts will only be represented on the statewide financial statements, not on the Division's individual financial statements. The capitalization criteria for fixed assets are \$50,000 for buildings and leasehold improvements, \$5,000 for furniture and equipment, and all land is capitalized regardless of cost. The purchase of stand-alone software is capitalized at \$5,000.

The calculation for the amount of depreciation is based upon the cost of the asset and its' estimated useful life. The estimated useful life of a capital asset is a function of each agency's own experience. The Division has determined the useful lives of furniture and equipment ranges from 5 to 10 years, building 30 years, and the licensing software 10 years.

Below is a chart depicting the Division's fixed assets and accumulated depreciation:

<u>Assets</u>		<u>Carrying Value</u>
Building and Land	\$1,669,035	
Accumulated Depreciation - Buildings	(97,256)	\$1,571,779
Furniture & Equipment	216,758	
Accumulated Depr. - Furn. & Equip.	(177,946)	38,812
Total		<u>\$1,610,591</u>

Long-term Liabilities

The Division's long-term liability is the accrued compensated absence liability. This amount is recorded in a separate fund and is reported on the statewide financial statements. Prior to the implementation of GASB 34, this liability was reported on the Division's year-end financial statements.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Structure and Basis of Accounting (continued)

BASIS OF ACCOUNTING

The Division uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

B. Budget

The statement of revenues and expenditures-budget to actual compares those revenues and expenditures, which are legally authorized by State statute. The fiscal year 2011 revenue projections were provided by the Division, based on the tax rate structure established by the Commission. Each year, the Division submits to the Commission a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Commission to obtain comments and approval. During the fiscal year, the approved budget may be modified due to roll-forward authorization or supplemental budget approval. The Commission must approve all modifications. Appropriations lapse at fiscal year-end unless the Commission approves a roll-forward of the unexpended budget.

Appropriation as of July 1, 2010	\$13,698,021
Roll forward appropriations	121,248
Supplemental appropriations	<u>(136,018)</u>
Total appropriation	<u>\$13,683,251</u>

2. CASH AND INVESTMENTS

The State Treasury acts as a bank for all state agencies. Monies deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund unless a specific statute directs otherwise. Cash held by the State Treasurer for the Division of Gaming on March 31, 2011 was \$56.6 million.

The Division of Gaming receives interest payments from the State Treasurer's Office on cash held by the Treasurer's Office on behalf of the Division for its limited gaming fund and extended gaming fund. The amount of \$646,830 is interest earned on the average daily cash balances. During the month of March, the State Treasurer was paying interest at 1.79% annualized.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

3. ACCOUNTS RECEIVABLE

As of March 31, 2011, the Division had an accounts receivable balance of \$10,971,935. This amount includes \$10,965,350 in gaming taxes collected by the Department of Revenue for the Division for the month of March 2011, which were due on the 15th of April 2011. In addition, the Division had a fines receivable balance of \$1,041, \$2,013 in outstanding credit card deposits, and \$3,506 due from others.

4. CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	Balances at July 1, 2010	Deletions	Additions	Balances at March 31, 2011
Computer Equipment	\$ 94,355		\$ 1,825	\$ 96,180
Office Equipment	103,517		10,971	114,488
Investigative Equipment	6,090			6,090
Software	372,861	\$ (1,825)		371,036
Building and Land	1,664,361		4,674	1,669,035
Total	\$ 2,241,184	\$ (1,825)	\$ 17,470	\$ 2,256,829

5. DEPOSITS

Applicants applying for gaming licenses are required to remit deposits to the Division, which are used to perform background investigations of these applicants. These deposits are recorded as liabilities until the Division incurs expenditures to perform the background investigations, or until any remaining balance is refunded to the applicant. Deposits for background investigations were \$101,803 at March 31, 2011. Additionally, on March 31, 2011, the Division of Gaming held \$4,314 on deposit, which represents funds seized during criminal investigations, or involves gaming patrons, and are pending court order releases or adjudication.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

6. DEFERRED REVENUE

The Division issues a two-year license to individuals who are subject to an investigative review on an annual basis. Beginning in August 2008, the Division began to stagger the issuance of 2-year licenses to businesses as well. The fees for the second year of the license period are recorded as deferred revenue until the Division incurs the expense during the review period. As of March 31, 2011 deferred license fees were \$290,620.

7. ACCRUED COMPENSATED ABSENCES

All permanent employees of the Division may accrue annual and sick leave based on length of service. The accrued amount will be paid upon termination, subject to certain limitations.

Annual Leave	\$459,416
Sick Leave	<u>51,598</u>
Total	<u><u>\$511,014</u></u>

The current and long-term portion of vacation and sick leave benefits are recorded in a separate fund and are only reported on the statewide financial statements.

8. GAMING DISTRIBUTION

A. Extended Gaming Distribution

The voters of Colorado passed Amendment 50 on November 4, 2008. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The tax revenues and interest, less expenses, attributable to Amendment 50 will be distributed as follows:

- 78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges;
- 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

8. GAMING DISTRIBUTION (Continued)

A. Extended Gaming Distribution (continued)

The following are definitions necessitated by the passage of Amendment 50:

- (1) "Extended gaming" means subsection (7) of section 9 of article XVIII of the state constitution as approved by statewide voters on November 4, 2008, and subsequently approved by voters in the cities of Black Hawk, Central City and Cripple Creek;
- (2) "Extended gaming revenues" mean the "limited gaming tax revenues attributable to extended limited gaming" as defined by Section 12-47.1-701.5(4)(d);
- (3) "Limited gaming revenues" mean the gaming tax revenues attributable to the operation of limited gaming prior to extended gaming.

In accordance with House Bill 09-1272, there will be a determination of tax revenues and expenditures attributable to extended and limited gaming.

- (1) After the end of the fiscal year ending June 30, 2011, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the fiscal year ending June 30, 2010, by a factor of three percent and adding that amount to the amount of limited gaming tax revenues collected during fiscal year 2010. This amount is \$100,686,391.62. Any gaming tax revenues collected over this amount in fiscal year 2011, will be attributable to extended gaming revenues.
- (2) After the end of each subsequent fiscal year ending June 30, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the previous fiscal year by a factor of three percent and adding that amount to the amount of limited gaming tax revenues collected during the previous fiscal year. If the annual increase in total gaming tax revenues is less than three percent, either positive or negative, limited gaming revenues shall be the amount of limited gaming revenues collected during the previous fiscal year multiplied by a factor of the actual percentage of annual growth or decline in total gaming tax revenues. That amount shall be added or subtracted from the amount of limited gaming tax revenues collected during the previous fiscal year.
- (3) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming revenues by subtracting the amount of limited gaming revenues from the amount of total gaming tax revenues collected during the fiscal year.
- (4) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming expenses by multiplying the total of all expenses of the Commission and other state agencies for the fiscal year by the percentage of total limited gaming revenues attributable to extended gaming revenues.

8. GAMING DISTRIBUTION (Continued)

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

A. Extended Gaming Distribution (continued)

The original or limited gaming fund recipients will receive an annual adjustment of the lesser of 6 percent or the actual percentage, of annual growth in extended gaming revenues.

B. Limited Gaming Distribution

In accordance with Section 12-47.1-701 and Senate Bill 11-159, the balance remaining in the limited gaming fund is to be distributed by the State Treasurer to the recipients of limited gaming revenues according to the following formula:

- 50% to the State General Fund;
- 28% to the Colorado State Historical Fund;
- 12% to Gilpin and Teller Counties, in proportion to the gaming revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the gaming revenues generated in the respective cities.

In addition, the 50% that goes to the State General Fund is further divided as follows:

- The first \$19,200,000 will be directed to the General Fund;
- Any amount of the 50% General Fund distribution greater than \$48,500,000 will be directed to the General Fund.

Any amount of the 50% General Fund distribution which is greater than \$19,200,000 and less than or equal to \$48,500,000 is to be further divided as follows:

- 50% to the Colorado Travel & Tourism Promotion Fund;
- 18% to the Bioscience Discovery Evaluation Cash Fund;
- 15% to the Local Government Limited Gaming Impact Fund;
- 7% to the Innovative Higher Education Research Fund;
- 5% to the New Jobs Incentives Cash Fund;
- 4% to the Creative Industries Cash Fund;
- 1% to the Creative Industries Cash Fund for the operation of the Colorado Office of Film, Television, and Media.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

8. GAMING DISTRIBUTION (Continued)

B. Limited Gaming Distribution (continued)

The amount to be distributed is derived from revenues collected by the Division during the fiscal year after payment of operating expenditures of the Division and other regulatory expenditures, except for an amount equal to expenditures for the last two-month period. As of March 31, 2011, the amount calculated as reserved fund balance, which is restricted by enabling legislation, was \$1,961,922. This amount equals Division expenditures for the preceding two-month period.

Fund Balance as of March 31, 2011	\$66,899,425
Less: Two month Reserve	<u>(1,961,922)</u>
Available for Distribution at March 31, 2011	<u>\$64,937,503</u>

9. LEASED SPACE

The Division occupies office space in Cripple Creek and Golden. Rental payments are contingent upon the continuing availability of funds.

Cripple Creek

In April 2007, the Division entered into a lease and option to purchase agreement with a third party to lease office space at a new location in Cripple Creek, Colorado. The lease began in September 2007 with an initial term of ten years.

On June 15, 2010 the Division exercised the lease agreement's option to purchase the Cripple Creek building. The purchase price (including the land) was approximately \$844,000.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

9. LEASED SPACE (Continued)

Golden

In May 2010, the Division entered into a lease agreement with a third party to lease office space at 17301 W. Colfax Avenue, Golden, Colorado. The initial term of the lease is ten years. The lease term began on September 17, 2010, and a rental credit of \$20,501 was applied per the signed lease agreement. September's prorated rental payment based on 14 days of occupancy was \$10,661, leaving a credit balance of \$9,840 once the rental credit was applied. The remaining credit balance was applied to October's rental payment of \$22,845, thus reducing the payment amount for October to \$13,005.

Per House Bill 08-1395, the reduction in property tax due is already reflected in the rental obligations listed below.

GOLDEN	
<u>Estimated Future Payments</u>	
FISCAL YEAR 2011 (April 2011 – June 2011)	\$ 68,535
FISCAL YEAR 2012	279,509
FISCAL YEAR 2013	285,038
FISCAL YEAR 2014	290,566
FISCAL YEAR 2015	296,582
FISCAL YEAR 2016	302,599
FISCAL YEAR 2017	308,777
FISCAL YEAR 2018	315,281
FISCAL YEAR 2019	321,785
FISCAL YEAR 2020	328,615
	<u>\$ 2,797,287</u>

The remaining leased space expenditure amount shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance represents the Division's share of Capitol Complex lease cost for the Division's previous Lakewood location.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

10. PENSION PLAN

A. Plan Description

Virtually all of the Division's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

Non-higher education employees hired by the State after January 1, 2006 are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the State's Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, excluding community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan. Community college employees hired after January 1, 2010, are required to become members of PERA and must elect either PERA's defined benefit or defined contribution plan with 60 days, unless they had been a PERA member within the prior twelve months. In that case they are required to remain in the PERA plan in which they participated previously.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members (except state troopers) vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 - age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

10. PENSION PLAN (Continued)

A. Plan Description (continued)

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and state troopers are eligible for retirement benefits at different ages and years of service.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods. For retirements after January 1, 2009, or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index.
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

In the 2010 legislative session, the General Assembly set the current benefit increase as the lesser of 2 percent or the monthly CPI amounts for calendar year 2009, resulting in a 0 percent increase. The 2010 legislation also moved the annual increase to July.

Members who are disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

10. PENSION PLAN (Continued)

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

B. Funding Policy

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less any reduction in pay to offset employer contributions to the State sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

Most employees contribute 8.0 percent of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. Effective July 1, 2010 Senate Bill 10-146 requires members in the State and Judicial Divisions to pay 2.5 percent additional member contributions through June 30, 2011. Employer contributions for members in these two divisions will be reduced by 2.5 percent.

From July 1, 2010, to December 31, 2010, the State contributed 11.35 percent of the employee's salary. From January 1, 2011, through June 30, 2011, the State contributed 12.25 percent. During all of Fiscal Year 2011, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2009, the division of PERA in which the State participates has a funded ratio of 67.0 percent and a 43 year amortization period based on current contribution rates. The funded ratio on the market value of assets is lower at 58.0 percent.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional .5 percent of salary beginning January 1, 2006, another .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points. For State employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to State employees' salaries, and used by the employer to pay the SAED. Both the AED and SAED will be reduced by one-half percent point when funding levels reach 103 percent.

In the 2010 legislative session, the General Assembly extended both the AED and SAED. The AED will continue to increase at a rate of 0.4 percent of salary from calendar years 2013 through 2017. The SAED will continue to increase by one-half percentage point from calendar years 2014 through 2017.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

10. PENSION PLAN (Continued)

B. Funding Policy (continued)

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The Division's contributions to PERA and/or the State defined contribution plan for the period ending March 31, 2011 were \$425,186. These contributions met the contribution requirement.

11. VOLUNTARY TAX-DEFERRED RETIREMENT PLANS

PERA offers voluntary 401k, 457, and defined contribution plans entirely separate from the defined benefit pension plan. Certain agencies and institutions of the State offered 403(b) or 401(a) plans.

12. OTHER POST EMPLOYMENT BENEFITS

Health Care Plan

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 10. Beginning July 1, 2004, State agencies/institutions are required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. As of March 31, 2011, the Division contributed \$38,586 as required by statute.

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

12. OTHER POST EMPLOYMENT BENEFITS (Continued)

Health Care Plan (continued)

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. As of December 31, 2009, there were 46,985 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2009, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.50 billion, a funded ratio of 14.8 percent, and a 53-year amortization period.

13. RELATED-PARTY TRANSACTIONS

The Division, as an agency of the State of Colorado, paid fees to the State for auditing, investigative, legal, and other expenses incurred with the Department of Revenue for indirect costs. Interagency charges as of March 31, 2011 consist of the following:

State Agency Services:

Colorado Bureau of Investigation	\$ 511,300
Colorado Division of Fire Safety	113,960
Colorado State Patrol	1,629,539
Office of the State Auditor	16,198
Indirect Costs (Department of Revenue)	544,561
Colorado Department of Local Affairs	113,637
Colorado Department of Law	103,274
Total Payments to State Agencies	<u>\$ 3,032,469</u>

As of March 31, 2011, the Division had liabilities to other State agencies as follows:

State Agency Liabilities:

Colorado Bureau of Investigation	\$ 65,579
Colorado Division of Fire Safety	14,000
Colorado State Patrol	202,000
Colorado Department of Corrections	2,337
Colorado Department of Revenue	2,124
Total Payments to State Agencies	<u>\$ 286,040</u>

Colorado Division of Gaming
Notes to Financial Statements (Continued)
March 31, 2011

14. RISK MANAGEMENT

The Division participates in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The Division has recorded \$8,458 in insurance recoveries as of March 31, 2011. The entire amount is related to a single event which occurred in fiscal year 2011 at the Division of Gaming's Cripple Creek office.

There were no significant reductions or changes in insurance coverage from the prior year. Settlements did not exceed insurance coverage in any of the past three fiscal years.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE TEN (10) MONTHS ENDED
APRIL 30, 2011**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
APRIL 30, 2011 AND 2010**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through April 30, 2010 and 2011

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 7,323,328	\$ 6,029,319	\$ (1,294,009)	(17.67%)
\$2 - \$5 Million	\$ 40,437,300	\$ 34,861,667	\$ (5,575,633)	(13.79%)
\$5 - \$8 Million	\$ 36,011,275	\$ 54,100,526	\$ 18,089,251	50.23%
\$8 - \$10 Million	\$ 16,575,137	\$ 18,392,903	\$ 1,817,766	10.97%
\$10 - \$13 Million	\$ 23,119,802	\$ 24,857,554	\$ 1,737,752	7.52%
\$13+ Million	\$ 513,136,040	\$ 489,949,819	\$ (23,186,221)	(4.52%)
Total	<u>\$ 636,602,882</u>	<u>\$ 628,191,788</u>	<u>\$ (8,411,094)</u>	<u>(1.32%)</u>

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 193,308	\$ 195,073	\$ 1,765	0.91%
\$2 - \$5 Million	\$ 1,708,746	\$ 1,757,233	\$ 48,487	2.84%
\$5 - \$8 Million	\$ 5,851,015	\$ 5,859,047	\$ 8,032	0.14%
\$8 - \$10 Million	\$ 3,583,265	\$ 3,563,220	\$ (20,045)	(0.56%)
\$10 - \$13 Million	\$ 7,219,168	\$ 7,017,209	\$ (201,959)	(2.80%)
\$13+ Million	\$ 66,227,208	\$ 64,189,964	\$ (2,037,244)	(3.08%)
Total	<u>\$ 84,782,710</u>	<u>\$ 82,581,746</u>	<u>\$ (2,200,964)</u>	<u>(2.60%)</u>

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	4	3	(1)
\$2 - \$5 Million	12	10	(2)
\$5 - \$8 Million	5	8	3
\$8 - \$10 Million	2	2	0
\$10 - \$13 Million	2	2	0
\$13+ Million	14	12	(2)
	<u>39</u>	<u>37</u>	<u>(2)</u>

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
APRIL 30, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash	\$ 19,234	\$ 66,650,680	\$ 66,669,914	\$ 68,673,564
Accounts Receivable				
Gaming Taxes	0	10,960,809	10,960,809	11,078,053
Accounts Receivable Other Agencies	0	2,891	2,891	2,000
Background	0	0	0	1
Fines Receivable	0	1,167	1,167	807
Miscellaneous	0	1,405	1,405	588
Net Accounts Receivable	0	10,966,272	10,966,272	11,081,449
Prepaid Expenses	0	56,314	56,314	67,222
Total Current Assets	19,234	77,673,266	77,692,500	79,822,235
TOTAL ASSETS	\$ 19,234	\$ 77,673,266	\$ 77,692,500	\$ 79,822,235
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 69,243	\$ 69,243	\$ 13,649
Wages & Salaries Payable	0	276	276	0
Due to Other State Agencies	0	286,241	286,241	283,740
Background and Other Deposits	0	116,010	116,010	116,021
Deferred Revenue	0	288,800	288,800	263,730
Total Liabilities	0	760,570	760,570	677,140
Fund Balance:				
Spendable Restricted Fund Balance	0	74,055,657	74,055,657	76,996,715
Nonspendable Restricted Fund Balance	19,234	2,857,039	2,876,273	2,148,380
Total Fund Balance	19,234	76,912,696	76,931,930	79,145,095
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,234	\$ 77,673,266	\$ 77,692,500	\$ 79,822,235

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE**

APRIL 30, 2011 AND 2010

(UNAUDITED)

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 82,592,832	\$ 82,592,832	\$ 84,784,240
License and Application Fees	0	506,110	506,110	501,352
Background Investigations	0	171,483	171,483	303,900
Fines	0	65,231	65,231	59,630
Interest Income	19,234	711,290	730,524	836,808
Other Revenue	0	725	725	684
TOTAL REVENUES	<u>19,234</u>	<u>84,047,671</u>	<u>84,066,905</u>	<u>86,486,614</u>
OTHER FINANCING SOURCES / USES:				
Insurance Recoveries	0	8,458	8,458	0
TOTAL REVENUES & OTHER FINANCING SOURCES	<u>19,234</u>	<u>84,056,129</u>	<u>84,075,363</u>	<u>86,486,614</u>
EXPENDITURES:				
Salaries and Benefits	0	5,519,217	5,519,217	5,462,280
Annual and Sick Leave Payouts	0	4,638	4,638	2,497
Professional Services	0	47,643	47,643	32,210
Travel	0	16,006	16,006	18,016
Automobiles	0	125,864	125,864	119,545
Printing	0	10,851	10,851	8,343
Police Supplies	0	4,387	4,387	6,654
Computer Services & Name Searches	0	90,098	90,098	109,557
Materials, Supplies, and Services	0	352,990	352,990	156,539
Postage	0	2,697	2,697	2,478
Telephone	0	93,990	93,990	61,309
Utilities	0	16,464	16,464	16,742
Other Operating Expenditures	0	59,087	59,087	13,699
Leased Space	0	160,849	160,849	128,184
Capital Outlay	0	15,645	15,645	2,000
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>6,520,426</u>	<u>6,520,426</u>	<u>6,140,053</u>
STATE AGENCY SERVICES (Note 13)				
Colorado Bureau of Investigations	0	575,766	575,766	627,708
Fire Safety	0	126,522	126,522	117,471
Colorado State Patrol	0	1,884,324	1,884,324	1,774,539
State Auditors	0	16,198	16,198	17,050
Indirect Costs - Department of Revenue	0	605,107	605,107	509,319
Local Affairs	0	126,263	126,263	131,745
Colorado Department of Law	0	115,246	115,246	112,332
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>3,449,426</u>	<u>3,449,426</u>	<u>3,290,164</u>
Background Expenditures	0	30,620	30,620	59,682
TOTAL EXPENDITURES	<u>0</u>	<u>10,000,472</u>	<u>10,000,472</u>	<u>9,489,899</u>
SPENDABLE RESTRICTED FUND BALANCE (Excess Of Revenues Over Expenditures)	<u>0</u>	<u>74,055,657</u>	<u>74,055,657</u>	<u>76,996,715</u>
NONSPENDABLE RESTRICTED FUND BALANCE	19,234	0	19,234	0
NONSPENDABLE RESTRICTED FUND BALANCE AT JULY 1, 2010 & 2009	7,930,401	2,857,039	10,787,440	2,148,380
EXTENDED GAMING FUND DISTRIBUTION	(7,930,401)	0	(7,930,401)	0
TOTAL FUND BALANCE AT APRIL 30, 2011 AND 2010	<u>\$ 19,234</u>	<u>\$ 76,912,696</u>	<u>\$ 76,931,930</u>	<u>\$ 79,145,095</u>

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED APRIL 30, 2011
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 82,592,832	\$ (30,573,434)	72.98%
License and Application Fees	637,848	0	637,848	506,110	(131,738)	79.35%
Background Investigations	253,768	0	253,768	171,483	(82,285)	67.57%
Fines	0	0	0	65,231	65,231	100.00%
Interest Revenue	1,311,461	0	1,311,461	711,290	(600,171)	54.24%
Other Revenue	0	0	0	725	725	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	84,047,671	(31,321,672)	72.85%
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	8,458	8,458	100.00%
TOTAL REVENUES & OTHER FINANCING SOURCES	115,369,343	0	115,369,343	84,056,129	(31,313,214)	72.86%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	4,964,190	(1,730,946)	74.15%
Personal Services Rollforward	0	11,000	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	407,009	(85,960)	82.56%
Short Term Disability	9,407	0	9,407	7,676	(1,731)	81.60%
Amortization Equalization Disbursement	145,660	0	145,660	104,032	(41,628)	71.42%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	74,912	(31,298)	70.53%
Operating Expenditures	588,084	25,000	613,084	378,838	(234,246)	61.79%
Operating Expenditures Rollforward	0	110,248	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	29,540	(5,908)	83.33%
Risk Management	4,242	0	4,242	3,535	(707)	83.33%
Licensure Activities	181,497	0	181,497	83,895	(97,602)	46.22%
Leased Space	370,828	(96,684)	274,144	150,078	(124,066)	54.74%
Vehicle Lease Payments - Fixed	81,897	3,780	85,677	71,398	(14,279)	83.33%
Vehicle Lease Payments - Variable	83,039	(12,000)	71,039	54,466	(16,573)	76.67%
Utilities	25,465	0	25,465	16,464	(9,001)	64.65%
EDO - MNT	57,881	0	57,881	48,234	(9,647)	83.33%
EDO - Communications	19,594	0	19,594	16,328	(3,266)	83.33%
Capitol Complex Leased Space	62,689	(51,918)	10,771	10,771	0	100.00%
Legal Services	109,257	0	109,257	109,257	0	100.00%
Indirect Costs - Department of Revenue	738,529	(12,848)	725,681	605,107	(120,574)	83.38%
State Agency Services	3,626,225	0	3,626,225	2,712,875	(913,350)	74.81%
Division Expenditures	13,434,057	(23,422)	13,410,635	9,969,852	(3,440,783)	74.34%
Background Expenditures	263,964	0	263,964	30,620	(233,344)	11.60%
TOTAL EXPENDITURES	13,698,021	(23,422)	13,674,599	10,000,472	(3,674,127)	73.13%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,671,322	N/A	\$ 101,694,744	\$ 74,055,657	\$ (27,639,087)	72.82%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.

The percent of the fiscal year elapsed through April 30, 2011 is 83.3%.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE ELEVEN (11) MONTHS ENDED
MAY 31, 2011**

**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
MAY 31, 2011 AND 2010**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through May 31, 2010 and 2011

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 3,726,253	\$ 6,433,559	\$ 2,707,306	72.65%
\$2 - \$5 Million	\$ 43,570,770	\$ 38,290,626	\$ (5,280,144)	(12.12%)
\$5 - \$8 Million	\$ 11,458,281	\$ 19,296,191	\$ 7,837,910	68.40%
\$8 - \$10 Million	\$ 51,752,182	\$ 51,339,868	\$ (412,314)	(0.80%)
\$10 - \$13 Million	\$ 12,085,773	\$ 10,597,141	\$ (1,488,632)	(12.32%)
\$13+ Million	\$ 580,671,732	\$ 567,934,236	\$ (12,737,496)	(2.19%)
Total	<u>\$ 703,264,991</u>	<u>\$ 693,891,621</u>	<u>\$ (9,373,370)</u>	<u>(1.33%)</u>

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 194,316	\$ 196,084	\$ 1,768	0.91%
\$2 - \$5 Million	\$ 1,791,415	\$ 1,825,812	\$ 34,397	1.92%
\$5 - \$8 Million	\$ 6,071,245	\$ 6,326,657	\$ 255,412	4.21%
\$8 - \$10 Million	\$ 3,932,740	\$ 3,887,386	\$ (45,354)	(1.15%)
\$10 - \$13 Million	\$ 7,533,724	\$ 7,295,543	\$ (238,181)	(3.16%)
\$13+ Million	\$ 77,134,346	\$ 74,586,847	\$ (2,547,499)	(3.30%)
Total	<u>\$ 96,657,786</u>	<u>\$ 94,118,329</u>	<u>\$ (2,539,457)</u>	<u>(2.63%)</u>

AGP Summary			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	2	3	1
\$2 - \$5 Million	13	10	(3)
\$5 - \$8 Million	2	3	1
\$8 - \$10 Million	6	6	0
\$10 - \$13 Million	1	1	0
\$13+ Million	15	14	(1)
	<u>39</u>	<u>37</u>	<u>(2)</u>

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
MAY 31, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED	LIMITED	TOTAL	LIMITED
	GAMING FUND	GAMING FUND	FUND BALANCE	GAMING FUND
ASSETS:				
Cash	\$ 19,259	\$ 76,749,926	\$ 76,769,185	\$ 79,020,857
Accounts Receivable				
Gaming Taxes	0	11,536,583	11,536,583	11,883,261
Accounts Receivable Other Agencies	0	1,000	1,000	0
Background	0	0	0	0
Fines Receivable	0	2,338	2,338	1,227
Miscellaneous	0	4,116	4,116	986
Net Accounts Receivable	0	11,544,037	11,544,037	11,885,474
 Prepaid Expenses	 0	 35,567	 35,567	 46,049
Total Current Assets	19,259	88,329,530	88,348,789	90,952,380
TOTAL ASSETS	\$ 19,259	\$ 88,329,530	\$ 88,348,789	\$ 90,952,380
 LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 25,521	\$ 25,521	\$ 29,334
Wages & Salaries Payable	0	386	386	0
Due to Other State Agencies	0	282,636	282,636	262,590
Background and Other Deposits	0	119,925	119,925	120,945
Deferred Revenue	0	302,500	302,500	250,030
Total Liabilities	0	730,968	730,968	662,899
 Fund Balance:				
Nonspendable Restricted Prepaid	0	17,784	17,784	0
Nonspendable Committed Prepaid	0	17,783	17,783	0
Spendable Committed Fund Balance	0	42,352,978	42,352,978	0
Spendable Restricted Fund Balance	0	42,352,978	42,352,978	88,141,101
Nonspendable Restricted Fund Balance	19,259	2,857,039	2,876,298	2,148,380
Total Fund Balance	19,259	87,598,562	87,617,821	90,289,481
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,259	\$ 88,329,530	\$ 88,348,789	\$ 90,952,380

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
MAY 31, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 94,129,415	\$ 94,129,415	\$ 96,659,316
License and Application Fees	0	549,171	549,171	543,992
Background Investigations	0	186,741	186,741	325,939
Fines	0	66,780	66,780	60,449
Interest Income	19,259	801,981	821,240	961,977
Other Revenue	0	774	774	687
TOTAL REVENUES	<u>19,259</u>	<u>95,734,862</u>	<u>95,754,121</u>	<u>98,552,360</u>
OTHER FINANCING SOURCES / USES:				
Insurance Recoveries	0	8,458	8,458	0
TOTAL REVENUES & OTHER FINANCING SOURCES	<u>19,259</u>	<u>95,743,320</u>	<u>95,762,579</u>	<u>98,552,360</u>
EXPENDITURES:				
Salaries and Benefits	0	6,068,987	6,068,987	6,017,201
Annual and Sick Leave Payouts	0	4,638	4,638	2,497
Professional Services	0	54,810	54,810	44,668
Travel	0	19,366	19,366	19,787
Automobiles	0	138,532	138,532	131,959
Printing	0	11,965	11,965	9,520
Police Supplies	0	5,321	5,321	6,722
Computer Services & Name Searches	0	100,230	100,230	118,973
Materials, Supplies, and Services	0	380,856	380,856	176,358
Postage	0	2,879	2,879	3,116
Telephone	0	102,517	102,517	67,324
Utilities	0	17,915	17,915	18,007
Other Operating Expenditures	0	59,515	59,515	15,053
Leased Space	0	183,694	183,694	141,002
Capital Outlay	0	17,660	17,660	2,000
EXPENDITURES - SUBTOTAL	<u>0</u>	<u>7,168,885</u>	<u>7,168,885</u>	<u>6,774,187</u>
STATE AGENCY SERVICES				
Colorado Bureau of Investigations	0	640,726	640,726	674,454
Fire Safety	0	154,206	154,206	122,926
Colorado State Patrol	0	2,084,400	2,084,400	1,933,384
State Auditors	0	16,198	16,198	17,050
Indirect Costs - Department of Revenue	0	634,468	634,468	560,573
Local Affairs	0	138,890	138,890	144,920
Colorado Department of Law	0	131,116	131,116	122,718
TOTAL STATE AGENCY SERVICES	<u>0</u>	<u>3,800,004</u>	<u>3,800,004</u>	<u>3,576,025</u>
Background Expenditures	0	32,908	32,908	61,047
TOTAL EXPENDITURES	<u>0</u>	<u>11,001,797</u>	<u>11,001,797</u>	<u>10,411,259</u>
Excess of Revenues Over Expenditures	<u>0</u>	<u>84,741,523</u>	<u>84,741,523</u>	<u>88,141,101</u>
FUND BALANCE:				
Spendable Restricted	0	42,352,978		
Spendable Committed	0	42,352,978		
Nonspendable:				
Restricted for:				
Required Reserve, Balance at July 1, 2010 & 2009	0	2,857,039		2,148,380
Prepays	0	17,784		
Extended Gaming Recipients	19,259	0		
Committed to:				
Prepays	0	17,783		

TOTAL FUND BALANCE AT MAY 31, 2011 AND 2010

\$ 19,259 \$ 87,598,562 \$ 87,617,821 \$ 90,289,481

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED MAY 31, 2011
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 94,129,415	\$ (19,036,851)	83.18%
License and Application Fees	637,848	0	637,848	549,171	(88,677)	86.10%
Background Investigations	253,768	0	253,768	186,741	(67,027)	73.59%
Fines	0	0	0	66,780	66,780	100.00%
Interest Revenue	1,311,461	0	1,311,461	801,981	(509,480)	61.15%
Other Revenue	0	0	0	774	774	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	95,734,862	(19,634,481)	82.98%
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	8,458	8,458	100.00%
TOTAL REVENUES & OTHER FINANCING SOURCES	115,369,343	0	115,369,343	95,743,320	(19,626,023)	82.99%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	5,471,954	(1,223,182)	81.73%
Personal Services Rollforward	0	11,000	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	450,652	(42,317)	91.42%
Short Term Disability	9,407	0	9,407	8,427	(980)	89.59%
Amortization Equalization Disbursement	145,660	0	145,660	115,172	(30,488)	79.07%
Supplemental Amort. Equal. Disbursemt	106,210	0	106,210	83,482	(22,728)	78.60%
Operating Expenditures	588,084	25,000	613,084	414,198	(198,886)	67.56%
Operating Expenditures Rollforward	0	110,248	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	32,494	(2,954)	91.67%
Risk Management	4,242	0	4,242	3,889	(354)	91.67%
Licensure Activities	181,497	0	181,497	94,267	(87,230)	51.94%
Leased Space	370,828	(96,684)	274,144	172,923	(101,221)	63.08%
Vehicle Lease Payments - Fixed	81,897	3,780	85,677	78,537	(7,140)	91.67%
Vehicle Lease Payments - Variable	83,039	(12,000)	71,039	59,995	(11,044)	84.45%
Utilities	25,465	0	25,465	17,915	(7,550)	70.35%
EDO - MNT	57,881	0	57,881	53,058	(4,823)	91.67%
EDO - Communications	19,594	0	19,594	17,961	(1,633)	91.67%
Capitol Complex Leased Space	62,689	(51,918)	10,771	10,771	0	100.00%
Legal Services	109,257	0	109,257	109,257	0	100.00%
Indirect Costs - Department of Revenue	738,529	(12,848)	725,681	634,468	(91,213)	87.43%
State Agency Services	3,626,225	0	3,626,225	3,018,222	(608,003)	83.23%
Division Expenditures	13,434,057	(23,422)	13,410,635	10,968,889	(2,441,747)	81.79%
Background Expenditures	263,964	0	263,964	32,908	(231,056)	12.47%
TOTAL EXPENDITURES	13,698,021	(23,422)	13,674,599	11,001,797	(2,672,803)	80.45%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,671,322	N/A	\$ 101,694,744	\$ 84,741,523	\$ (16,953,220)	83.33%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.

The percent of the fiscal year elapsed through May 31, 2011 is 91.7%.



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)
FOR THE TWELVE (12) MONTHS ENDED
JUNE 30, 2011**

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

This discussion and analysis of the financial performance of the Division of Gaming, Department of Revenue, State of Colorado (the "Division") provides an overview of financial activities for the year ended June 30, 2011. Please read it in conjunction with the Division's financial statements, which begin on page 21.

Financial Highlights

- Gaming Tax revenues were \$104,807,976 for the fiscal year ended June 30, 2011, which is a decrease of \$2,861,390 or 2.7%, compared to revenues of \$107,669,366 for the prior fiscal year ending June 30, 2010.
- A decline in the Division's net income decreased the Gaming Distribution to \$95,327,351 compared to last fiscal year's distribution of \$96,742,401. This distribution amount represents a decrease of \$1,415,050 over last fiscal year, or 1.5%.

Using This Report

This financial report consists of financial statements for the fiscal years ended June 30, 2011 and 2010. The tax comparison shows the tax rates and compares current and previous fiscal years' adjusted gross proceeds (similar to net income of the casinos) and taxes paid, separated by tax bracket. It also lists how many casinos were in which tax bracket at the end of the fiscal year. The Balance Sheet provides comparative information on the Division's assets, liabilities, and fund balance as of the end of the current and previous fiscal years. The Statement of Revenues, Expenditures, and Changes in Fund Balance is the Division's income statement. The Statements of Revenues, Expenditures, and Changes in Fund Balance provides information on the current and previous fiscal years' revenues, expenditures, excess of revenues over expenditures, the Gaming Distribution, the beginning fund balances at July 1, 2010 and July 1, 2009, respectively, and the ending fund balances as of June 30, 2011 and 2010, respectively. The Statement of Budget to Actual reflects the initial budget amounts, the cumulative changes made throughout the course of the year, the revised budget amounts, and the actual amounts received or expended. Finally, the notes to the financial statements contain a summary of significant accounting policies and more specific information about items in the financial statements.

In April 2009, House Bill 09-1272 was approved due to the passage of Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, an increase from the previous \$5 limit; offer the games of craps and roulette; and remain open for 24 hours. This is now referred to as extended gaming. The Extended Gaming Funds to be distributed are transferred to a separate fund every fiscal year end beginning with fiscal year 2010; therefore, a new Extended Gaming Fund was created separate from the Limited Gaming Fund for this purpose. All fund or Division references throughout these financial statements refer to the Limited Gaming Fund except if a specific reference to the Extended Gaming Fund exists.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Revenues

The excess of revenues over expenditures of the Division for fiscal year 2011 was \$93,852,763. This represents a decrease of \$4,584,206 or 4.7% compared to fiscal year 2010 excess of revenues over expenditures of \$98,436,969.

The fiscal year 2011 net decrease in fair value of investments of \$669,790 and net increase of \$985,910 in fiscal year 2010 represents the change in fair value of the Division's investments during the fiscal years ended June 30, 2011 and 2010, respectively.

The largest source of revenue for the Division is from gaming taxes paid by casinos. The gaming tax revenues earned for the fiscal years ending June 30, 2011 and 2010 were \$104,807,976 and \$107,669,366, respectively. The taxes are paid on a graduated scale ranging from 0.25% to 20% of adjusted gross proceeds. The tax rates for fiscal years 2011 and 2010 remained constant, per the authority of the Colorado Limited Gaming Commission (see Tax Rates for fiscal year 2011 located on page 21).

The adjusted gross proceeds of casinos decreased 1.4% in fiscal year 2011. The tax decrease was 2.7%. Taxes decreased at a higher rate than adjusted gross proceeds due to the graduated tax scale.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Revenues (continued)

Below is a chart of the changes in revenues from fiscal year 2010 to fiscal year 2011.

	Increase (Decrease) Amount	Percent Change	Explanation
Gaming taxes	\$ (2,861,390)	(2.66)%	Amendment 50's passing and implementation on July 1, 2009 spiked gaming activity in fiscal year 2010. Fiscal year 2011 has seen a decline in the economy and a decline in the excitement created by amendment 50.
License and application fees	(13,939)	(2.20)%	Beginning in August of fiscal year 2009, the Division began to stagger the issuance of 2-year licenses to businesses. The fees for the second year of the license period are recorded as deferred revenue until the Division incurs the expense during the review period in the second year of the license. Total deferred revenue for all licensing activity between fiscal years 2010 and 2011 is down \$6,970.
Background investigations	(148,817)	(41.54)%	There was \$27,763 less required travel and \$121,054 less in labor and miscellaneous charges during FY11.
Fines and other	6,632	10.88%	The fines revenues vary from year to year and are dependent upon audit and investigative findings.
Interest income	(194,946)	(17.72)%	Interest rates decreased (0.35)% on average during fiscal year 2011. The average rate was 1.95% in fiscal year 2011 and 2.30% in fiscal year 2010.
Insurance Recoveries	8,458	100.00%	The Division has recorded \$8,458 in insurance recoveries. The entire amount is related to a single event which occurred in fiscal year 2011 at the Division of Gaming's Cripple Creek office.
Change in fair value of investments	<u>(1,655,700)</u>	(167.94)%	This represents the net change in the fair market value of the Division's investments during fiscal year 2011 versus fiscal year 2010.
Total revenues	<u>\$ (4,859,651)</u>	(4.39)%	This number includes the change in fair value of investments. Revenues excluding the change in fair value of investments decreased by (2.92)%.

For fiscal year 2010, the excess of revenues over expenditures was \$98,436,971. This represents a increase of \$12,243,675 or 14.2% compared to fiscal year 2009's excess of revenues over expenditures of \$86,193,296.

The net increase in fair value of investments of \$985,910 and \$447,352 represents the change in fair value of the Division's investments during the fiscal years ended June 30, 2010 and 2009, respectively.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Revenues (continued)

The adjusted gross proceeds of casinos increased 9.1% in fiscal year 2010. The tax increase was 13.5%. Taxes increased at a higher rate than adjusted gross proceeds due to the graduated tax scale. The tax rates for fiscal year 2010 and fiscal year 2009 remained constant between years.

Below is a chart of the changes in revenues from fiscal year 2009 to fiscal year 2010.

	Increase (Decrease) Amount	Percent Change	Explanation
Gaming taxes	\$ 12,762,785	13.45%	Gaming taxes increased due to the implementation of Amendment 50 on July 1, 2009. This amendment increased the maximum bet from \$5 to \$100, authorized 24-hour gaming, and the play of craps and roulette table games.
License and application fees	1,640	0.26%	Beginning in August 2008, fiscal year 2009, the Division began to stagger the issuance of two-year licenses to businesses. The fees for the second year of the license period are recorded as deferred revenue until the Division incurs the expense during the review period; therefore, deferred revenue for business licenses from fiscal year 2009 was earned in fiscal year 2010 and created the slight increase between fiscal years 2009 and 2010. License and application fees vary from year to year depending on the type of license and application that is received.
Background investigations	115,487	47.57%	There was \$37,785 more required travel and \$77,702 more in labor and miscellaneous charges collected from the applicants during fiscal year 2010.
Fines and other	48,625	379.35%	The fines revenues vary from year to year and are dependent upon audit and investigative findings.
Interest income	(102,606)	(8.53)%	Interest rates decreased (0.64)% on average during fiscal year 2010. The rate was 2.3% in fiscal year 2010 and 2.94% in fiscal year 2009.
Change in fair value of investments	<u>538,558</u>	120.39%	This represents the net change in the fair market value of the Division's investments during fiscal year 2010 versus fiscal year 2009.
Total revenues	<u>\$ 13,364,489</u>	13.71%	This number includes the change in fair value of investments. Revenues excluding the change in fair value of investments increased by 13.22%.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Expenditures

Total expenditures for the Division in fiscal year 2011 were \$12,097,096. This is a decrease of \$275,443 or a 2.2% decrease from fiscal year 2010 expenditures of \$12,372,539. The information below shows the changes in expenditures from fiscal year 2010 to fiscal year 2011 with explanations provided for large variances.

	Increase (Decrease) Amount	Percent Change	Explanation
Salaries, benefits, and leave payouts	\$ 42,394	0.64%	In fiscal year 2011 the average increase in HDL was 4.8%. Fiscal year 2011 also had 6 employees on leave without pay. Fiscal year 2011 had 4 employees leave State employment while fiscal year 2010 had 3, thus an increase in annual leave payouts was experienced between years.
State agency services	254,386	6.40%	In fiscal year 2011 the Colorado State Patrol contract costs were up \$220,804 from fiscal year 2010 due to the addition of two troopers.
Materials, supplies, and services	137,314	47.91%	In fiscal year 2011 non-capitalized furniture was up \$117,293 from fiscal year 2010. The increase between years was created by the Lakewood Gaming office move to a new Golden location. The new Golden office had a cubical system installed at a cost of approximately \$81,000. Also in fiscal year 2011 the Colorado Office of the State Controller clarified what was considered a professional service cost verses what was considered other purchase service cost. This clarification made what was considered a professional service cost more exclusive, thusly more costs which were once paid as professional service costs were paid as other purchased services. This created approximately a \$27,000 increase in other purchased services costs between fiscal year 2011 and 2010.
Travel and automobiles	7,132	4.34%	In fiscal year 2011 lease costs for Gaming vehicles were \$85,677, this is up \$3,780 from fiscal year 2010's \$81,897 amount. The variable (mileage) costs for these same vehicles in fiscal year 2011 were \$65,296 which is \$3,141 higher than fiscal year 2010's costs of \$62,155. Higher gas and maintenance costs created this increase between years.
Computer services	(17,581)	(13.55)%	In fiscal year 2011 the cumulative costs for fingerprint checks performed by CBI in relation to Gaming applicants was \$22,663 lower than the cost in fiscal year 2010.
Professional services	10,801	23.09%	In fiscal year 2011 the labor costs to install the cubical system in the new Golden Gaming office was \$11,000 and represents the majority of the increase between fiscal year 2011 and 2010.
Other	46,819	96.64%	In fiscal year 2011 a \$50,000 cost related to a personnel settlement was incurred.
Telephone	37,789	51.62%	In fiscal year 2011 the amount the Division had to pay for its Multi-Use Network service was \$2,865 more per month which is a total increase in cost of \$34,380 over fiscal year 2010's costs.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Expenditures (continued)

Background investigations	(27,801)	(42.80)%	In year 2010 background investigation costs were higher than fiscal year 2011 costs because Gaming Licenses are issued on a 2 year basis, meaning the work done in fiscal year 2010 was not necessary in fiscal year 2011 as those licenses issued in fiscal year 2010 will not need to have renewal work performed until fiscal year 2012.
Leased space	44,034	29.26%	In September of fiscal year 2011 the Division moved its Lakewood office to Golden. Subsequently it began making lease payments for the new Golden space. The increase between fiscal years 2011 and 2010 is directly related to the difference in the Lakewood lease payments verses the Golden lease payments.
Capital outlay	<u>(810,730)</u>	(96.96)%	In fiscal year 2010 the building and land the Cripple Creek Gaming office is occupying was purchased for \$834,179, no such expense was incurred in fiscal year 2011.
Total expenditures	<u>\$ (275,443)</u>	(2.23)%	

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Expenditures (continued)

Total expenditures for the Division in fiscal year 2010 were \$12,372,541. This is an increase of \$1,120,816 or a 10% increase over fiscal year 2009 expenditures of \$11,251,725. The information below shows the changes in expenditures from fiscal year 2009 to fiscal year 2010 with explanations provided for large variances.

	Increase (Decrease) Amount	Percent Change	Explanation
Salaries, benefits, and leave payouts	\$ 231,596	3.64%	In fiscal year 2010, the average increase to health, dental, and life contributions by the State was 10.3% higher than in fiscal year 2009. This is offset by a freeze in salaries, resulting in a 3.64% increase overall.
State agency services	197,326	5.22%	In fiscal year 2010, all State service costs, except the State audit and legal services bills, were higher than fiscal year 2009.
Materials, supplies, and services	(40,707)	(12.44)%	In fiscal year 2009, police radios were purchased for \$17,323 and registration costs for Division employee's training classes were \$25,576 higher in 2010. With the Division's budget cuts in the current year, these expenses were reduced.
Travel and automobiles	(54,400)	(24.86)%	In fiscal year 2009, the Division's travel expenditures increased due to higher airfare costs and more training related travel for the implementation of Amendment 50 Gaming rule changes.
Computer services	(6,246)	(4.59)%	In fiscal year 2010, there were 527 fewer non-background individual license applications; therefore, the cost of computer database name checks run for each applicant decreased. There is an overall cost decrease over the prior year with no change in the cost per applicant.
Professional services	(24,085)	(33.99)%	In fiscal year 2009, the Division expended \$14,171 to train staff on playing rules for the gambling games known as craps and roulette which were newly allowed in Colorado due to the passing of Amendment 50. In fiscal year 2010, the Division's costs associated with its annual CPA review of Limited Gaming Tax Returns submitted by casinos was \$6,025 less.
Other	(9,079)	(15.78)%	In fiscal year 2010, the Division's Risk Management bill was \$5,836 less, and in fiscal year 2009, a \$5,888 cost was incurred which related to a personnel settlement.
Telephone	2,964	4.22%	In fiscal year 2010, cell phone and Blackberry costs increased due to more usage.
Background investigations	36,249	126.25%	In fiscal year 2010, a background investigation required foreign travel to be made at a cost of \$16,976. All background costs are paid for by the applicants, of which a part of is reflected in background revenue.
Leased space	(7,596)	(4.81)%	In fiscal year 2010, the Division's share of Capitol Complex leased space maintenance was \$2,409 less. Cripple Creek's leased space was \$5,187 less due to House Bill 08-1395, which established properties used by the State be exempt from all property taxes.
Capital outlay	<u>794,794</u>	1920.49%	In fiscal year 2010, the Cripple Creek Gaming office building and land was purchased for \$834,179.
Total expenditures	<u>\$ 1,120,816</u>	9.96%	

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Assets, Liabilities, and Fund Balance

The year-end fund balance reflects the overall financial position of the Division, which is \$3,270,844 at June 30, 2011 compared to \$4,726,075 at June 30, 2010. Total assets of \$91,049,720 at June 30, 2011 are \$3,482,602 or 3.7% lower than the prior year balance of \$94,532,322. The decrease in total assets is primarily due to the decreases in cash and temporary cash investments and gaming taxes receivable.

The Division's total liabilities were \$87,778,876 at June 30, 2011, which is a decrease from \$89,806,247 at June 30, 2010. The \$2,027,371 net decrease is primarily due to the \$2,401,255 decrease in the fiscal year 2011 limited gaming distribution.

The following compares fiscal year 2011 and fiscal year 2010 assets, liabilities, and fund balances.

	Fiscal Year		Increase (Decrease)	
	2011	2010	Dollars	Percent
Cash and temporary cash investments	\$ 80,342,740	\$ 83,487,721	\$ (3,144,981)	(3.77)%
Gaming taxes and other receivables	10,692,684	11,019,725	(327,041)	(2.97)%
Prepaid expenses	<u>14,296</u>	<u>24,876</u>	<u>(10,580)</u>	(42.53)%
Total assets	<u>\$ 91,049,720</u>	<u>\$ 94,532,322</u>	<u>\$ (3,482,602)</u>	(3.68)%
Accounts payable, wages, and accrued payroll payable	\$ 603,753	\$ 629,939	\$ (26,186)	(4.16)%
Due to other State agencies, other governments, and the State General Fund	86,744,504	88,836,131	(2,091,627)	(2.35)%
Other liabilities	<u>430,619</u>	<u>340,177</u>	<u>90,442</u>	26.59%
Total liabilities	87,778,876	89,806,247	(2,027,371)	(2.26)%
Fund balance	<u>3,270,844</u>	<u>4,726,075</u>	<u>(1,455,231)</u>	(30.79)%
Total liabilities and fund balance	<u>\$ 91,049,720</u>	<u>\$ 94,532,322</u>	<u>\$ (3,482,602)</u>	(3.68)%

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Assets, Liabilities, and Fund Balance (continued)

The year-end fund balance reflects the overall financial position of the Division, which was \$4,726,075 at June 30, 2010 compared to \$3,031,507 at June 30, 2009. Total assets of \$94,532,322 at June 30, 2010, were \$4,921,179 or 5.5% higher than the prior year balance of \$89,611,143. The increase in total assets is primarily due to the increases in cash and temporary cash investments and gaming taxes receivable.

The Division's total liabilities were \$89,806,247 at June 30, 2010, which is an increase from \$86,579,636 at June 30, 2009. The \$3,226,611 net increase is primarily due to the \$13,338,790 increase in the fiscal year 2010 gaming distribution to the State General fund combined with the \$10,634,676 decrease in fiscal year 2010 gaming distribution to other State agencies.

The following chart compares fiscal year 2010 and fiscal year 2009 assets, liabilities, and fund balances.

	Fiscal Year		Increase (Decrease)	
	2010	2009	Dollars	Percent
Cash and temporary cash investments	\$ 83,487,721	\$ 79,463,014	\$ 4,024,707	5.07%
Gaming taxes and other receivables	11,019,725	10,123,057	896,668	8.86%
Prepaid expenses	24,876	25,072	(196)	(0.78)%
Total assets	<u>\$ 94,532,322</u>	<u>\$ 89,611,143</u>	<u>\$ 4,921,179</u>	5.49%
Accounts payable, wages, and accrued payroll payable	\$ 629,939	\$ 637,259	\$ (7,320)	(1.15)%
Due to other State agencies, other governments, and the State General Fund	88,836,131	85,490,026	3,346,105	3.91%
Other liabilities	340,177	452,351	(112,174)	(24.80)%
Total liabilities	<u>89,806,247</u>	<u>86,579,636</u>	<u>3,226,611</u>	3.73%
Fund balance	<u>4,726,075</u>	<u>3,031,507</u>	<u>1,694,568</u>	55.90%
Total liabilities and fund balance	<u>\$ 94,532,322</u>	<u>\$ 89,611,143</u>	<u>\$ 4,921,179</u>	5.49%

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Statement of Revenues, Expenditures, and Changes in Fund Balance

The following compares fiscal year 2011 and fiscal year 2010 revenues, expenditures, and changes in fund balance.

	Fiscal Year		Increase	
	2011	2010	Dollars	Percent
Revenues				
Gaming taxes	\$ 104,807,976	\$ 107,669,366	\$ (2,861,390)	(2.66)%
License and application fees	620,701	634,639	(13,938)	(2.20)%
Other revenue	<u>521,182</u>	<u>2,505,505</u>	<u>(1,984,323)</u>	(79.20)%
Total revenues	<u>105,949,859</u>	<u>110,809,510</u>	<u>(4,859,651)</u>	(4.39)%
Expenditures				
Operating expenditures	7,829,448	8,331,478	(502,030)	(6.03)%
Background investigations	37,160	64,961	(27,801)	(42.80)%
State agency services	<u>4,230,488</u>	<u>3,976,102</u>	<u>254,386</u>	6.40%
Total expenditures	<u>12,097,096</u>	<u>12,372,541</u>	<u>(275,445)</u>	(2.23)%
Excess of revenues over expenditures	93,852,763	98,436,969	(4,584,206)	(4.66)%
Fund balance, beginning of year	4,726,076	3,031,507	1,694,569	55.90%
Less: Gaming Fund distribution	<u>(95,307,995)</u>	<u>(96,742,401)</u>	<u>(1,434,406)</u>	(1.48)%
Fund balance, end of year	<u>\$ 3,270,844</u>	<u>\$ 4,726,075</u>	<u>\$ (1,455,231)</u>	(30.79)%

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)

The following chart compares fiscal year 2010 and fiscal year 2009 revenues, expenditures, and changes in fund balance.

	Fiscal Year		Increase	
	2010	2009	Dollars	Percent
Revenues				
Gaming taxes	\$ 107,669,366	\$ 94,906,581	\$ 12,762,785	13.45%
License and application fees	634,639	632,999	1,640	0.26%
Other revenue	<u>2,505,505</u>	<u>1,905,441</u>	<u>600,064</u>	31.49%
Total revenues	<u>110,809,510</u>	<u>97,445,021</u>	<u>13,364,489</u>	13.71%
Expenditures				
Operating expenditures	8,331,478	7,444,237	887,241	11.92%
Background investigations	64,961	28,712	36,249	126.25%
State agency services	<u>3,976,102</u>	<u>3,778,776</u>	<u>197,326</u>	5.22%
Total expenditures	<u>12,372,541</u>	<u>11,251,725</u>	<u>1,120,816</u>	9.96%
Excess of revenues over expenditures				
	98,436,969	86,193,296	12,243,673	14.20%
Fund balance, beginning of year	3,031,507	2,119,297	912,210	43.04%
Less: Gaming Fund distribution	<u>96,742,401</u>	<u>85,281,086</u>	<u>11,461,315</u>	13.44%
Fund balance, end of year	<u>\$ 4,726,075</u>	<u>\$ 3,031,507</u>	<u>\$ 1,694,568</u>	55.90%

Conditions Affecting Financial Position or Results of Operations

Amendment 50

Amendment 50 was implemented July 2, 2009. This increased the maximum betting limit from \$5 to \$100, authorized the table games of craps and roulette, and extended the hours of operation to 24 hours a day seven days a week. The impact of Amendment 50 on gaming revenues, based upon the allocation formula set by Rule 24 of the Colorado Limited Gaming Regulations, was \$9,654,448 for fiscal year 2011, or 9.06% of total gaming revenues.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Conditions Affecting Financial Position or Results of Operations (continued)

Staffing Changes

In fiscal year 2011 several of the Division's vacant positions were held open due to significant budget deficits. While some were eventually filled, a few positions continued to be held vacant during fiscal year 2011.

Weak Economy

The nation-wide recession that plagued the gaming industry during fiscal year 2009 and fiscal year 2010 continued to have an impact in the current fiscal year.

Field Offices

Several construction projects were completed at our Cripple Creek office during fiscal year 2011 which included; improvements to the HVAC system, a repair to a leaking roof, mold mitigation due to a roof leak and interior building repairs due to the roof leak. Additionally, the Cripple Creek building required radon mitigation, exterior building paint work, outside stair and deck replacement, and resurfacing of the parking lot.

Headquarters Office

Additional staffing, primarily as a result of Amendment 50, resulted in the need for additional space for the Division's headquarters office. In September 2010, the Division entered into a 10-year lease contract and the office was relocated from 1881 Pierce Street, Lakewood, CO to 17301 W. Colfax Avenue, Golden, CO. At the confluence of Colfax Avenue, I-70, 6th Avenue and C-470, this new office places the Division in closer proximity to the gaming towns of Black Hawk and Central City.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Distribution

The voters of Colorado passed Amendment 50 on November 4, 2008. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The tax revenues attributable to the implementation of Amendment 50 will be distributed as follows:

- 78% to the Colorado Community College System;
- 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.

At the end of each fiscal year, the Division distributes the balance remaining in the Limited and Extended Gaming Funds after reserving an amount equal to expenditures for the preceding two-month period. The total distribution for fiscal year ended June 30, 2011 was \$95,327,351.

On August 25, 2011, the Commission is expected to approve the Extended Gaming distribution of \$8,916,605 for the fiscal year ended June 30, 2011, in accordance with Section 12-47.1-701.5 C.R.S.

	June 30,	
	2011	2010
Distributions to Extended Gaming Recipients		
• 78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges;	\$ 6,954,952	\$ 6,185,713
• 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and	1,069,993	951,648
• 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.	891,660	793,040
Total distribution attributable to extended gaming	\$ 8,916,605	\$ 7,930,401

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Distribution (continued)

Limited Gaming Distribution

In accordance with Section 12-47.1-701, C.R.S. and amended by Senate Bill 11-159, the balance remaining in the limited gaming fund is to be distributed by the State Treasurer to the recipients of limited gaming revenues according to the following formula:

- 50% to the State General Fund, of which the first \$19,200,000 will be directed to the General Fund. Any amount of the 50% General Fund distribution greater than \$48,500,000 will be directed to the General Fund. Any amount of the 50% General Fund distribution which is greater than \$19,200,000 and less than or equal to \$48,500,000 is to be further divided such that 50% of the distribution is to be given to the Colorado Travel & Tourism Promotion Fund, 18% of the distribution is to be given to the Bioscience Discovery Evaluation Cash Fund, 15% of the distribution is to be given to the Local Government Limited Gaming Impact Fund, 7% of the distribution is to be given to the Innovative Higher Education Research Fund, 5% of the distribution is to be given to the New Jobs Incentives Cash Fund¹, 4% of the distribution is to be given to the Creative Industries Cash Fund, and 1% of the distribution is to be given to the Creative Industries Cash Fund for the operation of the Colorado Office of Film, Television, and Media.
- 28% to the Colorado State Historical Fund;
- 12% to Gilpin and Teller Counties, in proportion to the gaming revenues generated in these respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the gaming revenues generated in these respective cities.

The General fund's 50% share of the Limited Gaming Fund distribution for fiscal year 2011 totaled \$43,205,373; as such the provision giving the General Fund any amount greater than \$48,500,000 is not applicable.

¹Senate Bill 11-159 Fiscal Note indicates current law governing the New Jobs Incentives Program is discontinued. As of January 1, 2011, employers are no longer eligible to receive performance-based incentives from the New Jobs Incentives Cash Fund.

Senate Bill 11-159 Section 1(2)(a)(III)(b) declares that if a transfer specified in subparagraph (II) of paragraph (a) of this subsection (2) provides moneys for a purpose or program that is repealed or otherwise discontinued as of the date of the transfer, then the transfer shall not be made to that particular fund but shall instead be transferred to the State General Fund.

The New Jobs Incentives Cash Fund's 5% allocation from the 50% General Fund distribution amounted to a total of \$1,200,269. This amount was added to the \$19,200,000 General Fund distribution noted above; this addition brings the General Fund's total distribution amount to \$20,400,269.

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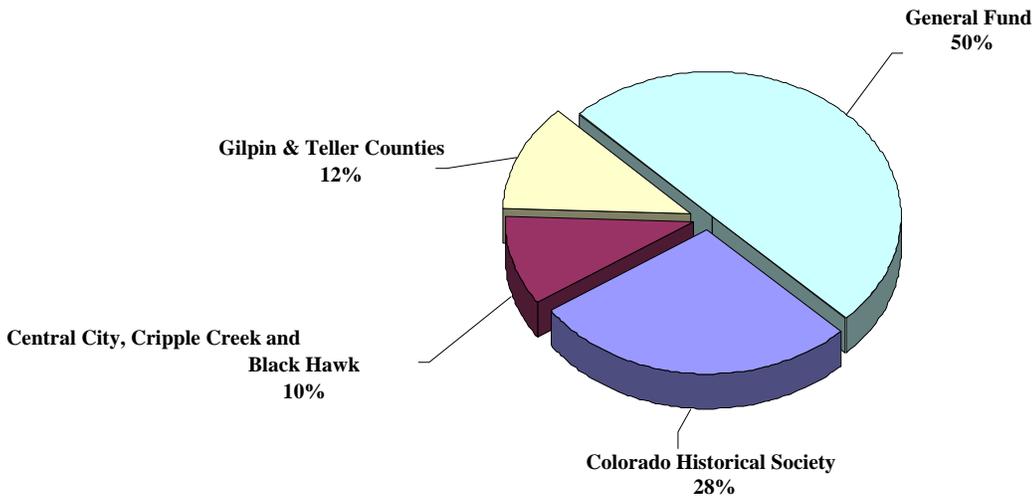
**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

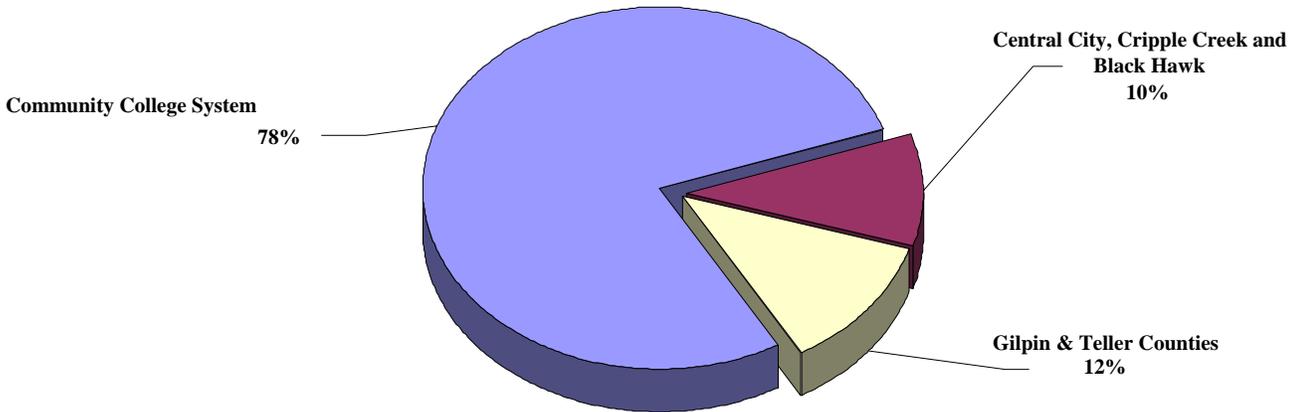
Distribution (continued)

The charts that follow reflect the distribution formulas and the Colorado Limited and Extended Gaming Funds distributions from the inception of Colorado gaming in 1992 through 2011.

**Colorado Limited Gaming Distribution Formula
(Original Recipients)**



**Colorado Extended Gaming Distribution Formula
(Amendment 50 Recipients)**



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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Distribution (continued)

The chart below compares the amounts distributed to the various recipients for fiscal years 2011 and 2010.

Funds Distribution Comparison

	For the Years Ended June 30,		Difference	Percent Difference
	2011	2010		
Colorado State Historical Fund	\$ 24,195,009	\$ 24,867,360	\$ (672,351)	(2.70)%
Colorado Travel and Tourism Promotion Fund	12,002,686	14,208,015	(2,205,328)	(15.52)%
Local Government Limited Gaming Impact Fund	3,600,806	3,772,780	(171,974)	(4.56)%
Colorado Council on the Arts Cash Fund	-	1,121,726	(1,121,726)	(100.00)%
Creative Industries Cash Fund for the Operation of the Office of Film, Television, and Media	240,054	407,997	(167,943)	(41.16)%
New Jobs Incentives Cash Fund	-	1,291,231	(1,291,231)	(100.00)%
Bioscience Discovery Evaluation Cash Fund	4,320,967	5,500,000	(1,179,033)	(21.44)%
Creative Industries Cash Fund	960,215	-	960,215	100.00%
Innovative Higher Education Research Fund	<u>1,680,376</u>	<u>1,904,251</u>	<u>(223,875)</u>	(11.76)%
Total payments to other State agencies	<u>47,000,113</u>	<u>53,073,360</u>	<u>(6,073,247)</u>	(11.44)%
City of Black Hawk	6,352,054	6,516,136	(164,082)	(2.52)%
City of Central City	768,192	751,350	16,842	2.24%
City of Cripple Creek	1,520,829	1,613,714	(92,885)	(5.76)%
Gilpin County	8,544,294	8,720,983	(176,689)	(2.03)%
Teller County	<u>1,824,995</u>	<u>1,936,457</u>	<u>(111,462)</u>	(5.76)%
Total payment due to other governments	19,010,364	19,538,640	(528,276)	(2.70)%
Due to the State General Fund	20,400,269	16,200,000	4,200,269	25.93%
Due to the Extended Gaming Recipients from this year's funds	<u>8,897,249</u>	<u>7,930,401</u>	<u>966,848</u>	12.19%
Interest Earned in Extended Gaming Fund during fiscal year 2011	19,356	-	19,356	100.00%
Total due to the Extended Gaming recipients	<u>8,916,605</u>	<u>7,930,401</u>	<u>986,204</u>	12.44%
Total distribution	<u>\$ 95,327,351</u>	<u>\$ 96,742,401</u>	<u>\$ (1,415,050)</u>	(1.46)%

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Distribution (continued)

The distribution for fiscal year ended June 30, 2010 was \$96,742,401.

The chart below compares the amounts distributed to the various recipients for fiscal years 2010 and 2009.

Funds Distribution Comparison

	For the Years Ended June 30,		Difference	Percent Difference
	2010	2009		
Colorado State Historical Fund	\$ 24,867,360	\$ 23,878,704	\$ 988,656	4.14%
Colorado Department of Transportation	-	10,127,274	(10,127,274)	(100.00)%
Colorado Travel and Tourism Promotion Fund	14,208,015	15,578,699	(1,370,684)	(8.80)%
Local Government Limited Gaming Impact Fund	3,772,780	5,543,271	(1,770,491)	(31.94)%
Colorado Council on the Arts Cash Fund	1,121,726	1,200,026	(78,300)	(6.52)%
Colorado Film Commission	-	300,000	(300,000)	(100.00)%
Colorado Office of Film, Television, and Media Operational Account Cash Fund (was Film Incentives Cash Fund in FY2009)	407,997	180,011	227,986	126.65%
New Jobs Incentives Cash Fund	1,291,231	1,400,052	(108,821)	(7.77)%
Bioscience Discovery Evaluation Cash Fund	5,500,000	4,500,000	1,000,000	22.22%
Innovative Higher Education Research Fund	<u>1,904,251</u>	<u>1,000,000</u>	<u>904,251</u>	90.43%
Total payments to other State agencies	<u>53,073,360</u>	<u>63,708,037</u>	<u>(10,634,677)</u>	(16.69)%
City of Black Hawk	6,516,136	6,056,663	459,473	7.59%
City of Central City	751,350	773,500	(22,150)	(2.86)%
City of Cripple Creek	1,613,714	1,697,946	(84,232)	(4.96)%
Gilpin County	8,720,983	8,196,195	524,788	6.40%
Teller County	<u>1,936,457</u>	<u>2,037,535</u>	<u>(101,078)</u>	(4.96)%
Total payment due to other governments	19,538,640	18,761,839	776,801	4.14%
Due to the State General Fund	16,200,000	2,811,210	13,388,790	476.26%
Due to the Extended Gaming recipients	<u>7,930,401</u>	-	<u>7,930,401</u>	100.00%
Total distribution	<u>\$ 96,742,401</u>	<u>\$ 85,281,086</u>	<u>\$ 11,461,315</u>	13.44%

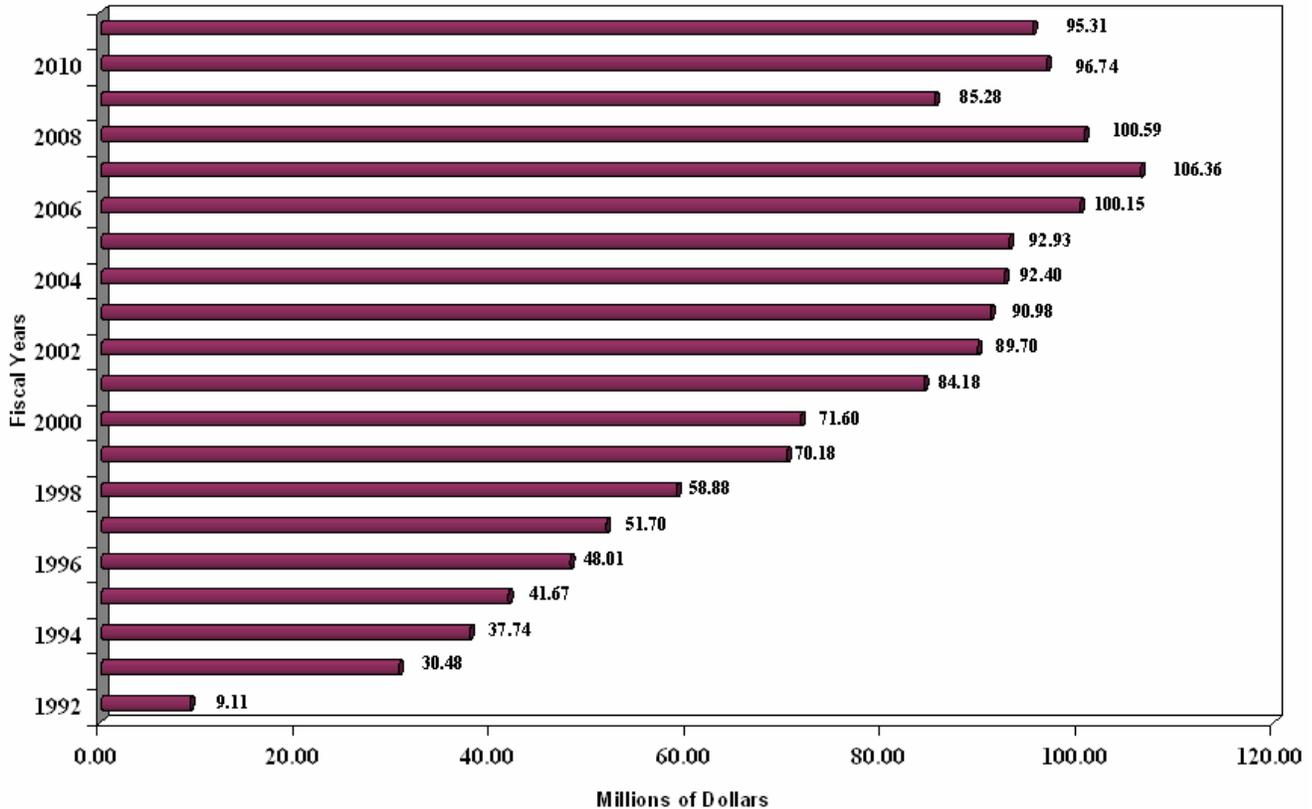
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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Distribution (continued)

Total Distribution



Budget

The Colorado Limited Gaming Control Commission approves the Division's budget. Throughout the year, the budget can be amended if approved by the Colorado Limited Gaming Commission.

Changes approved in July 2010

- The Operating appropriation was increased by \$25,000 for the Special Investigations Fund. This fund is used for expenditures involving large case investigations as directed and approved by the Commission.

Changes approved in November 2010

- The Indirect Costs appropriation was decreased by \$12,416.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Budget (continued)

Changes approved in November 2010 (continued)

- The Leased Space appropriation was decreased by \$96,684.
- The Capitol Complex Leased Space appropriation was decreased by \$51,918.

Changes approved in April 2011

- The Indirect Costs appropriation was decreased by \$432 for postage.
- The Variable Vehicle Lease Payments appropriation was decreased by \$12,000.
- The Fix Vehicle Lease Payments appropriation was increased by \$3,780.

Changes approved in May 2011

- The Variable Vehicle Lease Payments appropriation was decreased by \$118

Changes approved in June 2011

- The Indirect Costs appropriation was decreased by \$1,000.

The budget approved at the beginning of the year was \$13,698,021. The amendments and rollforwards to the budget resulted in a net decrease of \$24,540. Therefore, the final approved budget for fiscal year 2011 was \$13,673,481. Total actual expenditures were \$12,097,096 resulting in excess appropriations, or a savings of \$1,576,385 for fiscal year 2011.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Economy and Next Year's Budget

The Division considers several factors when determining estimates for the following year's budget. The fiscal year 2012 budget request was prepared according to statewide standards and guidelines issued by the Governor's Office of State Planning and Budgeting ("OSPB"). The Division has also incorporated into the request a statewide figure setting policy adopted by the Joint Budget Committee ("JBC") for fiscal year 2012. The Division's request totaled \$9,813,961, which represents a (2.32)% decrease from the fiscal year 2011 appropriation. The largest decrease in fiscal year 2012's budget is the \$107,218 reduction in the Personal Services appropriation. The largest increase is in the Health, Dental, and Life (HDL) appropriation line due to an increase in the State contribution to the HDL premiums. The Colorado Limited Gaming Control Commission approved a budget request submitted by the Department of Public Safety for \$3,548,895 and a budget request submitted by the Department of Local Affairs for \$158,103. These funds are used for gaming related purposes.

Assumptions that were made when preparing the revenue projection for fiscal year 2011 included the continuation of the current tax structure, tax rates, license and application fees in effect, and continuation of the current interest rate being paid to the fund. Fiscal year 2012 revenue estimates total \$106.8 million, a \$208.5 thousand decrease over fiscal year 2011 actual revenue.

During the almost 20 years of gaming in Colorado, the Division has seen the market change. Initially there were many small casinos; now there are fewer casino properties, many of which are owned by large publicly traded companies. Gaming in Colorado continues to do well. The Division continually positions itself to respond effectively to new technology, regulations, and growth of the industry.

Contacting the Division of Gaming's Financial Management

This financial report is designed to provide Colorado citizens, Colorado government officials, the casino industry, and other interested parties with a general overview of the Division's finances. It is also designed to show the Division's accountability of the funds it receives from the gaming industry. If you have questions about this report or need additional financial information, contact the Division's accounting section at: Colorado Division of Gaming, 17301 W. Colfax Avenue Suite 135, Golden, CO 80401-1496, or visit the Division's website: www.colorado.gov/revenue/gaming

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**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
JUNE 30, 2011 AND 2010**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds.

The tax rates for period ending June 30, 2011 are:

- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2011 are the same as they were for year ending June 30, 2010.

For Periods Beginning July 1, 2009 and 2010 through June 30, 2010 and 2011

<u>AGP Comparison</u>				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 4,387,702	\$ 2,789,073	\$ (1,598,629)	(36.43%)
\$2 - \$5 Million	\$ 36,843,412	\$ 40,259,808	\$ 3,416,396	9.27%
\$5 - \$8 Million	\$ 22,835,896	\$ 26,518,931	\$ 3,683,035	16.13%
\$8 - \$10 Million	\$ 46,287,010	\$ 36,509,267	\$ (9,777,743)	(21.12%)
\$10 - \$13 Million	\$ 10,488,411	\$ 31,800,023	\$ 21,311,612	203.19%
\$13+ Million	\$ 644,149,657	\$ 616,209,911	\$ (27,939,746)	(4.34%)
Total	<u>\$ 764,992,088</u>	<u>\$ 754,087,013</u>	<u>\$ (10,905,075)</u>	<u>(1.43%)</u>

<u>Tax Comparison</u>				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 195,969	\$ 196,973	\$ 1,004	0.51%
\$2 - \$5 Million	\$ 1,856,868	\$ 1,885,196	\$ 28,328	1.53%
\$5 - \$8 Million	\$ 6,195,231	\$ 6,526,704	\$ 331,473	5.35%
\$8 - \$10 Million	\$ 4,431,571	\$ 4,456,019	\$ 24,448	0.55%
\$10 - \$13 Million	\$ 7,758,146	\$ 7,488,004	\$ (270,142)	(3.48%)
\$13+ Million	\$ 87,229,931	\$ 84,241,982	\$ (2,987,949)	(3.43%)
Total	<u>\$ 107,667,716</u>	<u>\$ 104,794,878</u>	<u>\$ (2,872,838)</u>	<u>(2.67%)</u>

<u>AGP Summary</u>			
Range	Prior Year No. of Open Casinos	This Year No. of Open Casinos	Difference
\$0 - \$2 Million	3	1	(2)
\$2 - \$5 Million	11	11	0
\$5 - \$8 Million	4	4	0
\$8 - \$10 Million	5	4	(1)
\$10 - \$13 Million	1	3	2
\$13+ Million	16	14	(2)
	<u>40</u>	<u>37</u>	<u>(3)</u>

**COLORADO DIVISION OF GAMING
(AGENCY OF THE STATE OF COLORADO)
COMBINED BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 2011 and 2010**

	GOVERNMENTAL FUND TYPE			
	2011			2010
	<u>EXTENDED GAMING FUND</u>	<u>LIMITED GAMING FUND</u>	<u>TOTAL FUND BALANCE</u>	<u>LIMITED GAMING FUND</u>
ASSETS:				
Cash and Temporary Cash Investments - Note 2	9,051,721	\$ 80,342,740	\$ 89,394,461	\$ 83,487,721
Accounts Receivable - Note 3				
Gaming Taxes	0	10,678,561	10,678,561	11,018,235
Accounts Receivable Other Agencies	0	10	10	0
Fines Receivable	0	1,456	1,456	849
Miscellaneous	0	12,657	12,657	641
Net Accounts Receivable	<u>0</u>	<u>10,692,684</u>	<u>10,692,684</u>	<u>11,019,725</u>
Prepaid Expenses	<u>0</u>	<u>14,296</u>	<u>14,296</u>	<u>24,876</u>
Total Current Assets	<u>9,051,721</u>	<u>91,049,720</u>	<u>100,101,441</u>	<u>94,532,322</u>
TOTAL ASSETS	<u>\$ 9,051,721</u>	<u>\$ 91,049,720</u>	<u>\$ 100,101,441</u>	<u>\$ 94,532,322</u>
LIABILITIES AND FUND BALANCE:				
Accounts Payable	\$ 0	\$ 43,402	\$ 43,402	\$ 61,483
Accrued Payroll Payable - Note 1	0	555,994	555,994	567,720
Wages & Salaries Payable	0	4,357	4,357	736
Due to Other State Agencies - Note 13	0	47,333,871	47,333,871	53,097,491
Due to Other Governments - Note 13	0	19,010,364	19,010,364	19,538,640
Due to the State's General Fund - Note 13	0	20,400,269	20,400,269	16,200,000
Background and Other Deposits - Note 5	0	131,689	131,689	95,456
Deferred Revenue - Note 5	<u>0</u>	<u>298,930</u>	<u>298,930</u>	<u>244,720</u>
Total Liabilities	<u>0</u>	<u>87,778,876</u>	<u>87,778,876</u>	<u>89,806,246</u>
FUND BALANCE:				
Restricted for:				
Required Reserve - Note 7	135,116	3,270,844	3,405,960	4,726,076
Extended Gaming Recipients - Note 7	<u>8,916,605</u>	<u>0</u>	<u>8,916,605</u>	<u>0</u>
Total Fund Balance	<u>9,051,721</u>	<u>3,270,844</u>	<u>12,322,565</u>	<u>4,726,076</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,051,721</u>	<u>\$ 91,049,720</u>	<u>\$ 100,101,441</u>	<u>\$ 94,532,322</u>

See Notes to Financial Statements

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2011 AND 2010
(UNAUDITED)**

	FY 2011			FY 2010
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL FUND BALANCE	LIMITED GAMING FUND
REVENUES:				
Gaming Taxes	\$ 0	\$ 104,807,976	\$ 104,807,976	\$ 107,669,366
License and Application Fees	0	620,701	620,701	634,639
Background Investigations	0	209,430	209,430	358,247
Fines	0	67,347	67,347	60,575
Interest Income - Note 2	19,356	904,959	924,315	1,099,905
Investment Income / (Loss) - Note 2	135,116	(669,790)	(534,674)	985,910
Other Revenue	0	778	778	868
TOTAL REVENUES	154,472	105,941,401	106,095,873	110,809,510
OTHER FINANCING SOURCES / USES:				
Transfer from Limited Gaming Fund - Note 7	8,897,249	0	8,897,249	0
Insurance Recoveries - Note 12	0	8,458	8,458	0
TOTAL REVENUES & OTHER FINANCING SOURCES	9,051,721	105,949,859	115,001,580	110,809,510
EXPENDITURES:				
Salaries and Benefits	0	6,629,782	6,629,782	6,591,401
Annual and Sick Leave Payouts	0	8,148	8,148	4,135
Professional Services	0	57,583	57,583	46,782
Travel	0	20,624	20,624	20,383
Automobiles	0	150,973	150,973	144,082
Printing	0	12,233	12,233	10,517
Police Supplies	0	9,598	9,598	11,009
Computer Services & Name Searches	0	112,195	112,195	129,776
Materials, Supplies, and Services	0	414,322	414,322	275,597
Postage	0	4,199	4,199	3,325
Telephone	0	110,994	110,994	73,205
Utilities	0	19,261	19,261	19,318
Other Operating Expenditures	0	59,575	59,575	15,289
Leased Space - Note 8	0	194,512	194,512	150,478
Capital Outlay	0	25,449	25,449	836,179
EXPENDITURES - SUBTOTAL	0	7,829,448	7,829,448	8,331,476
STATE AGENCY SERVICES - Note 13				
Colorado Bureau of Investigations	0	694,656	694,656	755,373
Fire Safety	0	167,421	167,421	181,797
Colorado State Patrol	0	2,326,121	2,326,121	2,105,317
State Auditors	0	31,698	31,698	31,775
Indirect Costs - Department of Revenue	0	711,203	711,203	610,868
Local Affairs	0	151,516	151,516	158,094
Colorado Department of Law	0	147,873	147,873	132,878
TOTAL STATE AGENCY SERVICES	0	4,230,488	4,230,488	3,976,102
Background Expenditures	0	37,160	37,160	64,961
TOTAL EXPENDITURES	0	12,097,096	12,097,096	12,372,539
Excess of Revenues Over Expenditures	9,051,721	93,852,763	102,904,484	98,436,971
FY 11 Limited Gaming Distribution - Note 7	0	(86,410,746)	(86,410,746)	(88,812,001)
Transferred to Extended Gaming Fund - Note 7	0	(8,897,249)	(8,897,249)	(7,930,401)
FY 10 Extended Gaming Distribution - Note 7	(7,930,401)	0	(7,930,401)	0
FUND BALANCE AT JULY 1, 2010 AND 2009	7,930,401	4,726,076	12,656,477	3,031,507
FUND BALANCE AT JUNE 30, 2011 AND 2010	\$ 9,051,721	\$ 3,270,844	\$ 12,322,565	\$ 4,726,076

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
FOR THE YEAR-TO-DATE ENDED JUNE 30, 2011
(UNAUDITED)

	COMMISSION APPROVED BUDGET	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATE/ BUDGET *	YEAR-TO-DATE ACTUAL	OVER/ (UNDER)	% EARNED % EXPENDED
REVENUES:						
Gaming Taxes	\$ 113,166,266	\$ 0	\$ 113,166,266	\$ 104,807,976	\$ (8,358,290)	92.61%
License and Application Fees	637,848	0	637,848	620,701	(17,147)	97.31%
Background Investigations	253,768	0	253,768	209,430	(44,338)	82.53%
Fines	0	0	0	67,347	67,347	100.00%
Interest Revenue	1,311,461	0	1,311,461	904,959	(406,502)	69.00%
Other Revenue	0	0	0	778	778	100.00%
TOTAL REVENUES	115,369,343	0	115,369,343	106,611,191	(8,758,152)	92.41%
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	8,458	8,458	100.00%
TOTAL REVENUES & OTHER FINANCING SOURCES	115,369,343	0	115,369,343	106,619,649	(8,749,694)	92.42%
EXPENDITURES:						
Personal Services	6,695,136	0	6,695,136	6,004,898	(690,238)	89.69%
Personal Services Rollforward	0	11,000	11,000	11,000	0	100.00%
Health, Dental and Life Insurance	492,969	0	492,969	492,969	0	100.00%
Short Term Disability	9,407	0	9,407	9,198	(210)	97.77%
Amortization Equalization Disbursement	145,660	0	145,660	126,674	(18,986)	86.97%
Supplemental Amort. Equal. Disbursemt.	106,210	0	106,210	92,329	(13,881)	86.93%
Operating Expenditures	588,084	25,000	613,084	465,553	(147,531)	75.94%
Operating Expenditures Rollforward	0	110,248	110,248	110,247	(1)	100.00%
Workers Compensation	35,448	0	35,448	35,448	0	100.00%
Risk Management	4,242	0	4,242	4,242	0	100.00%
Licensure Activities	181,497	0	181,497	104,983	(76,514)	57.84%
Leased Space	370,828	(96,684)	274,144	183,741	(90,403)	67.02%
Vehicle Lease Payments - Fixed	81,897	3,780	85,677	85,677	(0)	100.00%
Vehicle Lease Payments - Variable	83,039	(12,118)	70,921	65,296	(5,625)	92.07%
Utilities	25,465	0	25,465	19,261	(6,204)	75.64%
EDO - MNT	57,881	0	57,881	57,881	0	100.00%
EDO - Communications	19,594	0	19,594	19,594	(0)	100.00%
Capitol Complex Leased Space	62,689	(51,918)	10,771	10,771	0	100.00%
Legal Services	109,257	0	109,257	109,257	0	100.00%
Indirect Costs - Department of Revenue	738,529	(13,848)	724,681	711,203	(13,478)	98.14%
State Agency Services	3,626,225	0	3,626,225	3,339,714	(286,511)	92.10%
Division Expenditures	13,434,057	(24,540)	13,409,517	12,059,936	(1,349,581)	89.94%
Background Expenditures	263,964	0	263,964	37,160	(226,804)	14.08%
TOTAL EXPENDITURES	13,698,021	(24,540)	13,673,481	12,097,096	(1,576,385)	88.47%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 101,671,322	N/A	\$ 101,695,862	\$ 94,522,553	\$ (7,173,309)	92.95%

* Amount includes Long Bill items and Supplemental Appropriations by the Gaming Commission.
The percent of the fiscal year elapsed through June 30, 2011 is 100.0%.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 1 - Summary of Significant Accounting Policies

The Colorado Division of Gaming (the “Division”) is an agency of the State of Colorado and was created June 4, 1991, under the provision of Section 12-47.1-201, Colorado Revised Statutes (“C.R.S.”). The Division operates under the Colorado Limited Gaming Control Commission (the “Commission”). The Division implements, regulates, and supervises the conduct of limited gaming in the State, as authorized by statute.

The State of Colorado (the “State”) is the primary reporting entity for State financial reporting purposes.

The Division’s financial statements are intended to present only those transactions attributable to the Division. The financial statements of the Division are not intended to present financial information of the State in conformity with generally accepted accounting principles. The Division’s accounts are presented in a manner consistent with presentation of statewide financial activities, which are reported in accordance with accounting principles generally accepted in the United States of America for governmental units.

In April 2009, House Bill 09-1272 was approved due to the passage of Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The Extended Gaming Funds to be distributed are transferred to a separate fund every fiscal year-end beginning with fiscal year 2010; therefore, a new Extended Gaming Fund was created for this purpose. All fund or Division references throughout these financial statements refer to the Limited Gaming Fund except if a specific reference to the Extended Gaming Fund exists.

Fund Structure and Basis of Accounting

The financial activities of the Division are accounted for and reported on the basis of funds, which is considered to be a separate entity for accounting purposes. The operations of the Division are recorded in a Special Revenue Fund, which consists of a discrete set of self balancing accounts that comprise the assets, liabilities, fund balance, revenues, and expenditures of the entity. Throughout the year, encumbrances are recorded. However, at fiscal year-end all encumbrances lapse and no reserve for encumbrances are reported. The accounts used for capital assets and long-term liabilities are not recorded in the Special Revenue Fund, but in a separate fund that is maintained on a statewide basis, and are not reflected in these statements. Information on capital assets and long-term liabilities is included in Note 4 and Note 6, respectively.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded.
The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 1 - Summary of Significant Accounting Policies (continued)

Governmental Fund

Special Revenue Fund

Transactions related to resources obtained from specific sources, which are restricted to specific purposes, are accounted for in the Special Revenue Fund. The Division's resources are obtained from specific gaming related activities such as license fees, application fees, and gaming taxes. These sources are restricted for specific uses as outlined in Section 12-47.1-701, C.R.S.

The Governmental Accounting Standards Board (GASB) issued statement number 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective July 1, 2010 to clarify fund balances. The following is according to the Governmental Generally Accepted Accounting Principles Update, Volume 10, Issue 13. "Fund balance is one of the most commonly used pieces of governmental financial information and is considered key information for users of governmental financial statements that are trying to identify resources that are liquid and available to be used to provide services." Because the Division's required reserve and the funds to be distributed to extended gaming recipients are specified in enabling legislation, the Colorado Constitution, the Division now has restricted fund balance classifications presented on the balance sheet.

Basis of Accounting

The Division uses the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

Budget

The Statement of Budget to Actual, compares actual revenues and expenditures to those which are legally authorized by State statute. The fiscal year 2011 revenue estimates were provided by the Division, based on the tax rate structure established by the Commission.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 1 - Summary of Significant Accounting Policies (continued)

Budget (continued)

Each year, the Division submits to the Commission a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Commission to obtain comments and approval. During the fiscal year, the approved budget may be modified due to roll forward authorization or supplemental budget approval. The Commission must approve all supplemental budget requests. Appropriations lapse at fiscal year-end unless a roll-forward of the unexpended budget has been approved.

Total appropriations for the fiscal years are as follows:

	<u>Years Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Appropriations	\$ 13,698,021	\$ 13,840,166
Supplemental appropriations	<u>(24,540)</u>	<u>(245,906)</u>
Total appropriations	<u>\$ 13,673,481</u>	<u>\$ 13,594,260</u>

Accrued Payroll

In accordance with Senate Bill 03-197, monthly salaries are to be paid as of the last working day of the month except the salaries for the month of June. These are to be paid on the first working day of July.

Subsequent Events

The Division has evaluated all subsequent events through August 3, 2011, which is the date the financial statements and supplemental schedules were available to be issued, and determined there were no subsequent events requiring additional disclosure.

Note 2 - Cash and Temporary Cash Investments

The State Treasury acts as a bank for all State agencies. Monies deposited in the Treasury are invested until the cash is needed. The Division deposits cash with the Colorado State Treasurer as required by C.R.S. Interest earnings on these investments are credited to the General Fund unless a specific statute directs otherwise. Cash held by the State Treasurer for the Division as of June 30, 2011 and 2010 was approximately \$80.3 and \$83.5 million, respectively.

The State Treasurer pools these deposits and invests them in securities approved by Section 24-75-601.1, C.R.S. The Division reports its share of the State Treasury's unrealized gains and losses based on its participation in the State Treasurer's pool. During the years ended June 30, 2011 and 2010, the Division's share of unrealized gain / (loss) was \$(669,790) and \$985,910, respectively.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 2 - Cash and Temporary Cash Investments (continued)

The State Treasurer does not invest any of the pooled resources in any external investment pool, and there is no assignment of income related to participation in the pool. All of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at year-end. The unrealized gain included in "Investment Income" in the Statements of Revenues, Expenditures, and Changes in Fund Balance, reflects only the change in fair value during the current fiscal year. Additional information on the State Treasurer's pool may be obtained from the State of Colorado's Comprehensive Annual Financial Report.

The Temporary Cash Investments of \$1,199,247 and \$1,869,037 and at June 30, 2011 and 2010, respectively, represents the cumulative unrealized net gain on cash and temporary cash investments and is not available for use in the gaming distribution calculation.

Subsequent to the issuance of the Division's fiscal year 2009 financial statements, the Colorado Office of the State Controller reissued the State Treasury's unrealized gains and losses report for fiscal year 2009. As a result, the Division's share of the unrealized gain was under reported by \$174,827 for the year ended June 30, 2009. The Division recorded the additional \$174,827 unrealized gain during the year ended June 30, 2010.

The Division receives interest payments from the State Treasurer's Office on cash held on behalf of the Division. During the years ended June 30, 2011 and 2010, \$904,959 and \$1,099,905, respectively, was earned on the average daily cash and temporary cash investments balances. During fiscal years 2011 and 2010, the State Treasurer paid interest at 1.95% and 2.30%, respectively, based on average annualized monthly interest rates.

Note 3 - Accounts Receivable

As of June 30, 2011 and 2010, the Division had accounts receivable balances of \$10,692,684 and \$11,019,725, respectively. At June 30, 2011 and 2010, the Division had \$10,678,561 and \$11,018,235 of gaming taxes receivable from 40 and 37 Colorado casinos, respectively. These receivables primarily represent June 2011 and 2010 gaming taxes, which were due on July 15, 2011 and 2010, respectively, and were subsequently collected by the Department of Revenue in July 2011 and 2010 on behalf of the Division. Based on past collection history with similar accounts, no allowance for doubtful accounts is deemed necessary by management.

Note 4 - Changes in Capital Assets and Accumulated Depreciation

Pursuant to the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, the Division's capital assets are reported only in the statewide financial statements. In addition, these capital assets are depreciated over their estimated useful lives, but depreciation expense is also reported only in the statewide financial statements.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded.
The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 4 - Changes in Capital Assets and Accumulated Depreciation (continued)

All capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their estimated fair values on the date donated. The capitalization criteria for capital assets are \$50,000 for buildings and leasehold improvements, \$5,000 for furniture and equipment, and all land is capitalized regardless of cost. The purchase of stand-alone software is capitalized at \$5,000. Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets, which are 30 years for the building, 5 to 10 years for leasehold improvements, furniture, and equipment, and 10 years for the licensing software.

The following is a summary of changes in the Division's capital assets to be included with governmental activities in the statewide financial statements:

	Capital Assets Not Being Depreciated			Capital Assets Being Depreciated			Total
	Land	Construction in Progress	Subtotal	Equipment	Building	Subtotal	
Cost							
Balances, June 30, 2009	\$ 421,000	\$ 8,663	\$ 429,663	\$ 576,823	\$ 398,518	\$ 975,341	\$ 1,405,004
Additions	115,138	-	115,138	-	721,041	721,041	836,179
Disposals	-	-	-	-	-	-	-
CIP Transfers	-	(8,663)	(8,663)	-	8,663	8,663	-
Balances, June 30, 2010	536,138	-	536,138	576,823	1,128,222	1,705,045	2,241,183
Additions	-	-	-	18,760	6,690	25,450	25,450
Disposals	-	-	-	(5,675)	-	(5,675)	(5,675)
CIP Transfers	-	-	-	-	-	-	-
Balances, June 30, 2011	<u>536,138</u>	<u>-</u>	<u>536,138</u>	<u>589,908</u>	<u>1,134,912</u>	<u>1,724,820</u>	<u>2,260,958</u>
Accumulated Depreciation							
Balances, June 30, 2009	-	-	-	(498,267)	(62,724)	(560,991)	(560,991)
Additions	-	-	-	(46,884)	(10,677)	(57,561)	(57,561)
Disposals	-	-	-	-	-	-	-
Balances, June 30, 2010	-	-	-	(545,151)	(73,401)	(618,552)	(618,552)
Additions	-	-	-	(5,169)	(31,817)	(36,986)	(36,986)
Disposals	-	-	-	5,675	-	5,675	5,675
Balances, June 30, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>(544,645)</u>	<u>(105,218)</u>	<u>(649,863)</u>	<u>(649,863)</u>
Total capital assets, net	<u>\$ 536,138</u>	<u>\$ -</u>	<u>\$ 536,138</u>	<u>\$ 45,263</u>	<u>\$ 1,029,694</u>	<u>\$ 1,074,957</u>	<u>\$ 1,611,095</u>

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 5 - Other Liabilities

Included in other liabilities are deposits and deferred revenue. Applicants applying for gaming licenses are required to remit deposits to the Division, which are used to perform background investigations of these applicants. These deposits are recorded as liabilities until the Division incurs expenditures to perform the background investigations or until any remaining balance is refunded to the applicant. Deposits of \$125,355 and \$91,143 at June 30, 2011 and 2010, respectively, represent background investigation deposits, as well as \$6,334 and \$4,314 of monies at June 30, 2011 and 2010, respectively, seized during criminal investigations or from gaming patrons, and are pending court order releases or adjudication.

The Division issues a two-year license to individuals who are subject to an investigative review on an annual basis. Beginning in August 2008, the Division began to stagger the issuance of two-year licenses to businesses as well. The fees for the second year of the license period are recorded as deferred revenue until the Division incurs the expense during the review period. As of June 30, 2011 and 2010, deferred license fees were \$298,930 and \$244,720, respectively.

Note 6 - Accrued Compensated Absences

Pursuant to the provisions of GASB No. 34, accrued compensated absences are only reported in the statewide financial statements.

All permanent employees of the Division may accrue annual and sick leave based on length of service. The accrued amount will be paid upon termination, subject to certain limitations. Annual leave and sick leave benefits consist of the following and are all considered long term as of June 30, 2011:

	<u>Annual Leave</u>	<u>Sick Leave</u>	<u>Total</u>
Balances, June 30, 2009	\$ 444,347	\$ 58,744	\$ 503,091
Increase	328,575	52,407	380,982
Decrease	<u>(308,437)</u>	<u>(56,242)</u>	<u>(364,679)</u>
Balances, June 30, 2010	464,485	54,909	519,394
Increase	311,077	48,222	359,299
Decrease	<u>(312,570)</u>	<u>(56,364)</u>	<u>(368,934)</u>
Balances, June 30, 2011	<u>\$ 462,992</u>	<u>\$ 46,767</u>	<u>\$ 509,759</u>

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 7 - Gaming Distributions

Limited Gaming Distribution

In accordance with Section 12-47.1-701, C.R.S. and amended by Senate Bill 11-159, the balance remaining in the limited gaming fund is to be distributed by the State Treasurer to the recipients of limited gaming revenues according to the following formula:

- 50% to the State General Fund, of which the first \$19,200,000 will be directed to the General Fund. Any amount of the 50% General Fund distribution greater than \$48,500,000 will be directed to the General Fund. Any amount of the 50% General Fund distribution which is greater than \$19,200,000 and less than or equal to \$48,500,000 is to be further divided such that 50% of the distribution is to be given to the Colorado Travel & Tourism Promotion Fund, 18% of the distribution is to be given to the Bioscience Discovery Evaluation Cash Fund, 15% of the distribution is to be given to the Local Government Limited Gaming Impact Fund, 7% of the distribution is to be given to the Innovative Higher Education Research Fund, 5% of the distribution is to be given to the New Jobs Incentives Cash Fund¹, 4% of the distribution is to be given to the Creative Industries Cash Fund, and 1% of the distribution is to be given to the Creative Industries Cash Fund for the operation of the Colorado Office of Film, Television, and Media.
- 28% to the Colorado State Historical Fund;
- 12% to Gilpin and Teller Counties, in proportion to the gaming revenues generated in these respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the gaming revenues generated in these respective cities.

The General fund's 50% share of the Limited Gaming Fund distribution for fiscal year 2011 totaled \$43,205,373; as such the provision giving the General Fund any amount greater than \$48,500,000 is not applicable.

¹Senate Bill 11-159 Fiscal Note indicates current law governing the New Jobs Incentives Program is discontinued. As of January 1, 2011, employers are no longer eligible to receive performance-based incentives from the New Jobs Incentives Cash Fund.

Senate Bill 11-159 Section 1(2)(a)(III)(b) declares that if a transfer specified in subparagraph (II) of paragraph (a) of this subsection (2) provides moneys for a purpose or program that is repealed or otherwise discontinued as of the date of the transfer, then the transfer shall not be made to that particular fund but shall instead be transferred to the State General Fund.

The New Jobs Incentives Cash Fund's 5% allocation from the 50% General Fund distribution amounted to a total of \$1,200,269. This amount was added to the \$19,200,000 General Fund distribution noted above; this addition brings the General Fund's total distribution amount to \$20,400,269.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 7 - Gaming Distributions (continued)

Limited Gaming Distribution (continued)

The amount to be distributed is derived from revenues collected by the Division during the fiscal year after payment of operating expenditures of the Division and other regulatory expenditures, except for an amount equal to expenditures for the last two-month period of the fiscal year. As of June 30, 2011 and 2010, the amount calculated as reserved fund balance by the Division based on expenditures for the preceding two-month period was \$2,071,597 and \$2,857,038, respectively.

On August 25, 2011, the Commission is expected to approve the distribution of \$86,410,746 for the fiscal year ended June 30, 2011 in accordance with Section 12-47.1-701, C.R.S. In August 2010, \$88,812,000 was approved as the 2010 distribution. The adjusted distributions are summarized as follows:

	Year Ended June 30,	
	2011	2010
Distribution to the State General Fund	\$ 20,400,269	\$ 16,200,000
Distribution to other State agencies		
Colorado State Historical Fund	24,195,009	24,867,360
Local Government Limited Gaming Impact Fund	3,600,806	3,772,780
Colorado Travel and Tourism Promotion Fund	12,002,686	14,208,015
Colorado Council on the Arts Cash Fund	-	1,121,726
Creative Industries Cash Fund for the Operation of the Office of Film, Television, and Media	240,054	407,997
New Jobs Incentives Cash Fund	-	1,291,231
Bioscience Discovery Evaluation Cash Fund	4,320,967	5,500,000
Innovative Higher Education Research Fund	1,680,376	1,904,251
Creative Industries Cash Fund	960,215	-
Total distributions to other State agencies	47,000,113	53,073,360
Distributions to other governments		
Gilpin and Teller Counties	10,369,289	10,657,440
Cities of Cripple Creek, Central City, and Black Hawk	8,641,075	8,881,200
Total distributions to other governments	19,010,364	19,538,640
Total distributions	\$ 86,410,746	\$ 88,812,000

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 7 - Gaming Distributions (continued)

Extended Gaming Distribution

The voters of Colorado passed Amendment 50 on November 4, 2008. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. The tax revenues attributable to the implementation of Amendment 50 will be distributed as follows:

- 78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges;
- 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and
- 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.

The following are definitions necessitated by the passage of Amendment 50:

- 1) "Extended gaming" means subsection (7) of section 9 of article XVIII of the State constitution as approved by statewide voters on November 4, 2008, and subsequently approved by voters in the cities of Black Hawk, Central City and Cripple Creek;
- 2) "Extended gaming revenues" mean the "limited gaming tax revenues attributable to extended limited gaming" as defined by Section 12-47.1-701.5(4)(d), C.R.S.;
- 3) "Limited gaming revenues" mean the gaming tax revenues attributable to the operation of limited gaming prior to extended gaming.

In accordance with House Bill 09-1272, there will be a determination of tax revenues and expenditures attributable to extended and limited gaming.

- 1) After the end of each fiscal year ending June 30, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the previous fiscal year by a factor of 3% and adding that amount to the amount of limited gaming tax revenues collected during the previous fiscal year. If the annual increase in total gaming tax revenues is less than 3%, either positive or negative, limited gaming revenues shall be the amount of limited gaming revenues collected during the previous fiscal year multiplied by a factor of the actual percentage of annual growth or decline in total gaming tax revenues. That amount shall be added or subtracted from the amount of limited gaming tax revenues collected during the previous fiscal year.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 7 - Gaming Distributions (continued)

Extended Gaming Distribution (continued)

- 2) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming revenues by subtracting the amount of limited gaming revenues from the amount of total gaming tax revenues collected during the fiscal year.

- 3) After the end of each fiscal year ending June 30, the Commission shall determine extended gaming expenses by multiplying the total of all expenses of the Commission and other State agencies for the fiscal year by the percentage of total limited gaming revenues attributable to extended gaming revenues.

The original or Limited Gaming Fund recipients will receive an annual adjustment of the lesser of 6%, or the actual percentage, of annual growth in extended gaming revenues. For fiscal year 2011, the actual annual decline is (2.66)% which is the lesser of 6%. The annual adjustment amount attributable to this actual annual decline for fiscal year 2011 is \$(256,808).

On August 25, 2011, the Commission is expected to approve the distribution of \$8,916,605 for the fiscal year ended June 30, 2011, in accordance with Section 12-47.1-701.5 C.R.S. This amount has been transferred to the Extended Gaming Fund.

	June 30,	
	2011	2010
Distributions to Extended Gaming Recipients		
<ul style="list-style-type: none"> • 78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges; 	\$ 6,954,952	\$ 6,185,713
<ul style="list-style-type: none"> • 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and 	1,069,993	951,648
<ul style="list-style-type: none"> • 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities. 	891,660	793,040
Total distribution attributable to extended gaming	\$ 8,916,605	\$ 7,930,401

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 8 - Commitments and Contingencies

Cripple Creek Building

In April 2007, the Division entered into a lease and option to purchase agreement with a third party to lease office space at a new location in Cripple Creek, Colorado. The lease began in September 2007 with an initial term of ten years.

On June 15, 2010 the Division exercised the lease agreement's option to purchase the Cripple Creek building. The purchase price (including the land) was approximately \$844,000.

Golden

In May 2010, the Division entered into a lease agreement with a third party to lease office space at 17301 W. Colfax Avenue, Golden, Colorado. The initial term of the lease is ten years. The lease term began on September 17, 2010, and a rental credit of \$20,501 was applied per the signed lease agreement. September's prorated rental payment based on 14 days of occupancy was \$10,661, leaving a credit balance of \$9,840 once the rental credit was applied. The remaining credit balance was applied to October's rental payment of \$22,845, thus reducing the payment amount for October to \$13,005.

Per House Bill 08-1395, the reduction in property tax due is already reflected in the rental obligations listed below.

**GOLDEN
Estimated Future Payments**

FISCAL YEAR 2012	\$ 279,509
FISCAL YEAR 2013	285,038
FISCAL YEAR 2014	290,566
FISCAL YEAR 2015	296,582
FISCAL YEAR 2016	302,599
FISCAL YEAR 2017	308,777
FISCAL YEAR 2018	315,281
FISCAL YEAR 2019	321,785
FISCAL YEAR 2020	328,615
	<hr/>
	\$ 2,728,752

The remaining leased space expenditure amount shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance represents the Division's share of Capitol Complex lease cost for the Division's previous Lakewood location.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 8 - Commitments and Contingencies (continued)

Sunset Review

Under Section 12-47.1-206 C.R.S., the Division is subject to a “sunset” law, which provides that the Division’s existence is to terminate on a specified date. Sunset laws require the General Assembly to periodically review, and update as necessary, the laws that create entities such as the Division. The original sunset date for the Division was July 1, 2003. During fiscal year 2003, a sunset review was completed, the law was amended, and the sunset date was extended to July 1, 2013. The Division’s existence will continue after July 1, 2013, only through the passage of a bill by the General Assembly. The General Assembly is expected to conduct a sunset review prior to the sunset date. A sunset review report is anticipated to be available after October 15, 2012, after which time the General Assembly will determine whether or not the Division will continue.

Licensing System

In December 2004, the Division entered into a three-year contract with a third party for maintenance and service of the Division’s regulatory licensing and document imaging computer system. This contract required the Division to pay approximately \$51,500 to \$55,000 per year through November 30, 2007. In November 2007, the Division entered into an amendment of the original three-year contract which extended the option to renew the maintenance and service agreement through November 2009. In November 2009, the Division entered into a second amendment which extended the option to renew the maintenance and service agreement through November 2010. In November 2010, the Division entered into a third amendment which extended the option to renew the maintenance and service agreement through November 2011. During fiscal years 2011 and 2010, the Division expended \$42,811 and \$58,978, respectively, under this contract.

Note 9 - Pension Plan

Plan Description

Virtually all of the Division’s employees participate in a defined benefit pension plan. The plan’s purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees’ Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions’ plans are included in PERA’s financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 9 - Pension Plan (continued)

Plan Description (continued)

New employees, excluding four-year college and university employees, are allowed 60 days to elect to participate in PERA's defined contribution retirement plan. If that election is not made, the employee becomes a member of PERA's defined benefit plan. Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan. Community college employees hired after January 1, 2010, are required to become members of PERA's defined benefit or defined contribution plan.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Based on changes in the 2010 legislative session slightly different plan requirements were in effect until December 31, 2010. The following requirements were effective at June 30, 2011.

Plan members (except State troopers) are eligible to receive a monthly retirement benefit when they meet age and service requirements based on their original hire date as follows:

- Hired before July 1, 2005 - age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between January 1, 2007 and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For employees hired before January 1, 2007, age and service requirements increase to those required for members hired between January 1, 2007 and December 31, 2010 if the member has less than five years of service credit as of January 1, 2011.
- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 5 years of service.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 9 - Pension Plan (continued)

Plan Description (continued)

Members with five years of service credit at January 1, 2011, are also eligible for retirement benefits without a reduction for early retirement based on the original hire date, as follows:

- Hired before January 1, 2007 – age 55 and age plus years of service equals 80 or more.
- Hired between January 1, 2007 and December 31, 2010 – age 55 and age plus years of service equals 85 or more. For members hired before January 1, 2007, age plus years of service increase to 85 for members with less than five years of service credit as of January 1, 2011.
- Hired between January 1, 2011 and December 31, 2016 - age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and State troopers are eligible for retirement benefits at different ages and years of service.

Most members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5% times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15% increase between periods if the salaries used were from the last three years of employment. For retirements after January 1, 2009, four periods are used and are ranked from lowest to highest with the maximum increase between years limited to 15%. For members hired on or after January 1, 2007, the maximum increase between ranked periods is 8%. Notwithstanding any other provisions, members first eligible for retirement after January 2, 2011 have a maximum increased between periods of 8%.

- Retiree benefits are increased annually in July after one year of retirement based on the member's original hire date as follows:
- Hired before January 1, 2007 - the lesser of 2% or the average of the monthly Consumer Price Index increases.
- Hired on or after January 1, 2007 – the lesser of 2% or the actual increase in the national Consumer Price Index, limited to a 10% reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

The upper limits on benefits increase by one-quarter percentage point each year when the funded ratio of PERA equals or exceeds 103% and declines by one-quarter percentage point when the funded ratio drops below 90% after having exceeded 103%. The funded ratio increase does not apply for three years when a negative return on investment occurs.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 9 - Pension Plan (continued)

Members who are disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

Funding Policy

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less any reduction in pay to offset employer contributions to the State sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

Most employees contribute 8% of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. Effective July 1, 2010 Senate Bill 10-146 requires members in the State to pay 2.5% additional member contributions through June 30, 2011. Employer contributions for members will be reduced by 2.5%. Senate Bill 11-076 continued these contribution rates through June 30, 2012.

From July 1, 2010, to December 31, 2010, the State contributed 11.35% of the employee's salary. From January 1, 2011, through June 30, 2011, the State contributed 12.25%. During all of Fiscal Year 2011, 1.02% of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2010, the division of PERA in which the State participates has a funded ratio of 62.8% and a 47 year amortization period based on current contribution rates. The funded ratio on the market value of assets is lower at 61.3%.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional .5% of salary beginning January 1, 2006, another .5% of salary in 2007, and subsequent year increases of .4% of salary until the additional payment reaches 3.0% in 2012.

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points. For State employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to State employees' salaries, and used by the employer to pay the SAED.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 9 - Pension Plan (continued)

Funding Policy (continued)

In the 2010 legislative session, the General Assembly extended both the AED and SAED. The AED will continue to increase at a rate of 0.4% of salary from calendar years 2013 through 2017. The SAED will continue to increase by one-half percentage point from calendar years 2014 through 2017. Both the AED and SAED will be reduced by one-half percent point when funding levels reach 103%, and both will be increased by one-half percent point when the funding level subsequently falls below 90%. Neither the AED or the SAED may exceed 5%

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The Division's contributions to PERA and/or the State defined contribution plan for the fiscal years ending June 30, 2011, 2010, and 2009 were \$571,200, \$643,950, and \$585,054 respectively. These contributions met the contribution requirement for each year.

Note 10 – Other Retirement Plans

Defined Contribution Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. New member contributions to the plan vest from 50% to 100% evenly over 5 years. Participants in the plan are required to contribute 8% of their salary. For fiscal years 2010 and 2011 the legislature temporarily increased the required contribution rate to 10.5%. At December 31, 2010, the plan had 3,479 participants.

Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2010, participants were allowed to make contributions of up to 100% of their annual gross salary (reduced by their 8% PERA contribution with a temporary increase to 10.5% for fiscal years 2011 and 2012) to a maximum of \$16,500. Participants who are age 50 and older, and contributing the maximum amount allowable, were allowed to make an additional \$5,500 contribution in 2010, for total contributions of \$22,000. Contributions and earnings are tax deferred. At December 31, 2010, the plan had 18,215 participants.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 10 – Other Retirement Plans (continued)

Deferred Compensation Plan (continued)

PERA also offers a voluntary 401k plan entirely separate from the defined benefit pension plan, the deferred compensation plan, and the defined contribution plan. Certain agencies and institutions of the State offered 403(b) or 401(a) plans.

Note 11 - Other Post Employment Benefits

Health Care Plan

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting <http://www.copera.org>.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5% for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 9. Beginning July 1, 2004, State agencies are required to contribute 1.02% of gross covered wages to the Health Care Trust Fund. The Division contributed \$51,837, \$51,160, and \$50,046 as required by statute in fiscal years 2011, 2010, and 2009 respectively. In each year the amount contributed was 100% of the required contribution.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 11 - Other Post Employment Benefits (continue)

Health Care Plan (continued)

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. As of December 31, 2010, there were 48,455 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2010, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.35 billion, a funded ratio of 17.5%, and a 42-year amortization period. The actuarial valuation was based on the entry age cost method, an 8% investment rate of return, a 4.5% projection of salary increases (assuming a .75% inflation rate), a 3.5% annual medical claims increase, no post-retirement benefit increases, and a level dollar amortization on an open basis over 30 years.

Note 12 – Risk Management

The Division participates in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The Division has recorded \$8,458 in insurance recoveries as of March 31, 2011. The entire amount is related to a single event which occurred in fiscal year 2011 at the Division of Gaming's Cripple Creek office.

There were no significant reductions or changes in insurance coverage from the prior year. Settlements did not exceed insurance coverage in any of the past three fiscal years.

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 13 - Related-Party Transactions

The Division, as an agency of the State of Colorado, paid fees to the State for auditing, investigative, and legal services, and other direct and indirect expenses incurred. Interagency charges consist of the following:

	For the Years Ended	
	2011	2010
State agency services		
Colorado State Patrol	\$ 2,326,121	\$ 2,105,317
Colorado Bureau of Investigations	694,656	755,373
Colorado Division of Fire Safety	167,421	181,797
Indirect costs (Colorado Department of Revenue)	711,203	610,868
Legal Services (Colorado Department of Law)	147,873	132,878
Office of the State Auditor	31,698	31,775
Colorado Department of Local Affairs	151,516	158,094
 Total payments to State agencies	 \$ 4,230,488	 \$ 3,976,102

The Division had liabilities to other State agencies, the State's General Fund, and other governments as follows:

	June 30,	
	2011	2010
State agencies		
Colorado State Historical Society	\$ 24,195,009	\$ 24,867,360
Colorado Department of Local Affairs	3,600,806	3,772,780
Office of Economic Development	17,523,922	22,528,969
Colorado Department of Higher Education	1,680,376	1,904,251
Colorado State Patrol	250,671	-
Colorado Division of Fire Safety	15,457	23,742
Colorado Bureau of Investigations	60,550	-
Colorado Department of Revenue	6,759	389
Colorado Department of Personnel and Administration	321	-
Total liabilities to State agencies	47,333,871	53,097,491
 State General Fund (to page which follows)	 20,400,269	 16,200,000

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**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**Notes to Financial Statements
Years Ended June 30, 2011 and 2010**

Note 13 - Related-Party Transactions (continued)

	June 30,	
	2011	2010
State General Fund (from prior page)	20,400,269	16,200,000
Other governments		
City of Black Hawk	6,352,054	6,516,136
City of Central City	768,191	751,350
City of Cripple Creek	1,520,829	1,613,714
Gilpin County	8,544,295	8,720,983
Teller County	1,824,995	1,936,457
Total liabilities to other governments	19,010,364	19,538,640
 Total liabilities to State agencies, State General Fund, and other governments	 \$ 86,744,504	 \$ 88,836,131

Total related party liabilities of \$86,744,504 and \$88,836,131 at June 30, 2011 and 2010, respectively, include amounts due to the Colorado Bureau of Investigations, State Patrol, Division of Fire Safety, Department of Revenue, and Department of Personnel and Administration which total \$333,758 and \$24,131, respectively. The remaining liabilities of \$86,410,746 and \$88,812,000, respectively, are related to the fiscal years 2011 and 2010 gaming distributions.

* Fiscal Year 2010 numbers may not match the financial statement numbers exactly. The audited financial statement numbers were rounded. The Fiscal Year 2010 numbers match the audited financial statements.