

AGENDA
COLORADO LIMITED GAMING CONTROL COMMISSION

Meeting of May 19, 2022
Beginning at 9:15 a.m.
In-person & Cisco Webex

Division of Gaming
1707 Cole Blvd., Ste. 300
Lakewood, CO 80401

In addition to other matters that may properly be considered by the Colorado Limited Gaming Control Commission, the following items are scheduled for consideration and adoption on May 19, 2022. Times contained in the agenda are approximate.

PUBLIC SESSION

I. Call to Order

EXECUTIVE SESSION

Review of confidential background licensing reports scheduled for consideration during the public session. (Also need to discuss legal & contracts – unsure how to state)?

PUBLIC SESSION (reconvened)

II. Consideration of Licensing Actions

Limited Gaming Licenses

Renewal of the Retail and Master Licenses for
G Investments, LLC d/b/a Colorado Grande Hotel and Casino

Transfer/Renewal of the Maser Licenses for
G.F. Gaming Corporation d/b/a The Famous Bonanza Casino
G.F. Gaming Corporation d/b/a Easy Street Casino

First Retail Licensing for
G.F. Gaming Corporation d/b/a The Famous Bonanza Casino
G.F. Gaming Corporation d/b/a Easy Street Casino

Sports Betting Licenses

Reissuance of Vendor Major License for
DECK PRISM SPORTS L.L.C.
Amelco UK Limited d/b/a Amelco UK Ltd.
Banach Technology Ltd

First Vendor Minor License for
ENTHUSIAST GAMING MEDIA (US) INC.
ADVENTURA INC.
Internet Vikings East, LLC d/b/a Internet Vikings
ACCESSIT GROUP, INC.
CUTSLO MARKETING LTD

Peak Advertising Inc.
Data+Sports, Inc.
1st Leads Limited
RotoUnderworld
iHeartMedia + Entertainment, Inc.
Playhill US, Inc.

Renewal of the Vendor Minor License for
SportsContentCo, LLC
Denver Sports Betting LLC
FANTASY ADVANTAGE LTD.
SecureTrading Inc.
Apps4 web media Limited
Xtremepush Limited
Sportsbet Media LLC
LocationSmart GeoLocation LLC d/b/a LocationSmart
XLMedia US Inc.
Skrill USA, Inc.
BetterThanYou Inc.
Equinix LLC
Catena Operations Limited
Mark Knight
Capwize, Inc. d/b/a CapWize
Michael Murphy d/b/a Murphy Marketing
OPTIMOVE INC.
Media Players US LLC
TELECHECK SERVICES, LLC
MARZEN MEDIA LLC
The Trifect Group Pty Ltd d/b/a Total Sports Picks
INTELLR, INC
First Data Merchant Services LLC
Huntington Press, Inc
Win Daily Inc

- III. Opportunity for Public to Address the Commission
- IV. Consideration of Division Limited Gaming Financial Statements for March 2022
- V. Consideration of Division Sports Betting Financial Statements for March 2022
- VI. Continuation of Hearing on Colorado Gaming Regulation 30-1404, Gaming Tax
(Executive Sessions may be included to discuss confidential information)

Report from the City of Black Hawk
Paul Hogan, Chief Auditor, Division of Gaming

Report from the City of Central
Paul Hogan, Chief Auditor, Division of Gaming

Presentation by the City of Cripple Creek
Paul Harris, Finance Director

Report from the County of Gilpin

Presentation by RubinBrown, LLP
Daniel Holmes, Gaming Partner

Presentation by the Colorado Gaming Association
Sean Demeule, President

Opportunity for the public to address the Commission on Colorado Limited Gaming Rule 14 – Gaming Tax

EXECUTIVE SESSION

The Commission will meet in Executive Session to review confidential tax information of individual casinos and other confidential presentations.

PUBLIC SESSION (Reconvened)

Close of hearing on Colorado Gaming Rule 14, Gaming Tax

Consideration of Colorado Gaming Rule 14, Gaming Tax

- VII. Consideration of Organizational Matters
- VIII. Opportunity for Industry Members to Address the Commission on Current Issues and Events
- IX. Adjournment

At the discretion of the Commission, any or all of the above matters may be continued for consideration or adoption at a different time, may be considered out of order, or may be considered at the next meeting of the Commission.



**STATEMENT OF GAMING REVENUES,
GAMING TAXES, AND EXPENDITURES**

(UNAUDITED)

FOR THE NINE (9) MONTHS ENDED

MARCH 31, 2022



COLORADO

Department of Revenue

Specialized Business Group—Gaming

1707 Cole Blvd., Suite 300
Lakewood, CO 80401

May 19, 2022

State Treasurer and Members of the Colorado Limited Gaming Control Commission:

Pursuant to Section 44-30-203 (i), C.R.S., the Colorado Division of Gaming is required to furnish monthly a, "report which contains a full and complete statement of the division's revenues and expenses."

The attached combined financial statements for March 31, 2022 have not been audited. They contain the most current data available. This information has been collected and recorded in accordance with generally accepted accounting principles.

Respectfully submitted,

Vickie Floyd
Division Controller

**COLORADO DIVISION OF GAMING
FINANCIAL STATEMENTS
(UNAUDITED)**

DISTRIBUTION

Honorable Jared Polis	Governor
Representative Alec Garnet	Speaker of the House of Representatives
Senator Leroy Garcia	President of the Senate
Senator Chris Holbert	Senate Minority Leader
Representative Hugh McKean	House Minority Leader
Representative Julie McCluskie	Chair, Joint Budget Committee
Mr. Richard Nathan	Chair, Limited Gaming Control Commission
Mr. Justin Davis	Vice Chair, Limited Gaming Control Commission
Mr. Kevin Armstrong	Limited Gaming Control Commission
Mr. Shawn Coleman	Limited Gaming Control Commission
Ms. Patsy Landaveri	Limited Gaming Control Commission
Mr. Mark Ferrandino	Executive Director, Department of Revenue
Mr. Cory Amend	Senior Director of Enforcement, Department of Revenue
Mr. Daniel Hartman	Director, Division of Gaming
Mr. Scott Koehler	Accounting Director, Department of Revenue
Mr. Ramon Alvarado	Deputy Budget Director, Department of Revenue
Mr. Bob Jaros	State Controller
Mr. Charles Scheibe	Chief Financial Officer, Department of the Treasury
Ms. Aly Jabrocki	State Archivist
Ms. Kerri Hunter	State Auditor
Ms. Elizabeth Burger	Joint Legislative Library
Mr. Ben Henderson	Deputy Director for Budget, Governor's Office
Colorado State Publications Depository and Distribution Center	State of Colorado Library

**DIVISION OF GAMING
STATEMENT OF REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)**

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**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
MARCH 31, 2022 AND 2021**

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

The tax rates for period ending June 30, 2022 are:

- 3% on AGP from charitable gaming
- .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, 2022 are the same as they were for year ending June 30, 2021.

For Periods Beginning July 1, 2020 and 2021 through March 31, 2021 and 2022

<u>AGP Comparison</u>				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 1,300,693	\$ 1,628,980	\$ 328,287	25.24%
\$2 - \$5 Million	\$ 36,780,795	\$ 18,473,784	\$ (18,307,011)	(49.77)%
\$5 - \$8 Million	\$ 34,361,683	\$ 35,772,424	\$ 1,410,741	4.11%
\$8 - \$10 Million	\$ 18,816,247	\$ 27,597,590	\$ 8,781,343	46.67%
\$10 - \$13 Million	\$ 58,601,834	\$ 44,676,313	\$ (13,925,521)	(23.76)%
\$13+ Million	\$ 413,860,551	\$ 635,587,160	\$ 221,726,609	53.58%
Total	\$ 563,721,803	\$ 763,736,251	\$ 200,014,448	35.48%

<u>Tax Comparison</u>				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 158,252	\$ 159,072	\$ 820	0.52%
\$2 - \$5 Million	\$ 1,695,616	\$ 1,729,476	\$ 33,860	2.00%
\$5 - \$8 Million	\$ 5,432,551	\$ 5,919,518	\$ 486,967	8.96%
\$8 - \$10 Million	\$ 3,609,787	\$ 4,135,735	\$ 525,948	14.57%
\$10 - \$13 Million	\$ 6,176,294	\$ 6,988,210	\$ 811,916	13.15%
\$13+ Million	\$ 56,772,110	\$ 93,317,432	\$ 36,545,322	64.37%
Total	\$ 73,844,610	\$ 112,249,443	\$ 38,404,833	52.01%

<u>Open Casinos Comparison</u>			
Range	Prior Year No. of Tax Returns Filed by Casinos	This Year No. of Tax Returns Filed by Casinos	Difference
\$0 - \$2 Million	2	2	0
\$2 - \$5 Million	9	5	(4)
\$5 - \$8 Million	5	6	1
\$8 - \$10 Million	2	3	1
\$10 - \$13 Million	5	4	(1)
\$13+ Million	10	13	3
Total	33	33	0

**COLORADO DIVISION OF GAMING
COMBINED BALANCE SHEETS
MARCH 31, 2022 AND 2021
(UNAUDITED)**

	FY 2022			FY 2021		
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS
ASSETS:						
Cash	\$ 19,644	\$ 89,158,427	\$ 89,178,071	\$ 21,184	\$ 53,536,668	\$ 53,557,852
Accounts Receivable						
Gaming Taxes	0	16,342,996	16,342,996	0	13,104,265	13,104,265
Fines Receivable	0	1,042	1,042	0	420	420
Miscellaneous	0	5,001	5,001	0	1,991	1,991
Net Accounts Receivable	0	16,349,039	16,349,039	0	13,106,676	13,106,676
Prepaid Expenses	0	60,364	60,364	0	59,488	59,488
Total Current Assets	19,644	105,567,830	105,587,474	21,184	66,702,832	66,724,016
TOTAL ASSETS	\$ 19,644	\$ 105,567,830	\$ 105,587,474	\$ 21,184	\$ 66,702,832	\$ 66,724,016
LIABILITIES AND FUND BALANCE:						
Accounts Payable	\$ 0	\$ 56,503	\$ 56,503	\$ 0	\$ 31,889	\$ 31,889
Wages & Salaries Payable	0	42,693	42,693	0	4,948	4,948
Due to Other State Agencies	0	756,351	756,351	0	552,866	552,866
Background and Other Deposits	0	210,182	210,182	0	101,655	101,655
Unearned Revenue	0	318,976	318,976	0	224,824	224,824
Total Liabilities	0	1,384,705	1,384,705	0	916,182	916,182
FUND BALANCE:						
Restricted	0	50,927,444	50,927,444	0	31,480,768	31,480,768
Committed	0	50,927,444	50,927,444	0	31,480,767	31,480,767
Restricted for:						
Required Reserve	0	2,267,873	2,267,873	0	2,765,627	2,765,627
Extended Gaming Recipients	19,644	0	19,644	21,184	0	21,184
Nonspendable:						
Prepays	0	60,364	60,364	0	59,488	59,488
Total Fund Balance	19,644	104,183,125	104,202,769	21,184	65,786,650	65,807,834
TOTAL LIABILITIES AND FUND BALANCE	\$ 19,644	\$ 105,567,830	\$ 105,587,474	\$ 21,184	\$ 66,702,832	\$ 66,724,016

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
NINE MONTHS ENDED MARCH 31, 2022 AND 2021
(UNAUDITED)**

	FY 2022			FY 2021		
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS
REVENUES:						
Gaming Taxes	\$ 0	\$ 112,250,052	\$ 112,250,052	\$ 0	\$ 73,844,923	\$ 73,844,923
License and Application Fees	0	499,020	499,020	0	420,976	420,976
Background Investigations	0	91,417	91,417	0	85,459	85,459
Fines	0	5,292	5,292	0	1,092	1,092
Interest Income	19,644	444,374	464,018	21,184	323,205	344,389
Other Revenue	0	130	130	0	51	51
TOTAL REVENUES	19,644	113,290,285	113,309,929	21,184	74,675,706	74,696,890
OTHER FINANCING SOURCES / USES:						
Insurance Recoveries	0	0	0	0	5,000	5,000
TOTAL REVENUES & OTHER FIN. SOURCES	19,644	113,290,285	113,309,929	21,184	74,680,706	74,701,890
EXPENDITURES:						
Salaries and Benefits	0	6,249,717	6,249,717	0	5,912,839	5,912,839
Annual and Sick Leave Payouts	0	24,927	24,927	0	14,288	14,288
Professional Services	0	91,565	91,565	0	106,818	106,818
Travel	0	24,912	24,912	0	2,620	2,620
Automobiles	0	134,458	134,458	0	104,374	104,374
Printing	0	9,369	9,369	0	3,719	3,719
Police Supplies	0	34,019	34,019	0	10,784	10,784
Computer Services & Name Searches	0	78,549	78,549	0	49,319	49,319
Materials, Supplies, and Services	0	276,716	276,716	0	277,245	277,245
Postage	0	3,081	3,081	0	2,139	2,139
Telephone	0	57,016	57,016	0	64,146	64,146
Utilities	0	20,502	20,502	0	18,536	18,536
Other Operating Expenditures	0	67,581	67,581	0	76,093	76,093
Leased Space	0	93,317	93,317	0	60,970	60,970
EXPENDITURES - SUBTOTAL	0	7,165,729	7,165,729	0	6,703,890	6,703,890
STATE AGENCY SERVICES						
Colorado Bureau of Investigation	0	119,750	119,750	0	705,077	705,077
Division of Fire Prevention and Control	0	194,210	194,210	0	173,205	173,205
Colorado State Patrol	0	2,522,514	2,522,514	0	2,482,048	2,482,048
State Auditors	0	8,690	8,690	0	5,703	5,703
Indirect Costs - Department of Revenue	0	881,876	881,876	0	830,813	830,813
Regulatory Agencies	0	2,375	2,375	0	0	0
Colorado Department of Law	0	182,291	182,291	0	184,830	184,830
OIT Purchased Services	0	295,415	295,415	0	572,320	572,320
TOTAL STATE AGENCY SERVICES	0	4,207,121	4,207,121	0	4,953,996	4,953,996
Non Personal Services Background Exp.	0	2,183	2,183	0	1,797	1,797
TOTAL EXPENDITURES	0	11,375,033	11,375,033	0	11,659,683	11,659,683
Excess of Revenues Over Expenditures	19,644	101,915,252	101,934,896	21,184	63,021,023	63,042,207
FY21 & FY20 Extended Gaming Distr.	(17,647,531)	0	(17,647,531)	(15,310,639)	0	(15,310,639)
FUND BALANCE AT JULY 1, 2021 & 2020	17,647,531	2,267,873	19,915,404	15,310,639	2,765,627	18,076,266
TOTAL FUND BAL. MARCH 31, 2022 & 2021	\$ 19,644	\$ 104,183,125	\$ 104,202,769	\$ 21,184	\$ 65,786,650	\$ 65,807,834

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
NINE MONTHS ENDED MARCH 31, 2022
(UNAUDITED)

	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATED BUDGET **	75% OF BUDGETED AMOUNT EXCEPT FOR TAXES ***	YEAR-TO-DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:							
Gaming Taxes	\$ 114,882,675	\$ 0	\$ 114,882,675	\$ 74,189,438	\$ 112,250,052	\$ (2,632,623)	97.71%
License and Application Fees	628,417	0	628,417	471,313	499,020	(129,397)	79.41%
Background Investigations	183,186	0	183,186	137,390	91,417	(91,769)	49.90%
Fines and Fees	0	0	0	0	5,292	5,292	100.00%
Interest Revenue	573,762	0	573,762	430,322	444,374	(129,388)	77.45%
Other Revenue	0	0	0	0	130	130	100.00%
TOTAL REVENUES	116,268,040	0	116,268,040	87,201,030 ^{^^}	113,290,285	(2,977,755)	97.44%
EXPENDITURES:							
Personal Services	9,045,115	8	9,045,123	6,783,842	6,352,537	(2,692,586)	70.23%
Operating Expenditures	782,488	0	782,488	586,865	366,811	(415,677)	46.88%
Workers Compensation	35,305	(2,320)	32,985	24,739	24,737	(8,248)	74.99%
Risk Management	22,683	132	22,815	17,111	17,111	(5,704)	75.00%
Licensure Activities	127,154	0	127,154	95,365	91,197	(35,957)	71.72%
Leased Space	312,677	(167,763)	144,914	108,686	93,317	(51,597)	64.39%
Vehicle Lease Payments - Fixed	85,000	55,889	140,889	105,667	71,356	(69,533)	50.65%
Vehicle Lease Payments - Variable	59,000	22,066	81,066	60,800	63,102	(17,964)	77.84%
Utilities	27,425	0	27,425	20,569	20,502	(6,923)	74.76%
Legal Services	243,054	0	243,054	182,291	182,291	(60,763)	75.00%
CORE Operations	71,780	(9,878)	61,902	46,427	46,427	(15,475)	75.00%
Payments to Office of Information Technology	60,324	333,563	393,887	295,414	295,415	(98,472)	75.00%
IT Division - MIPC Phones & ISD	77,000	(25,731)	51,269	38,452	29,697	(21,572)	57.92%
Indirect Costs - Department of Revenue	1,092,006	83,829	1,175,835	881,876	881,876	(293,959)	75.00%
State Agency Services	5,079,898	0	5,079,898	3,809,924	2,836,474	(2,243,424)	55.84%
Division Expenditures	17,120,909	289,795	17,410,704	13,058,028	11,372,850	(6,037,854)	65.32%
Non Personal Services Background Expenditures	68,468	0	68,468	51,351	2,183	(66,285)	3.19%
TOTAL EXPENDITURES	17,189,377	289,795	17,479,172	13,109,379	11,375,033	(6,104,139)	65.08%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 99,078,663	N/A	\$ 98,788,868	\$ 74,091,651	\$ 101,915,252	\$ 3,126,384	103.16%

* Represents original information given to the Commission in April of 2021.

The percent of the fiscal year elapsed through March 31, 2022 is 75%.

** Amount includes Long Bill items and Supplemental Appropriations.

*** The original tax projection assumed an AGP increase of 6%, which was then applied to the existing casinos' graduated tax tiers. The \$74,189,438 is this tax projection through March, which is \$38,060,614 less than the actual taxes collected for the same period.

^^ Calculated number is not a sum, rather elapsed percentage of Annual Revised Estimated Budget.



COLORADO
Department of Revenue

Specialized Business Group—Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Memo

To: Colorado Limited Gaming Control Commission
From: Vickie Floyd, Gaming Controller
Cc: Dan Hartman
Date: May 19, 2022
Re: March Gaming Fund Financial Statement Presentation

Following are highlights from the Gaming Fund financial statements ending March 31, 2022.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Gaming tax revenues have increased by \$38,405,129 or 52% over last year. Please recall, casinos had been closed from March 17 through June 15, 2020 due to the pandemic and were only open in limited capacity in fiscal year 2021. In addition, Amendment 77, which removed betting limits and allowed other games, was effective May 1, 2021. Total Revenues for the Limited Gaming Fund as of March 31 were \$113,290,285, a 52% increase compared to March 2021.

Total expenditures for the period ending March 2022 were approximately \$11 million. This represents a 2% decrease over last year. The largest decrease of \$585,327 is in the Colorado Bureau of Investigation line. This is due to the fact that the interagency agreement between the Division of Gaming and the Colorado Bureau of Investigation was cancelled, effective August 31, 2021. The second largest decrease of \$276,905 is in the OIT Purchased Services line. This is because last fiscal year, OIT had to put forth a great deal of effort to enable all employees to work from home due to the pandemic. In addition, OIT estimates their costs and will be moving to real time billing at the end of this fiscal year.

The excess of total revenues over expenditures was \$101,915,252. This is a 62% increase over last year and represents the amount we could distribute as of March 31.

Statement of Budget to Actual

Total revenues collected through March 2022 were 97% of budgeted. Total expenditures were 65% of budgeted, which is below the 75% of the fiscal year that has elapsed. In addition, the excess of revenues over expenditures was 103% of budgeted.

Please feel free to contact me if you have any questions on the Gaming Fund financial statements.



**STATEMENT OF SPORTS BETTING REVENUES,
SPORTS BETTING TAXES, AND EXPENDITURES**

(UNAUDITED)

FOR THE NINE (9) MONTHS ENDED

MARCH 31, 2022

**DIVISION OF GAMING
STATEMENT OF REVENUES
SPORTS BETTING TAXES, AND
EXPENDITURES
(UNAUDITED)**

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COLORADO DIVISION OF GAMING
SPORTS BETTING COMBINED BALANCE SHEETS
MARCH 31, 2022 AND 2021
(UNAUDITED)

	FY 2022			FY 2021		
	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS
ASSETS:						
Cash	\$ 491,464	\$ 8,937,541	\$ 9,429,005	\$ 0	\$ 5,548,380	\$ 5,548,380
Accounts Receivable						
Sports Betting Taxes	0	1,313,109	1,313,109	0	1,063,839	1,063,839
Fines Receivable	0	84	84	0	252	252
Miscellaneous	0	12,558	12,558	0	880	880
Net Accounts Receivable	0	1,325,751	1,325,751	0	1,064,971	1,064,971
Prepaid Expenses	0	19,994	19,994	0	10,198	10,198
Total Current Assets	491,464	10,283,286	10,774,750	0	6,623,549	6,623,549
TOTAL ASSETS	\$ 491,464	\$ 10,283,286	\$ 10,774,750	\$ 0	\$ 6,623,549	\$ 6,623,549
LIABILITIES AND FUND BALANCE:						
Accounts Payable	\$ 0	\$ 28,053	\$ 28,053	\$ 0	\$ 4,719	\$ 4,719
Wages & Salaries Payable	0	6,087	6,087	0	0	0
Due to Other State Agencies	0	116,964	116,964	0	7,523	7,523
Background Deposits	0	538,054	538,054	0	532,048	532,048
Unearned Revenue	0	51,902	51,902	0	62,951	62,951
Total Liabilities	0	741,060	741,060	0	607,241	607,241
FUND BALANCE:						
Restricted	0	9,516,050	9,516,050	0	4,591,609	4,591,609
Restricted for:						
Reserve	0	6,182	6,182	0	1,414,501	1,414,501
Hold-Harmless Recipients	491,464	0	491,464	0	0	0
Nonspendable:						
Prepays	0	19,994	19,994	0	10,198	10,198
Total Fund Balance	491,464	9,542,226	10,033,690	0	6,016,308	6,016,308
TOTAL LIABILITIES AND FUND BALANCE	\$ 491,464	\$ 10,283,286	\$ 10,774,750	\$ 0	\$ 6,623,549	\$ 6,623,549

**COLORADO DIVISION OF GAMING
SPORTS BETTING COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
NINE MONTHS ENDED MARCH 31, 2022 AND 2021
(UNAUDITED)**

	FY 2022			FY 2021		
	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS
REVENUES:						
Sports Betting Taxes	\$ 0	\$ 9,285,719	\$ 9,285,719	\$ 0	\$ 5,240,741	\$ 5,240,741
License and Application Fees	0	122,684	122,684	0	159,704	159,704
Sports Betting Operations Fees	0	2,107,100	2,107,100	0	1,980,400	1,980,400
Background Investigations	0	55,300	55,300	0	100,864	100,864
Fines	0	10,252	10,252	0	252	252
Interest Income	2,682	61,575	64,257	0	41,970	41,970
Other Revenue	0	164	164	0	0	0
TOTAL REVENUES	2,682	11,642,794	11,645,476	0	7,523,931	7,523,931
EXPENDITURES:						
Salaries and Benefits	0	1,405,341	1,405,341	0	982,435	982,435
Professional Services	0	18,391	18,391	0	1,833	1,833
Travel	0	15,046	15,046	0	0	0
Automobiles	0	11,068	11,068	0	995	995
Printing	0	1,184	1,184	0	1,213	1,213
Police Supplies	0	5,452	5,452	0	0	0
Computer Services & Name Searches	0	16,157	16,157	0	15,955	15,955
Materials, Supplies, and Services	0	18,866	18,866	0	19,181	19,181
Postage	0	392	392	0	363	363
Telephone	0	6,632	6,632	0	2,481	2,481
Other Operating Expenditures	0	14,609	14,609	0	15,036	15,036
Leased Space	0	23,329	23,329	0	0	0
EXPENDITURES - SUBTOTAL	0	1,536,467	1,536,467	0	1,039,492	1,039,492
STATE AGENCY SERVICES						
Colorado Bureau of Investigation	0	6,303	6,303	0	0	0
State Auditors	0	249,065	249,065	0	11,484	11,484
Indirect Costs - Department of Revenue	0	95,465	95,465	0	95,465	95,465
Colorado Department of Law	0	106,791	106,791	0	106,791	106,791
OIT Purchased Services	0	111,054	111,054	0	111,054	111,054
TOTAL STATE AGENCY SERVICES	0	568,678	568,678	0	324,794	324,794
Non Personal Services Background Exp.	0	1,605	1,605	0	5,441	5,441
TOTAL EXPENDITURES	0	2,106,750	2,106,750	0	1,369,727	1,369,727
EXCESS OF REVENUES OVER EXPENDITURES	2,682	9,536,044	9,538,726	0	6,154,204	6,154,204
OTHER FINANCING SOURCES (USES):						
Sports Betting Distribution	0	(8,075,834)	(8,075,834)	0	0	0
Transferred to Hold-Harmless Fund	0	(488,782)	(488,782)	0	0	0
Transfer from Sports Betting Fund	488,782	0	488,782	0	0	0
Transferred to General Fund	0	0	0	0	(1,552,397)	(1,552,397)
FUND BALANCE AT JULY 1, 2021 & 2020	0	8,570,798	8,570,798	0	1,414,501	1,414,501
TOTAL FUND BAL. MARCH 31, 2022 & 2021	\$ 491,464	\$ 9,542,226	\$ 10,033,690	\$ 0	\$ 6,016,308	\$ 6,016,308

COLORADO DIVISION OF GAMING
SPORTS BETTING STATEMENT OF BUDGET TO ACTUAL
NINE MONTHS ENDED MARCH 31, 2022
(UNAUDITED)

	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATED BUDGET **	75.0% OF BUDGETED AMOUNT	YEAR-TO-DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:							
Sports Betting Taxes	\$ 6,310,903	\$ 0	\$ 6,310,903	\$ 4,733,177	\$ 9,285,719	\$ 2,974,816	147.14%
License and Application Fees	220,150	0	220,150	165,113	122,684	(97,466)	55.73%
Sports Betting Operations Fees	2,342,925	0	2,342,925	1,757,194	2,107,100	(235,825)	89.93%
Background Investigations	181,144	0	181,144	135,858	55,300	(125,844)	30.53%
Fines and Fees	0	0	0	0	10,252	10,252	100.00%
Interest Revenue	57,315	0	57,315	42,986	61,575	4,260	107.43%
Other Revenue	0	0	0	0	164	164	100.00%
TOTAL REVENUES	9,112,437	0	9,112,437	6,834,328	11,642,794	2,530,357	127.77%
EXPENDITURES:							
Personal Services	2,503,377	0	2,503,377	1,877,533	1,667,318	(836,059)	66.60%
Operating Expenditures	110,197	0	110,197	82,648	55,148	(55,049)	50.04%
Workers Compensation	7,820	(515)	7,305	5,479	5,479	(1,826)	75.00%
Risk Management	5,671	33	5,704	4,278	4,278	(1,426)	75.00%
Licensure Activities	23,735	0	23,735	17,801	10,834	(12,901)	45.65%
Leased Space	78,169	(41,941)	36,228	27,171	23,329	(12,899)	64.39%
Vehicle Lease Payments - Fixed	8,000	7,000	15,000	11,250	8,863	(6,137)	59.09%
Legal Services	142,388	0	142,388	106,791	106,791	(35,597)	75.00%
CORE Operations	15,898	(2,188)	13,710	10,283	10,283	(3,427)	75.00%
Payments to Office of Information Technology	13,361	134,711	148,072	111,054	111,054	(37,018)	75.00%
Indirect Costs - Department of Revenue	127,287	0	127,287	95,465	95,465	(31,822)	75.00%
State Agency Services	60,070	0	60,070	45,053	6,303	(53,767)	10.49%
Division Expenditures	3,095,973	97,100	3,193,073	2,394,805	2,105,145	(1,087,928)	65.93%
Non Personal Services Background Expenditures	35,602	0	35,602	26,701	1,605	(33,997)	4.51%
TOTAL EXPENDITURES	3,131,575	97,100	3,228,675	2,421,506	2,106,750	(1,121,925)	65.25%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 5,980,862	N/A	\$ 5,883,762	\$ 4,412,822	\$ 9,536,044	\$ 3,652,282	162.07%

* Represents original information given to the Commission in April of 2021.

The percent of the fiscal year elapsed through March 31, 2022 is 75.0%.

** Amount includes Long Bill items and Supplemental Appropriations.



COLORADO
Department of Revenue

Specialized Business Group—Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Memo

To: Colorado Limited Gaming Control Commission
From: Eric Shannon, Deputy Gaming Controller
Cc: Dan Hartman
Date: May 19, 2022
Re: March 2022 Sports Betting Fund Financial Statements

Following are highlights from the Sports Betting Fund financial statements ending March 31, 2022.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Current fiscal year Sports Betting Tax revenue was \$9,285,719 which is an increase of \$4,044,978 over the prior fiscal year. The current fiscal year increase in Sports Betting Tax revenue is due primarily to the year over year increase in active Sports Betting Operations.

Current fiscal year Sports Betting Operations Fees revenue was \$2,107,100, which is an increase of \$126,700 over the prior fiscal year. Through March of the current fiscal year 43 total operations fees were collected, 26 for internet operations and 17 for on-site operations. Through March of the prior fiscal year 38 total operations fees were collected, 22 for internet operations and 16 for on-site operations. Both internet and on-site operations fees decreased in amount for fiscal year 2022 as compared to fiscal year 2021.

Total Sports Betting Fund revenues through March 2022 increased by \$4,118,863 or 55% over March 2021.

Total Sports Betting Fund expenditures through March 2022 were \$2,106,750. This is an increase of about 54% over March 2021. The increase is due primarily to the increase in salaries and benefits, and the payments to the State Auditors for the performance audit.

Statement of Budget to Actual

Total revenues collected through March 2022 were about 128% of budgeted. Total expenditures were about 65% of budgeted, which is below the 75.0% of the fiscal year that has elapsed. Excess of revenues over expenditures was 162% of budgeted.

Please feel free to contact me if you have any questions on the Sports Betting Fund financial statements.



BLACK HAWK ®



INCORPORATED 1864

Office of the City Manager

201 Selak
P.O. Box 68
Black Hawk, CO 80422
www.cityofblackhawk.org
303-582-0292 Office
303-582-0848 Fax

Mayor

David D. Spellman

Aldermen

Linda Armbright
Paul G. Bennett
Hal Midcap
Jim Johnson
Greg Moates
Benito Torres

City Attorney

Corey Y. Hoffmann

City Manager

Stephen N. Cole

City Clerk /

Administrative Services Director

Melissa A. Greiner

**Community Planning & Development
Director**

Cynthia L. Linker

Finance Director

Lance R. Hillis

Fire Chief / Emergency Manager

Christopher K. Woolley

Police Chief

Michelle Moriarty

Public Works Director

Thomas Isbester

COLORADO'S SECOND OLDEST
MUNICIPAL CORPORATION

May 9, 2022

Colorado Division of Gaming
Limited Gaming Control Commission
1707 Cole Blvd., Suite 350
Lakewood, Colorado 80401

Dear Commission Members:

We are pleased to present our annual report to the Limited Gaming Control Commission (the Commission). The financial and other information sought by the Commission is as follows:

GENERAL OVERVIEW AND VISION

I am sure the Commission is aware that Black Hawk is the major contributor to gaming in the State of Colorado, contributing nearly 85% of statewide gaming taxes, and is the 16th largest gaming market in the United States, per the American Gaming Association. We are specifically concerned the Gaming Commission will continue its past spending practices while the gaming industry and local communities work through the on-going challenges. We hope the Gaming commission will reflect on its past spending practices and take steps to reduce spending this year.

With the exception of FY 2019-20, Black Hawk casinos have averaged over \$100 million annually in Gaming Tax paid to the Limited Gaming Fund. For Fiscal Year 2020, this figure dropped by 33.2% to \$69.2 million. However, a review of the Division expenses and the payments to the other State agencies reveals a stark difference. In FY 2020, the Division and the State Agencies combined saw a mere 0.34% decline in expenditures when compared to FY 2019. That expenses remained consistent with the previous year is even more remarkable when you consider that all casinos were closed for nearly three full months. This philosophy to maintain expenses even during economic downturns was also on display back in 2008-2009 during the great recession. As the accompanying chart depicts, Division expenditures have consistently increased over the past 15 years. During the same time, the number of casinos has decreased from 46 in 2006 to 33 in 2021. The number of devices has also declined, dropping from roughly 17,000 in 2006 to less than 11,000 in 2021.

Every year we see the increase of State expenses outpace the revenue to Black Hawk and the other host cities and counties as indicated by the attached chart. Even though there may be modest increase in tax revenue collected year over year, much

of it is consumed by these State “operations” before it ever reaches the City of Black Hawk. The City has aggressively marketed gaming and attempted to transition the City into a resort destination, which ultimately would drive higher revenues for the State. As the City grew visitation, it has placed a greater burden on our ability to provide municipal services to the gaming industry and our visitors. The City of Black Hawk currently provides water, police, fire, and public works services along with other amenities to the gaming community. These obligations continue to grow, yet through prudent fiscal management the City has met these obligations on static revenue. It is increasingly difficult to meet these obligations which help to ensure a successful gaming industry.

The City Council remains committed to working on ways to support our businesses by offering additional amenities and incentives to transform Black Hawk into a true resort destination. These efforts are very expensive endeavors but critical to Black Hawk’s long-term economic health. The continued escalation of State expenses and the resulting marginal revenue increases to Black Hawk make it increasingly hard to fund these new projects and programs.

The City has explained to the commission in our prior reports how we are planning to reposition Black Hawk as a true resort destination. To summarize for the Commission, the plan is to feature our mining history, offer mountain orientated outdoor activities, and create an entertainment/retail district that will offer a number of activities other than gaming in the newly zoned HARD District® (History Appreciation Recreation Destination District), Maryland Mountain Open Space Park and the new Artisans Point Beverage Community. Programs like these take a great deal of capital to accomplish. It only stands to reason that with Black Hawk generating nearly 85% of the gaming tax revenue we also incur the greatest expense in general services, as well as continued infrastructure repairs and improvements. Black Hawk is well positioned and has the potential to become a resort destination provided we have the capital to make the necessary improvements.

GAMING-RELATED ON-GOING BUDGETARY IMPACTS

The combination of casino growth, heavy visitor traffic, and continued efforts to provide increased residential services has put considerable strain on City government. For 2022, General Fund revenues (less transfers) are budgeted at \$22,669,410. This is nearly a \$1,500,000 or 6.0% decrease from the pre-pandemic actual revenues of \$24,129,031 for 2019.

BLACK HAWK GAMING-RELATED REVENUES

The revenues of the Black Hawk General Fund come primarily from three sources; Device Fees, State Gaming Revenue, and Sales and Use Taxes

The largest source of revenue for the City of Black Hawk is the Occupation Tax entitled "Device Fees" assessed at the annual rate of \$1,050 per gaming device used on the gaming floor of our casinos. The revenues from this source are utilized for general operations of the City and for transfer to the Capital and Debt Service Funds. For the year 2022, the City has budgeted \$7,192,500 from this source. This is an improvement from the \$4,521,388 for 2020, but far short of the \$8,007,888 in 2019.

The second prominent source of revenue in Black Hawk’s General Fund is the State-shared Gaming revenue. In August of each year, the State Division of Gaming delivers a check for the portion of the State-collected gaming tax to the City as provided in Article XVIII of the

Constitution of the State of Colorado. In 2021, the City received \$7,945,514 from this source, an increase from the \$5,036,466 received in 2020. However, this is short of the \$8,403,874 received in 2019.

The third source of revenue in the General Fund is from Sales and Use Tax. The City levies a 4.50% sales tax on qualifying purchases. For 2022, sales tax revenues are budgeted at \$3,300,000 an improvement over recent years, but nearly unchanged when compared to pre-pandemic 2019 revenues of \$3,252,186. Additionally, the City also imposes a 1.5% sales tax (the Educational Enhancement Tax) that is then passed on to the Gilpin School District, free of any processing or administrative fees for the benefit of the entire County. Since the inception of the Educational Enhancement Tax in 2009, the School District has received \$11,795,183 from this program.

BLACK HAWK REVENUE REDUCTIONS IMPACTS OTHER MUNICIPAL FUNDS

In addition to the General Fund, the City has a number of other funds which have been affected by gaming. A brief summary of each major fund follows:

Preservation and Restoration Fund

The City receives State-collected gaming taxes which are restricted in use for preservation and restoration purposes per Article XVIII of the State of Colorado Constitution. The City is budgeting the distribution for 2022 to be \$3,820,000. This is an improvement when compared to the 2020 amount of \$2,081,518, but flat when compared to the pre-pandemic amount of \$3,873,403 for 2019. Additionally, due to recent action by the State legislature and SB 22-216, the City may experience a drop off in this revenue stream in future years. This comes at a very unfortunate time, considering the City's current ongoing restoration programs, specifically the Gregory Street Redevelopment and Maryland Mountain Open Space.

Capital Project Funds

The Capital Project Fund is established to account for the purchase or construction of major capital facilities. The Capital Project Fund revenues come from a transfer from the General Fund and investment earnings. In late 2021, the City borrowed \$20,000,000 to help fund projects put on hold during the pandemic. \$5,000,000 of the proceeds of this debt issue were transferred to the Capital Projects Fund to development of Gregory Hill and Artisan's Point.

Debt Service Fund

The Debt Service Fund is supported by the transfer of Device Fees from the General Fund. To date, nine series of bonds have been issued: one for professional fees in 1991; one for water projects in 1992; one for the construction of a fire station and the funding of an EIS for water purposes in 1994; one in 1996 for the completion of the Main Street project; one in 1997 for acquisition, construction, and related improvements to Bobtail Street; one in 1998 for additional improvements to the City's water system; one in 2013 for water related projects; one in 2014 for infrastructure improvements; and one in 2021 for water system expansion, infrastructure improvements and open space acquisitions & improvements. The City Council is sensitive to incurring inordinate amounts of debt and continues to be prudent in planning for improvements. The City adheres to Colorado Revised Statute (C.R.S. 31-15-302(d) (II)) limiting debt issuance

to "three percent of the actual value, as determined by the assessor, of the taxable property in the municipality except such debt as shall be incurred in supplying water".

Water Fund

As an enterprise fund, the Water Fund is a self-supportive independent operation. The Water Fund's revenue sources are user fees and development fees. The City continues to evaluate water rates in an effort to get users to pay for the ongoing operations of the water system. 2022 user fee revenue is budgeted to be \$3,200,000.

Transportation Device Fee Trust Fund

The Transportation/Bus Fee Fund revenues are derived from an additional device fee levied on those casinos served by the Transportation Authority shuttle. Expenditures of the fund are limited to transportation related items mainly the in-town bus system.

SUMMARY

I am pleased to provide the above information for the use and consideration of the Commission. Should you desire additional information or clarification, feel free to contact me directly at 303-582-2200.

I look forward to continuing to work with the Commission in the future.

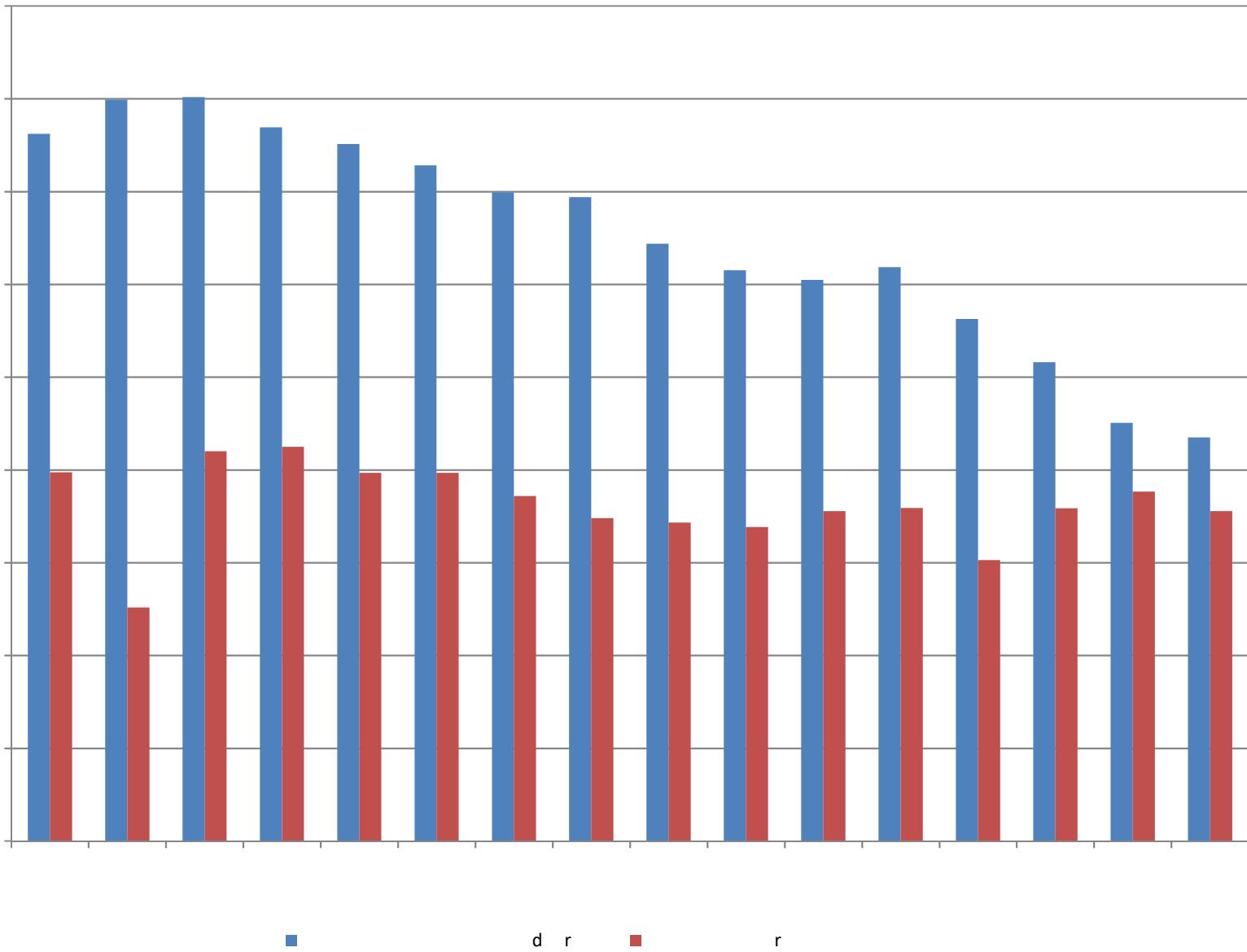
Sincerely,



Stephen N. Cole
City Manager

Enc: Gaming Fund Distribution Chart
American Gaming Association Statistics

Gaming Fund Distribution



Top 20 U.S. Commercial Casino Markets

2020

In 2020, all major commercial casino gaming markets suffered declines in annual revenue due to closures and travel restrictions related to the pandemic. However, certain markets saw sharper declines than others as casinos in New York, Michigan and Illinois were either forced to close for longer periods of time or reopen with tighter restrictions than those in other states such as Mississippi.

The disruption to business brought on by the pandemic led to a significant shake up of the top 20 markets in 2020, with Indianapolis and the greater Tunica/Lula market in Mississippi breaking into the rankings, while Pittsburgh/Meadowlands and New Orleans dropped out of the top 20.

	Market	State(s)	2020 Revenue	Last Ranking
1	Las Vegas Strip	NV	\$3.65B	1 —
2	Atlantic City	NJ	\$1.48B	2 —
3	Baltimore-Washington DC	MD/WV	\$1.31B	4 ↑
4	Chicagoland	IL/IN	\$1.12B	3 ↓
5	Gulf Coast	MS	\$1.04B	8 ↑
6	Philadelphia	PA	\$755M	7 ↑
7	St. Louis	MO/IL	\$677M	9 ↑
8	New York City	NY	\$658M	5 ↓
9	Boulder Strip	NV	\$642M	12 ↑
10	Detroit	MI	\$620M	6 ↓
11	Lake Charles	LA	\$594M	11 —
12	Reno/Sparks	NV	\$577M	14 ↑
13	Kansas City	MO/KS	\$571M	13 —
14	Poconos	PA	\$516M	10 ↓
15	Shreveport/Bossier City	LA	\$461M	17 ↑
16	Black Hawk/Central City	CO	\$456M	15 ↓
17	Tunica/Lula	MS	\$445M	N/A
18	Cincinnati	OH/IN	\$426M	18 —
19	Downtown Las Vegas	NV	\$387M	16 ↓
20	Indianapolis	IN	\$386M	N/A

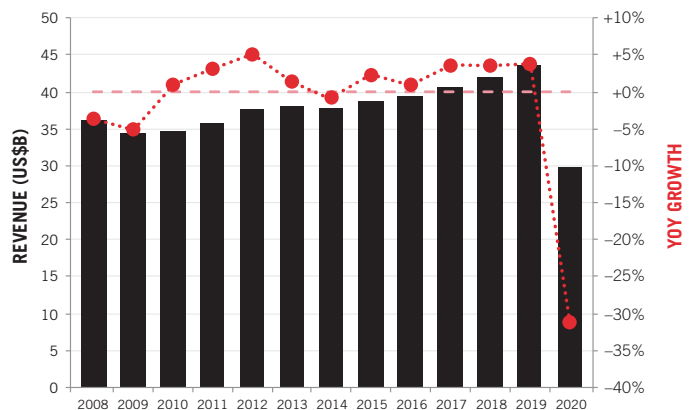
*Market revenue encompass electronic gaming devices and table games but not sports betting or internet gaming.

SOURCE: Gambling Compliance, State Gaming Regulatory Agencies

Annual U.S. Commercial Gaming Revenue

2008 to 2020

The U.S. commercial casino industry reported annual gaming revenue of \$29.98 billion in 2020. This was the first year-over-year market contraction since 2014 and the pandemic-driven declines resulted in the lowest revenue level since 2003.



SOURCE: State Gaming Commissions



City of Central

141 Nevada Street / Post Office Box 249

Central City, Colorado 80427

(303) 582-5251

www.centralcity.colorado.gov

May 9, 2022

Colorado Limited Gaming Control Commission
C/O Paul Hogan, Chief Auditor
Department of Revenue – Division of Gaming
1707 Cole Boulevard, Suite 300
Lakewood, Colorado 80401

Delivered via Electronic Mail (paul.hogan@state.co.us)

RE: CENTRAL CITY ANNUAL GAMING REPORT

Dear Honorable Commissioners:

The City of Central (“City”) continues to face the increasing challenges dealt to a host city charged with supporting the gaming industry and defending the purpose for which it exists – historic preservation. Although the City bears all the burdens, it lacks the financial resources needed to address them. Furthermore, while the City continues to claw its way back from the pandemic-induced financial hit that had an instant, severe, and lasting impact on the City’s finances, it faces new headwinds as the State hands out additional revenue losses to the City through the intentional redistribution of [city] resources to other interested parties.

Most recently, the State commissioned the legislative sponsorship of Senate Bill (SB) 22-216 concerning the reallocation of limited gaming tax revenues. In short, the legislation sought to improve the financial condition of certain state-sponsored entities by taking money away from the local governments literally struggling to uphold the very gaming communities that generate the funding at issue in the bill.

Local government services are critical to preserving the health, safety and welfare of these communities. The City may be small in geographic size, but the fiscal resources needed to preserve a *National Historic Landmark District* community and provide the infrastructure and services needed to support a casino-based economy are sizeable. Considering the City’s budgetary and operational challenges, the enormity of these outsized needs grows exponentially when local government funding is unjustly redistributed to secondary stakeholders.

In addition to the City's growing and unmet needs for capital improvement, as well as the challenges relating to the maintenance of existing infrastructure, gaming activities place considerable demand on critical public services, including but not limited to public safety. It takes a significant number of resources to maintain the most basic, but necessary, public services and we cannot afford to jeopardize the safety of the public in order to achieve the desired [financial improvement] goals and interests of preferred programs. It is imperative to safeguard and stabilize the City's ability to adequately provide for these essential public services.

For a bit of context, most gaming tax revenue beneficiaries receive annual disbursements that far exceed the City's TOTAL Annual Budget for all citywide expenditures. While many economic development initiatives may be well-intentioned, any measure that effectively cuts gaming tax rates or otherwise reduces funding allocations to the local gaming communities will endanger the health, safety and welfare of our populations. Needless to say, the City is extremely sensitive to any action or policy that could adversely affect funding distributions to the City.

Recommendation / Request

Please protect and improve the health and safety of our gaming environment by safeguarding the City's ability to provide essential infrastructure and services. To that end, the City strongly opposes any reduction in the gaming tax rates for the upcoming fiscal year, as well as any initiatives that could reduce the City's allocation and/or total disbursements at any time. The City respectfully requests that the Gaming Commission refrain from taking any action, or allowing any change in policy, that could adversely impact the City's fiscal condition.

For questions or requests for additional information, please contact Daniel R. Miera, City Manager.

Respectfully submitted,

City of Central



May 4th, 2023

State of Colorado
Department of Revenue
Division of Gaming
1707 Cole Blvd., Suite 300
Lakewood, Colorado 80401

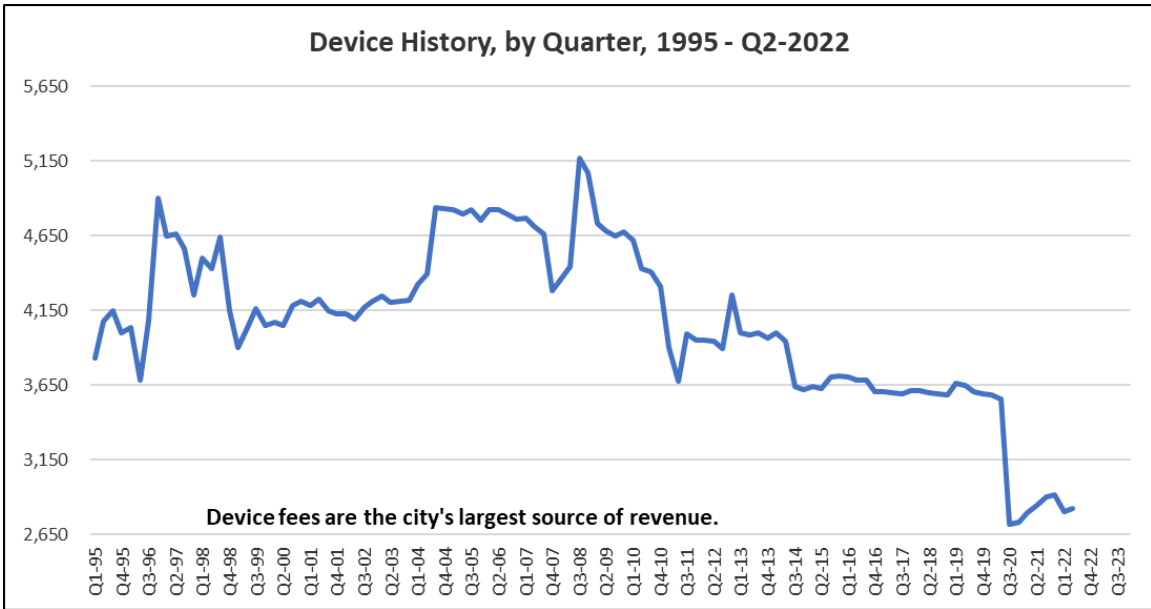
Dear Limited Gaming Control Commissioners,

The following is intended to provide you with an update of the on-going impacts of the gaming industry on the City of Cripple Creek. Currently, there are six corporations operating twelve gaming licenses in the city. The gaming industry is the primary economic engine for the City of Cripple Creek and Southern Teller County.

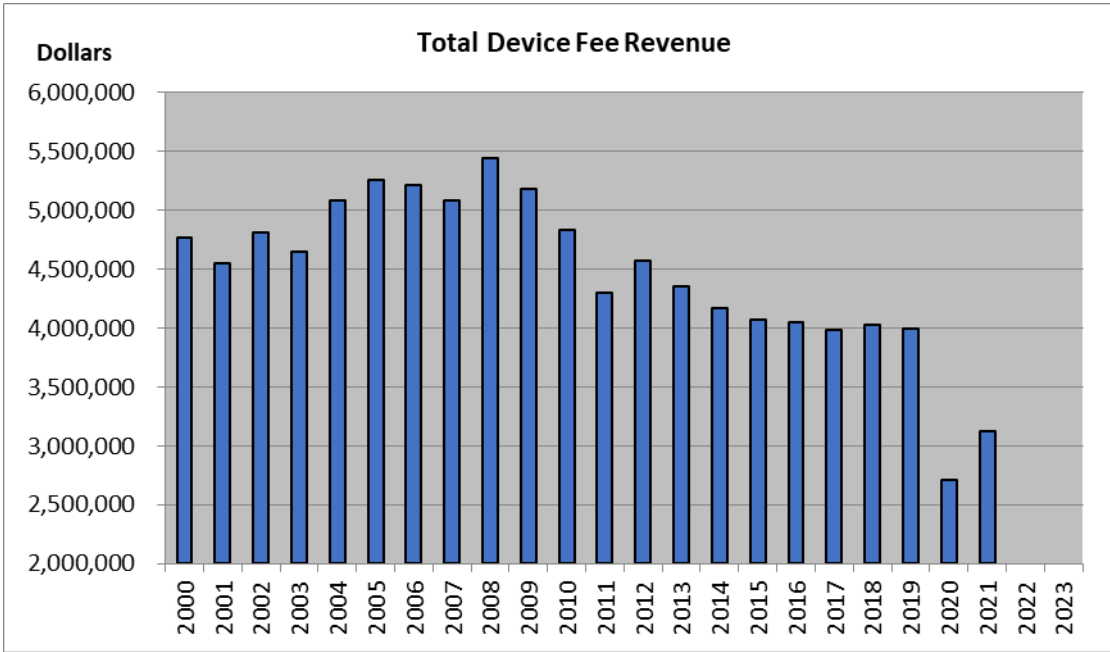
On-Going Financial Impacts on City Government

Although the gaming industry in the state has bounced back quickly and is posting record numbers due to pent up demand from the prior COVID shutdown/restrictions and impact from Amendment 77 (unlimited wagers), the City of Cripple Creek's finances have not bounced back, due to the lack of increase in the number of devices in town. It appears that some casinos have changed their business model, with the adoption of the "pod" layout for their gaming floors, which require fewer machines.

The critical issue in town is the decline in number of devices, which is the city's largest source of revenue. The number of gaming devices in the city dropped from a pre-COVID number of 3,585 for the first quarter of 2020 to 2,717 when the casinos reopened in June 2020 – a reduction of 868 devices, or 24%. Since then, only 109 machines have been added for a total of 2,826. This leaves the city still down 759 machines, or 21%. To continue to be down 21% on our main source of revenue, after two years, is creating a real hardship on the city and its operations. It will take a long time, if ever, for the device count in the city to return to the pre-COVID level of 3,500+. The decline in the number of devices will continue to "hamstring" the city's ability to recover financially and get back to normal operations. The chart on the following page illustrates the decline in devices due to COVID-19 and the lack of recovery.

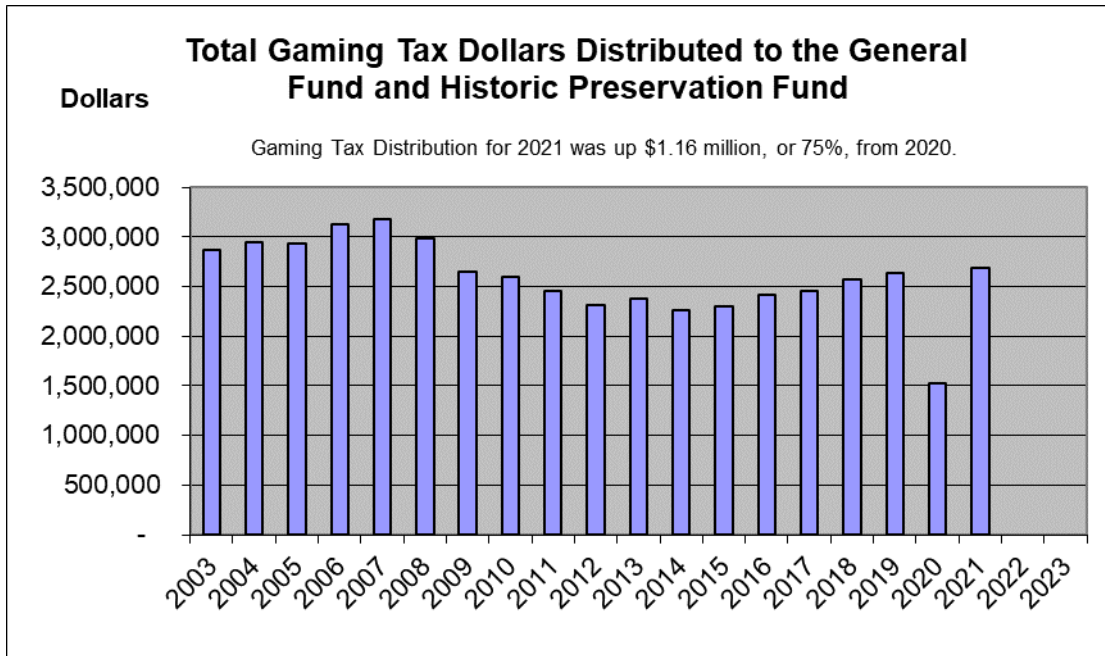


For 2021, device fees increased \$411K, or 15%, after being down \$1.3 million, or 32% in 2020. Device fees are still down significantly from their usual level.



The substantial drop in the number of devices has led the City Council to increase device fees for 2022. Beginning January 1st, 2022, the city eliminated the partial break on device fees for the first fifty machines for each license, which had been in place since 2004. This cost the local operators \$360,000. The City Council recently voted to increase device fees by 10%, or \$30 per machine, beginning July 1st, 2022. This marks the first time in 30 years that device fees have been raised from the \$300 per quarter figure. This is projected to impact the casinos by \$336,000. The new ordinance also has a built-in annual cost increase – inflation escalator.

The city's second largest source of revenue are the gaming taxes collected by the state and distributed to the three gaming towns and two counties, etc. Gaming taxes bounced back significantly in 2021 and were up \$1.16 million, or 75% from 2020.



Sports Betting

It is tragic that the municipal governments in the three gaming cities and two counties do not receive any direct financial benefit from allowing sports betting to take place in their communities and around the state. Had the three gaming cities and two counties received a portion of the sports betting tax distributions, as they do for both limited gaming and extended gaming, the financial health of each entity would be significantly better. It is hard to understand why the gaming communities do not receive any of the sports betting taxes generated. The three gaming cities and the two counties were cut out of the sports betting tax distribution in a last-minute change in the Bill that was brought before the legislature, which changed the tax distribution to the State's Water Fund. This is an issue of fairness that needs to be addressed.

Senate Bill 22-216

In late April, the JBC had sponsors introduce SB22-216, which among other things, would move funds from the Limited Gaming Fund to the Extended Gaming Fund. The proposal would reduce, by \$1.3 million, Cripple Creek, Central City, and Teller County's tax distribution, due to the difference in the two formulas used to calculate market share – Adjust Gross Proceeds vs. taxes paid in. The difference is caused by smaller casinos, which start the year lower in the gaming tax tiers vs. a large casino, which start the year higher in the tax brackets. The three gaming cities and two counties were not informed of the proposed changes in advance and had no say in the formulation of the bill. The three cities, two counties, Colorado Municipal League and Colorado

Counties Inc. appeared before the Senate’s Appropriations Committee on Tuesday, April 26th to voice our opposition to the bill, as written. The group was able to obtain the following changes: the funding cuts were removed, the bill will sunset after one year, and a work group consisting of all the tax recipients and the Division of Gaming will be established to address equitable tax distributions moving forward and look at how some aspects of the formulas used and assumptions made are calculated.

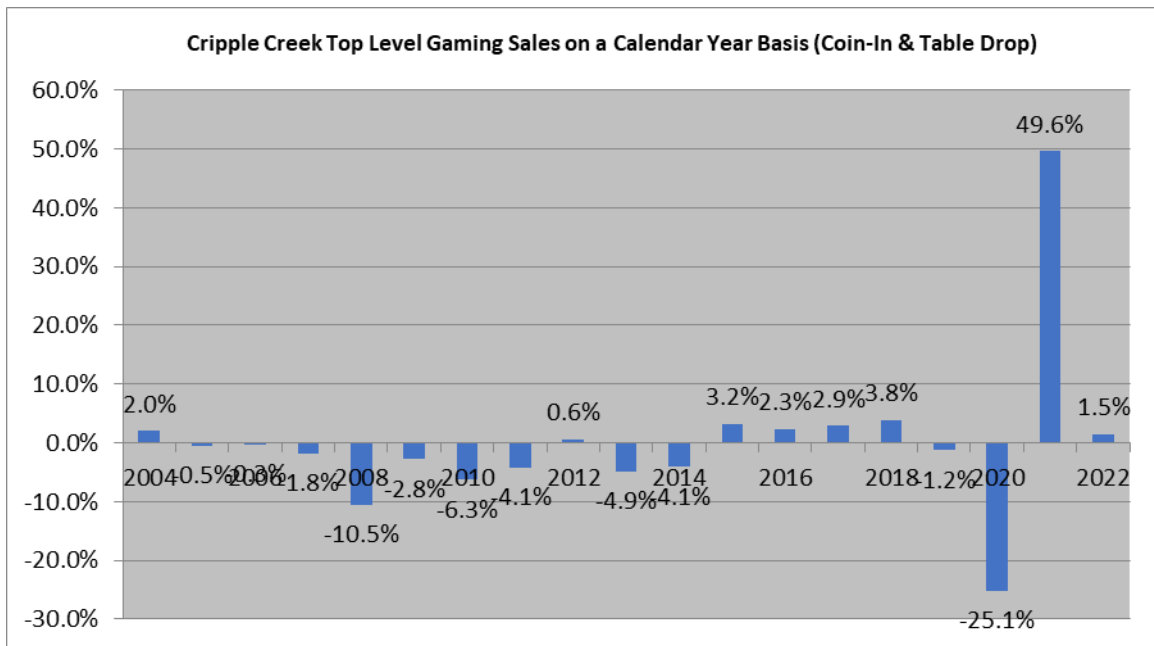
City Expenses

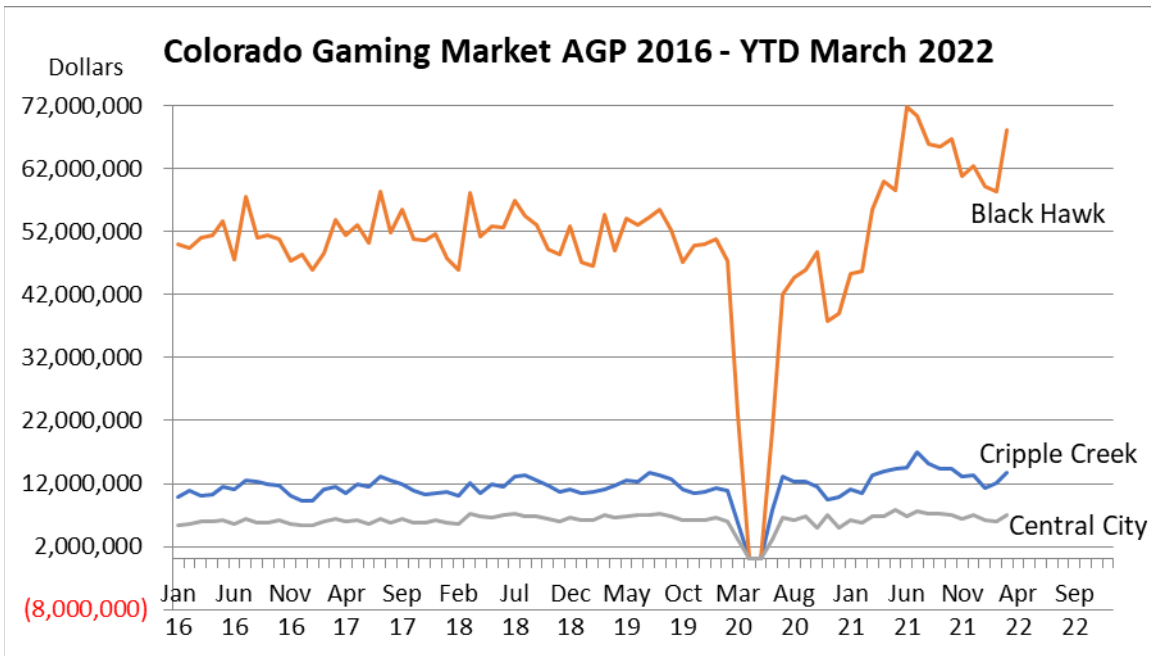
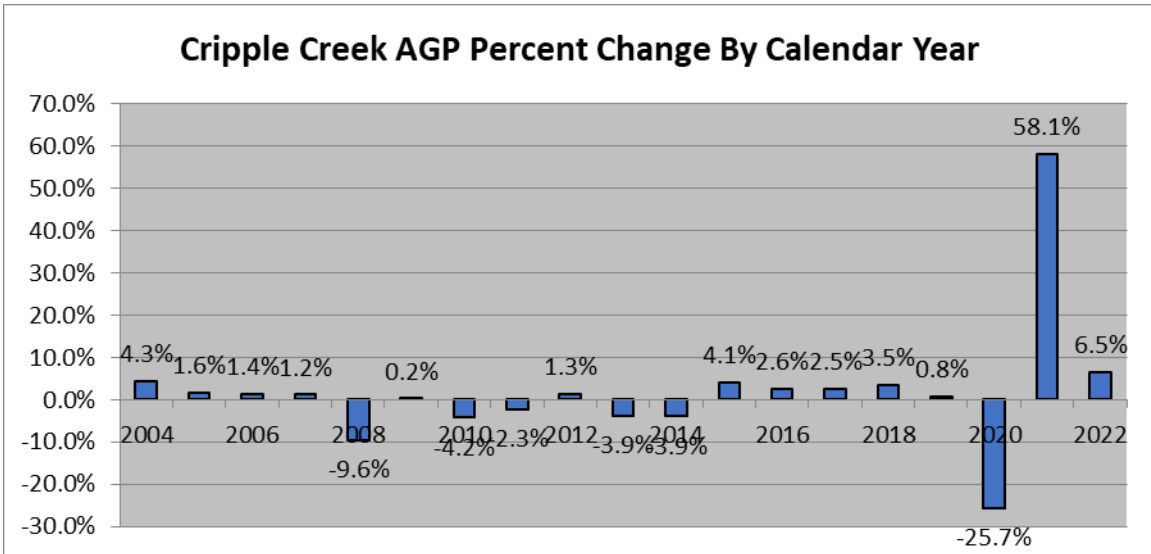
The city, like many entities, is having an exceedingly difficult time filling open positions, especially in the Police and Fire Departments. Currently, our Police Department has seven open positions, out of a badged staff of fourteen. The city is having the same issue with Firefighters and individuals for our reserve program. Competing with larger municipalities and counties along the front range, who pay much higher wages, for the same pool of candidates is proving extremely difficult.

Due to the decrease in revenues outlined earlier, the city has had to reduce its expenses and seek out grants to complete capital projects. The city continues to identify additional cost reductions and efficiencies that can be gained to try and off-set the decline in the number of devices. It is difficult to find an area of city expenditures that is not directly or indirectly related to the gaming industry.

Cripple Creek Gaming Industry

After experiencing a severe decline in the gaming revenues in 2020, due to COVID and the casinos being closed for three months, the Cripple Creek gaming market bounced back in 2021. However, through March of 2022 growth in gaming has slowed significantly.





Looking Forward

On a positive note, the Wildwood Casino’s new hotel opened in summer of 2021 and immediately contributed to the available hotel room inventory. Full House Entertainment (Bronco Billy’s Casino) is making great progress on their large hotel, conference space, spa, parking garage, etc., with a projected opening date of July 2023. Triple Crown Casinos is moving forward with their hotel project, with an estimated completion date of November 2024. The hotel projects will help propel Cripple Creek forward and will make the community more competitive on a state-wide level.

Due to the COVID-19 recent impacts on the gaming industry, the City of Cripple Creek would recommend keeping the current tax rates in place for the coming fiscal year.

Thank you,

Paul Harris
Finance Director

Colorado Limited Gaming
Control Commission
&
Division of Gaming



Presentation Documents

Colorado Limited Gaming
Control Commission
&
Division of Gaming

PUBLIC SESSION

Public Session
Presentation Documents

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DEFINITIONS & PRESENTATION

AGP (Adjusted Gross Proceeds):

The amount of money wagered minus the amount paid out in prizes.

Net Revenues:

Includes all operating revenue derived from gaming, food, beverage, hotel and other operating revenue less promotional allowances.

Promotional Allowance:

Defined as complementaries (comps), that represent goods and services which would be accounted for as revenue if sold, that a casino gives to customers as an inducement to gamble at that establishment.

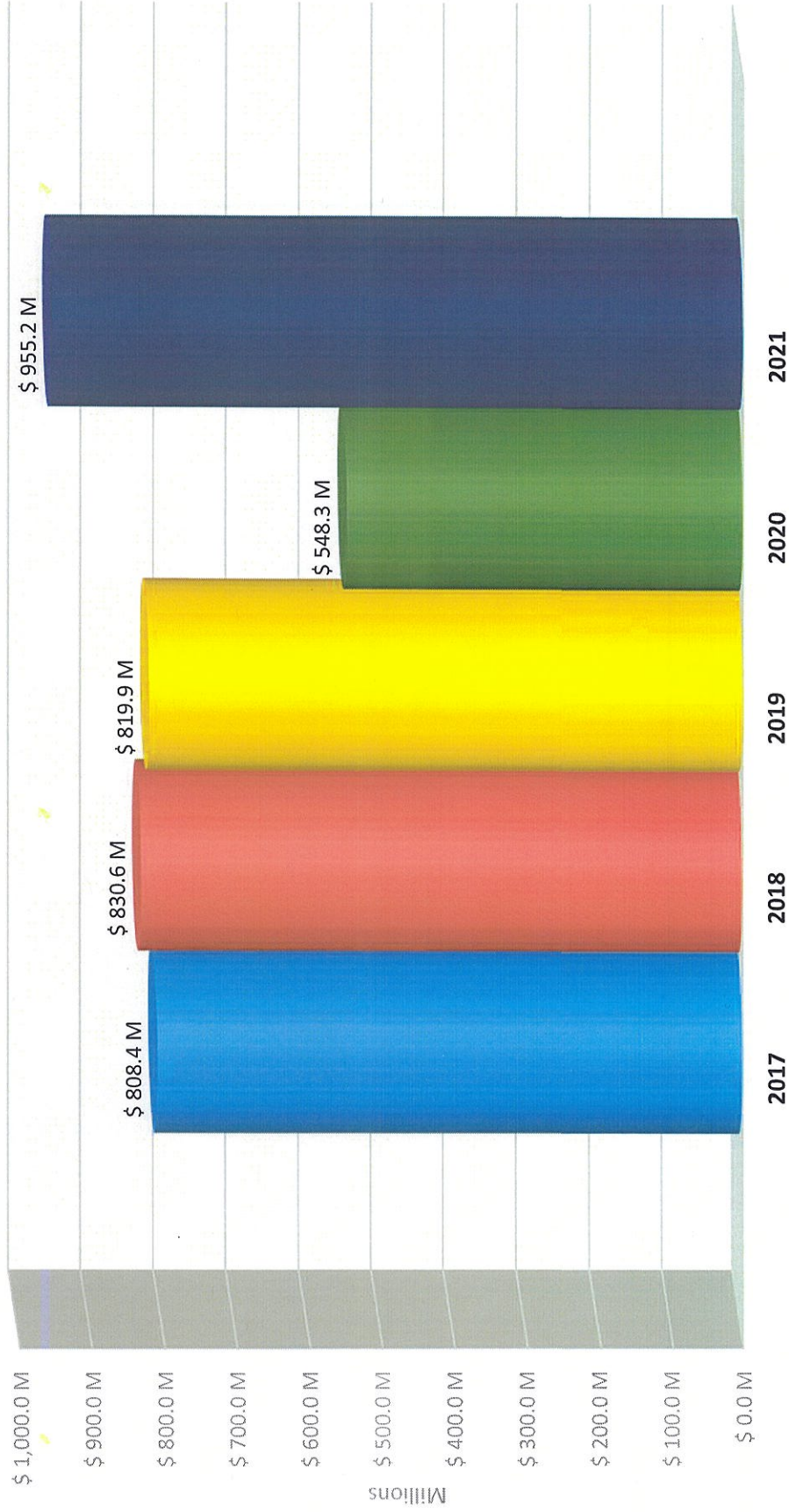
EBIT (Earnings Before Interest and Taxes):

Gives a broader measure of return by adjusting a casino's earnings for non-cash items that reduces earnings for tax purposes, before adjustments for depreciation and amortization. This measure also facilitates profitability comparisons among casinos as a result of differing debt and equity structures. Impairment charges, if any, have been eliminated from EBIT.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization):

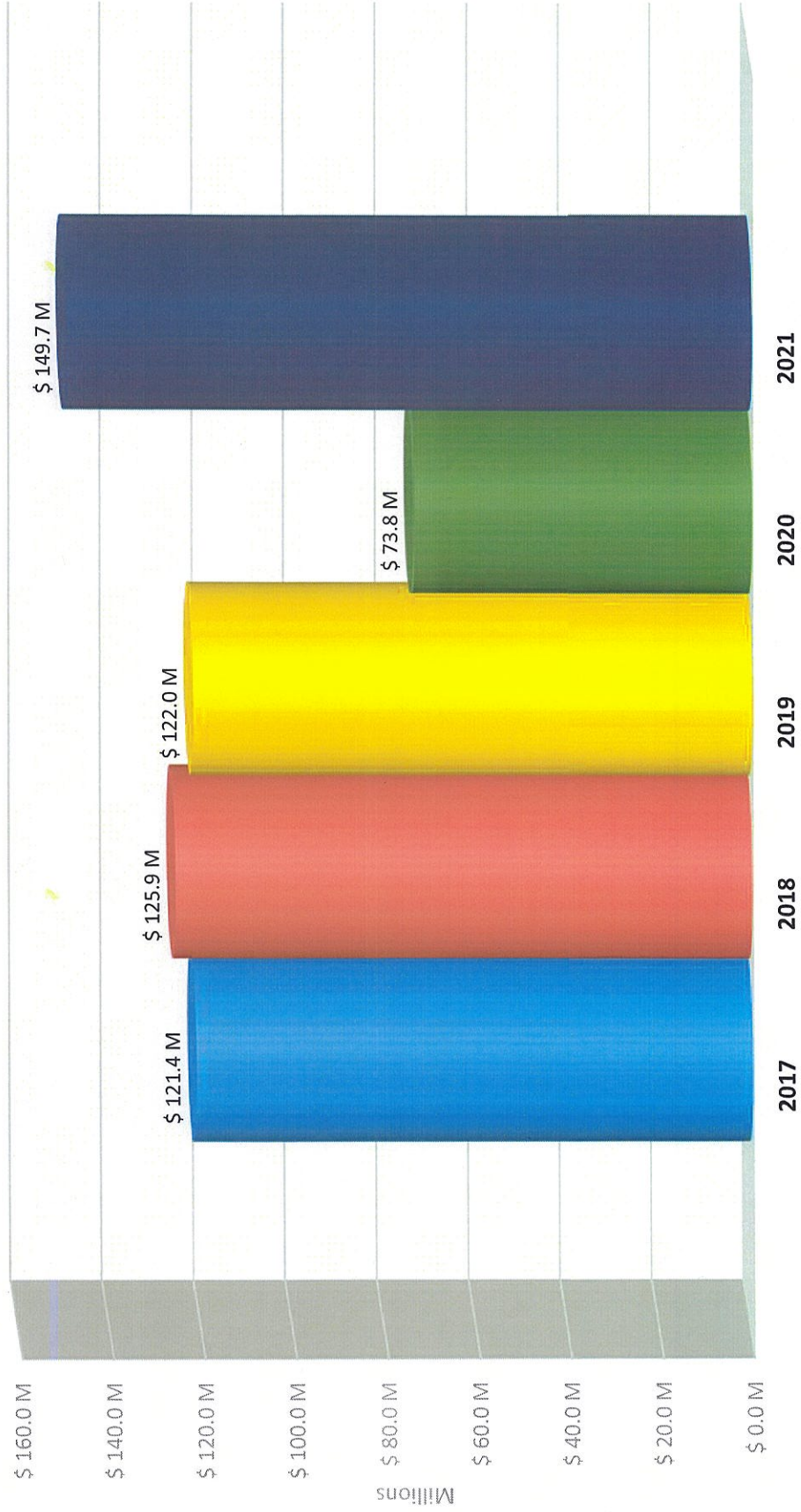
Gives a broader measure of return by adjusting a casino's earnings for non-cash items (such as depreciation and amortization) that reduces earnings for tax purposes. This measure also facilitates profitability comparisons among casinos as a result of differing debt and equity structures. Impairment charges, if any, have been eliminated from EBITDA.

Gaming Industry Performance Industry Trends Adjusted Gross Proceeds from 2017 to 2021

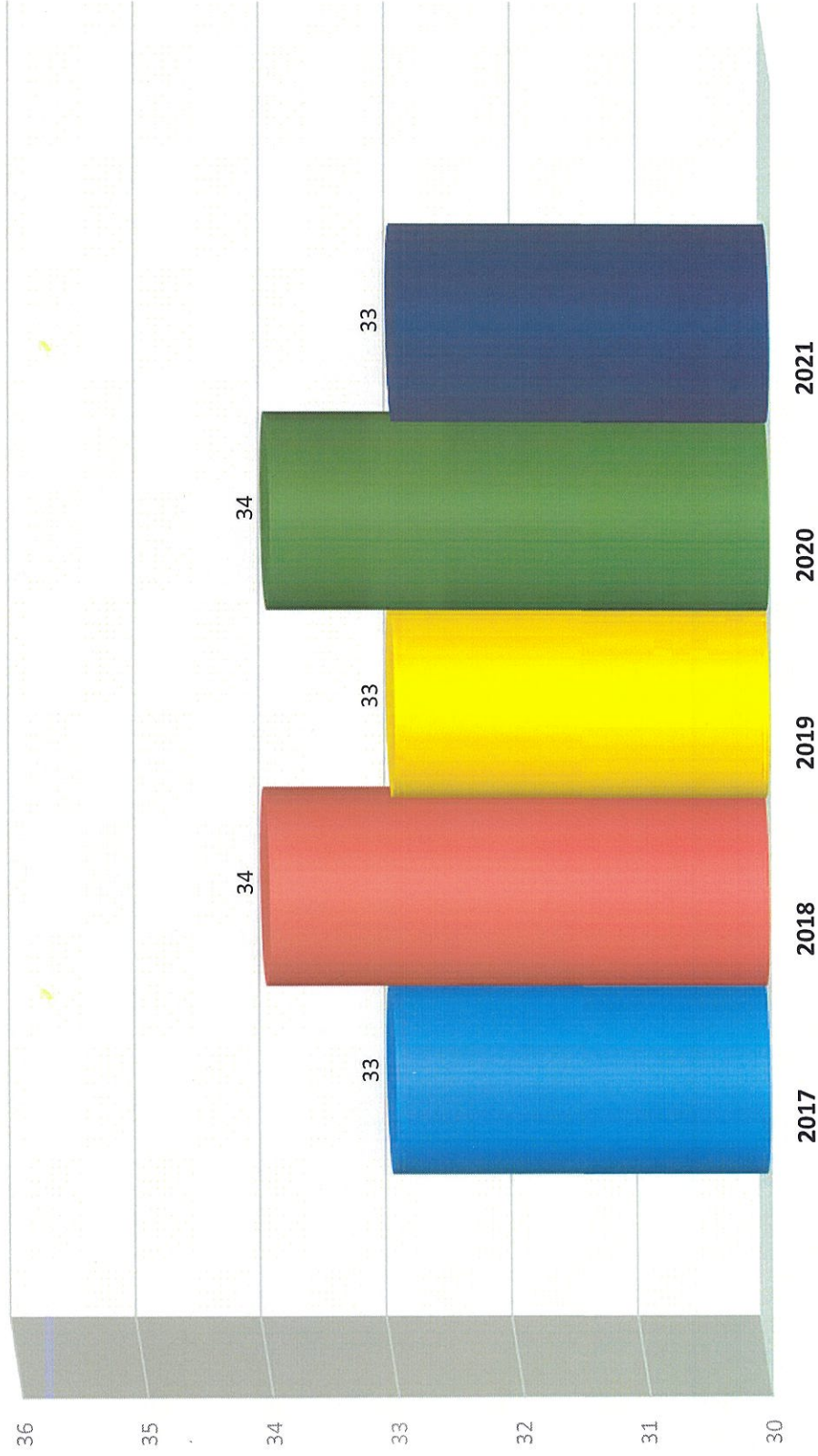


Gaming Industry Performance Industry Trends

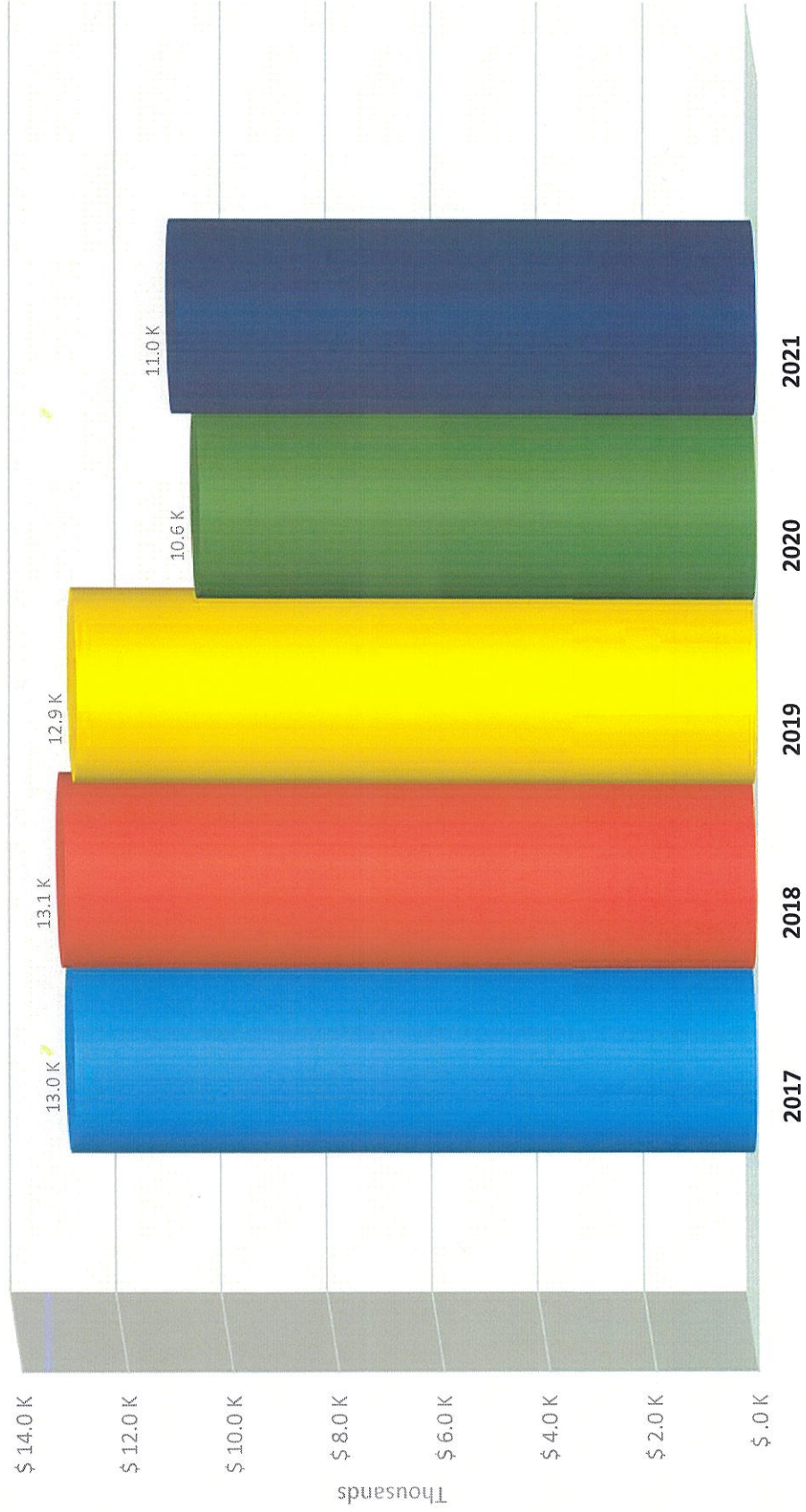
Gaming Taxes from 2017 to 2021



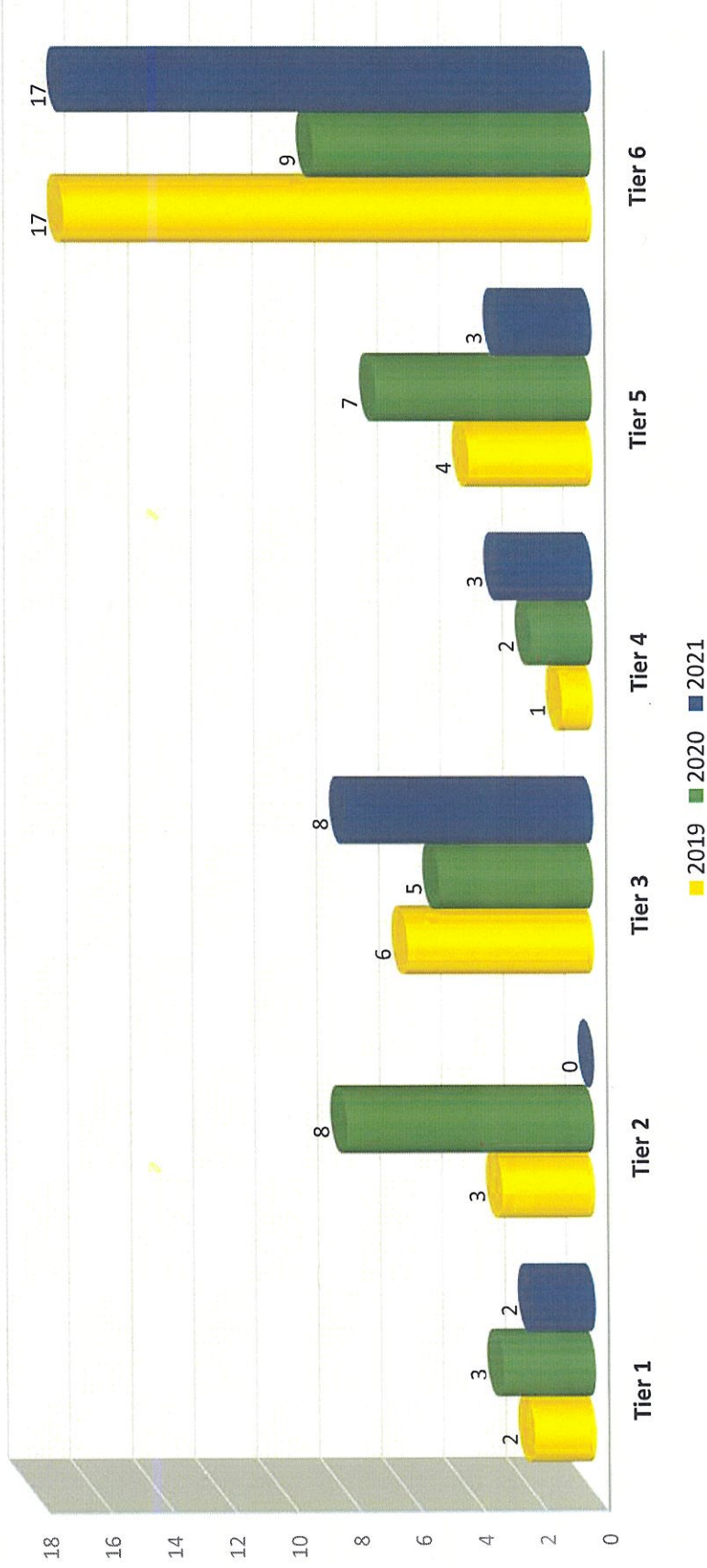
Gaming Industry Performance Industry Trends Number of Casinos from 2017 to 2021



Gaming Industry Performance Industry Trends Number of Devices from 2017 to 2021



Number of Casinos by Tax Tier



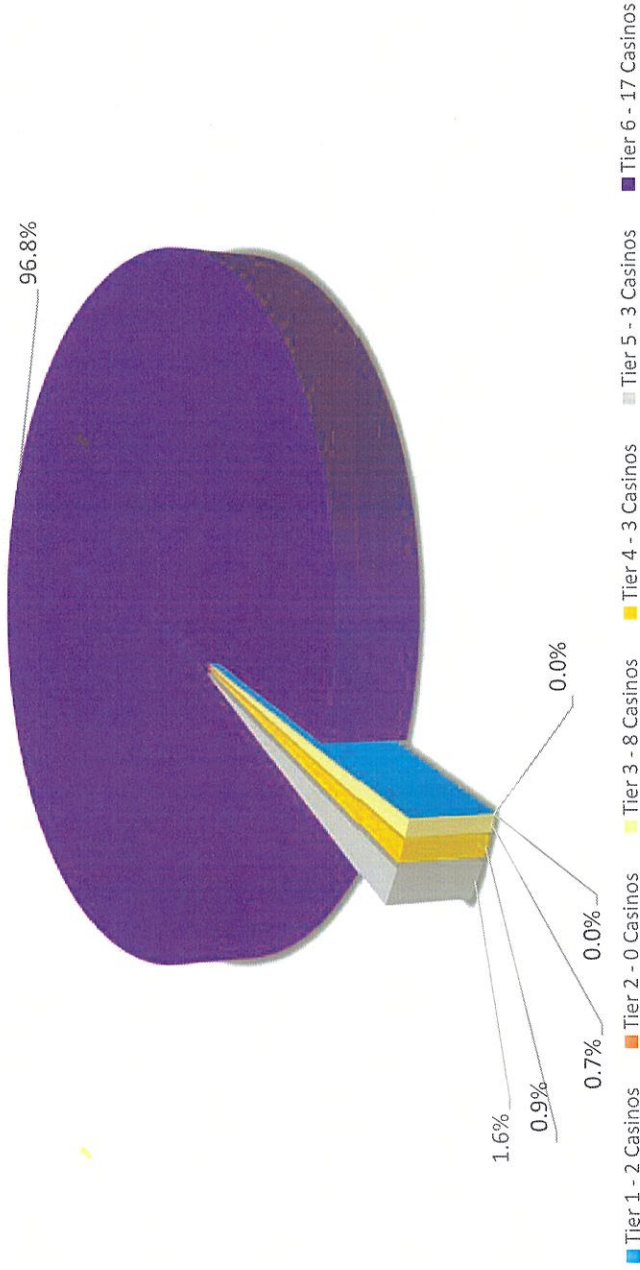
AGP Range						
Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	
\$ -	\$ 2,000,000	\$ 5,000,000	\$ 8,000,000	\$ 10,000,000	\$ 13,000,000+	
\$ 2,000,000	\$ 5,000,000	\$ 8,000,000	\$ 10,000,000	\$ 13,000,000		

Low
High

Tier	2019	2020	2021
Tier 1	2	3	2
Tier 2	3	8	0
Tier 3	6	5	8
Tier 4	1	2	3
Tier 5	4	7	3
Tier 6	17	9	17

Gaming Taxes Paid by Tax Tier

(Pictured: Percentage Allocation of 2021 Gaming Taxes Paid by Tax Tier)



Three Year Historical Overview of Gaming Taxes by Tax Tier						
Tier 1	Tier 2**	Tier 3	Tier 4*	Tier 5	Tier 6	All Tiers
\$ 3.9 K	\$ 136.0 K	\$ 1.2 M	*	\$ 3.5 M	\$ 117.1 M	\$ 122.0 M
\$ 3.4 K	\$ 378.9 K	\$ 1.1 M	\$ 0.9 M	\$ 6.5 M	\$ 65.0 M	\$ 73.8 M
\$ 5.1 K	\$ 0.0 K	\$ 1.0 M	\$ 1.3 M	\$ 2.4 M	\$ 144.9 M	\$ 149.7 M

2019
2020
2021

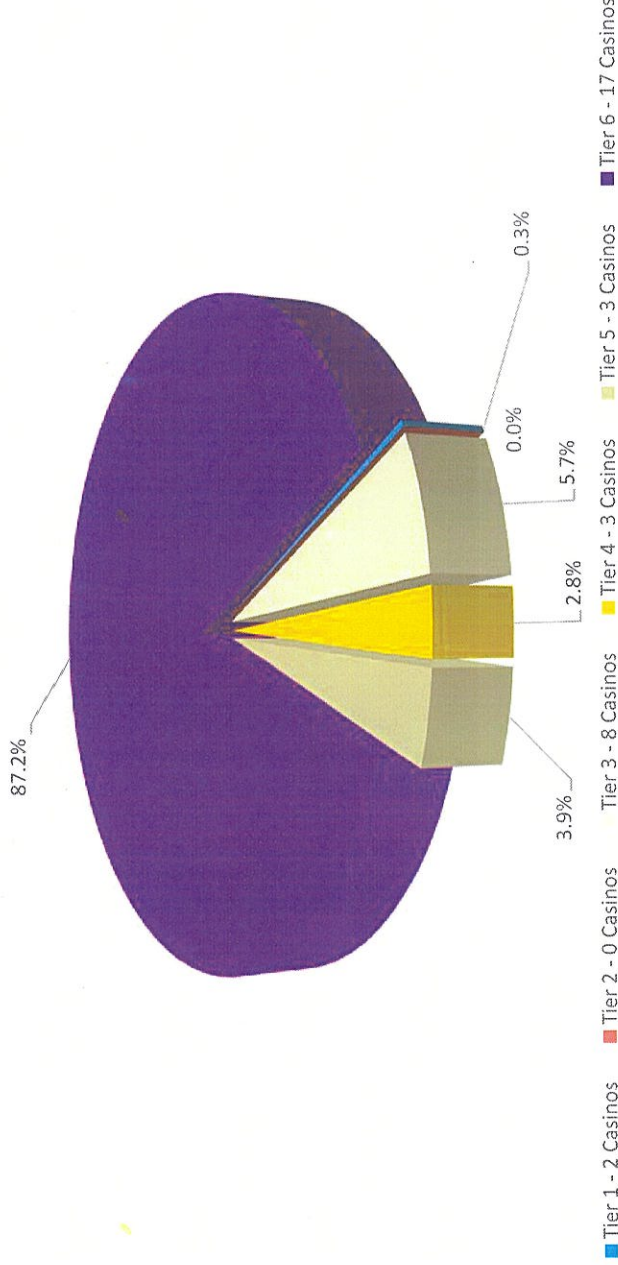
Avg. Casino Contribution (2021)	\$ 2.6 K	n/a	\$ 0.1 M	\$ 0.4 M	\$ 0.8 M	\$ 8.5 M	\$ 4.5 M
Effective Tax Rate (2021)	0.25%	n/a	2.1%	4.9%	6.9%	17.2%	15.7%

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino.

Net Revenues by Tax Tier

(Pictured: Percentage Allocation of 2021 Net Revenues by Tax Tier)



Three Year Historical Overview of Net Revenues by Tax Tier							
	Tier 1	Tier 2**	Tier 3	Tier 4*	Tier 5	Tier 6	All Tiers
	\$ 1.8 M	\$ 13.8 M	\$ 49.1 M	*	\$ 51.7 M	\$ 770.2 M	\$ 886.6 M
	\$ 2.8 M	\$ 36.5 M	\$ 36.8 M	\$ 18.5 M	\$ 103.6 M	\$ 412.7 M	\$ 611.0 M
	\$ 3.1 M	\$ 0.0 M	\$ 61.4 M	\$ 30.3 M	\$ 41.9 M	\$ 931.9 M	\$ 1,068.5 M
	9.8%	(100.0%)	66.8%	63.4%	(59.5%)	125.8%	74.9%
	69.5%	(100.0%)	24.9%	n/a	(18.9%)	21.0%	20.5%

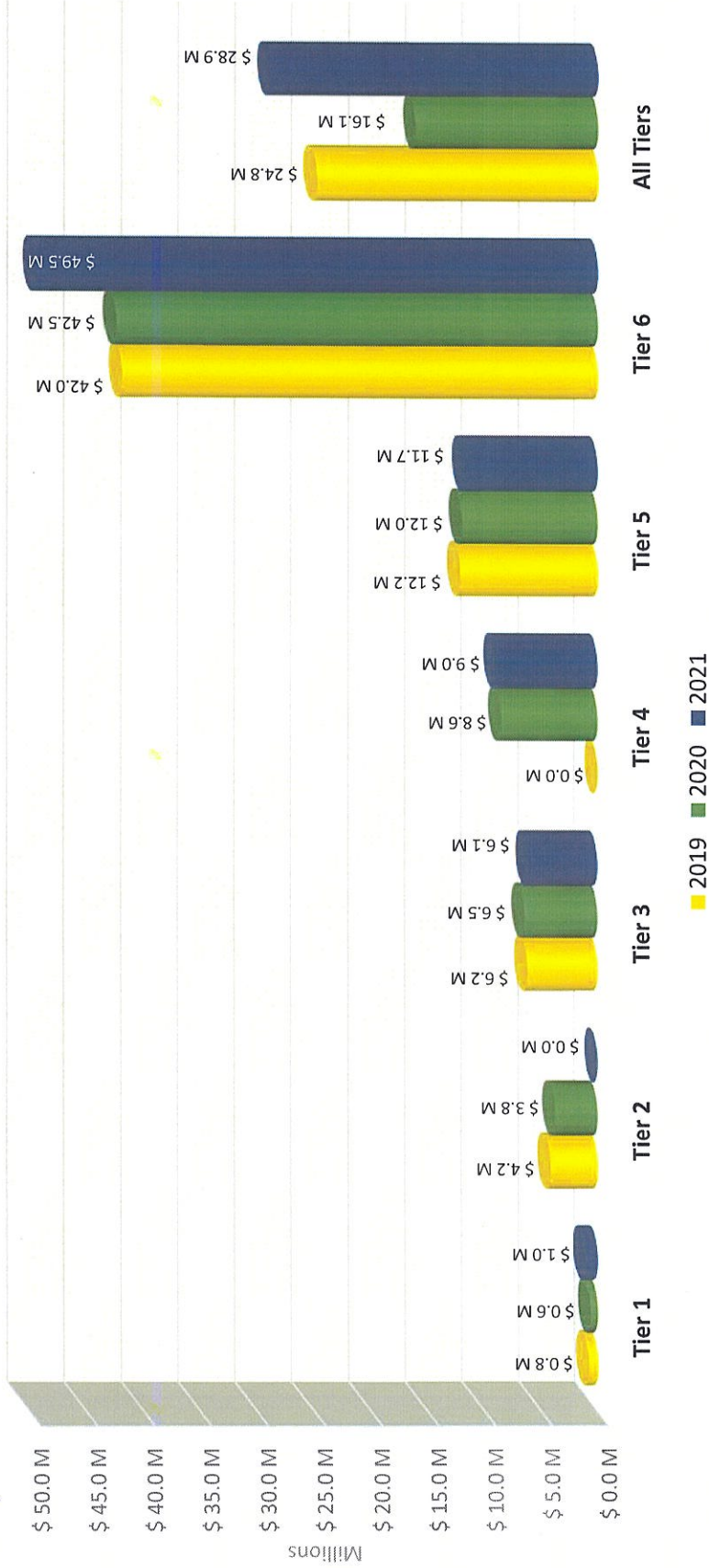
2019	
2020	
2021	
% Change 2020-2021	
% Change 2019 vs 2021	

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino.

Changes in Casinos 2020-2021			
-1	-8	+3	+1
			-4
			+8
			-1

Average Adjusted Gross Proceeds by Tax Tier

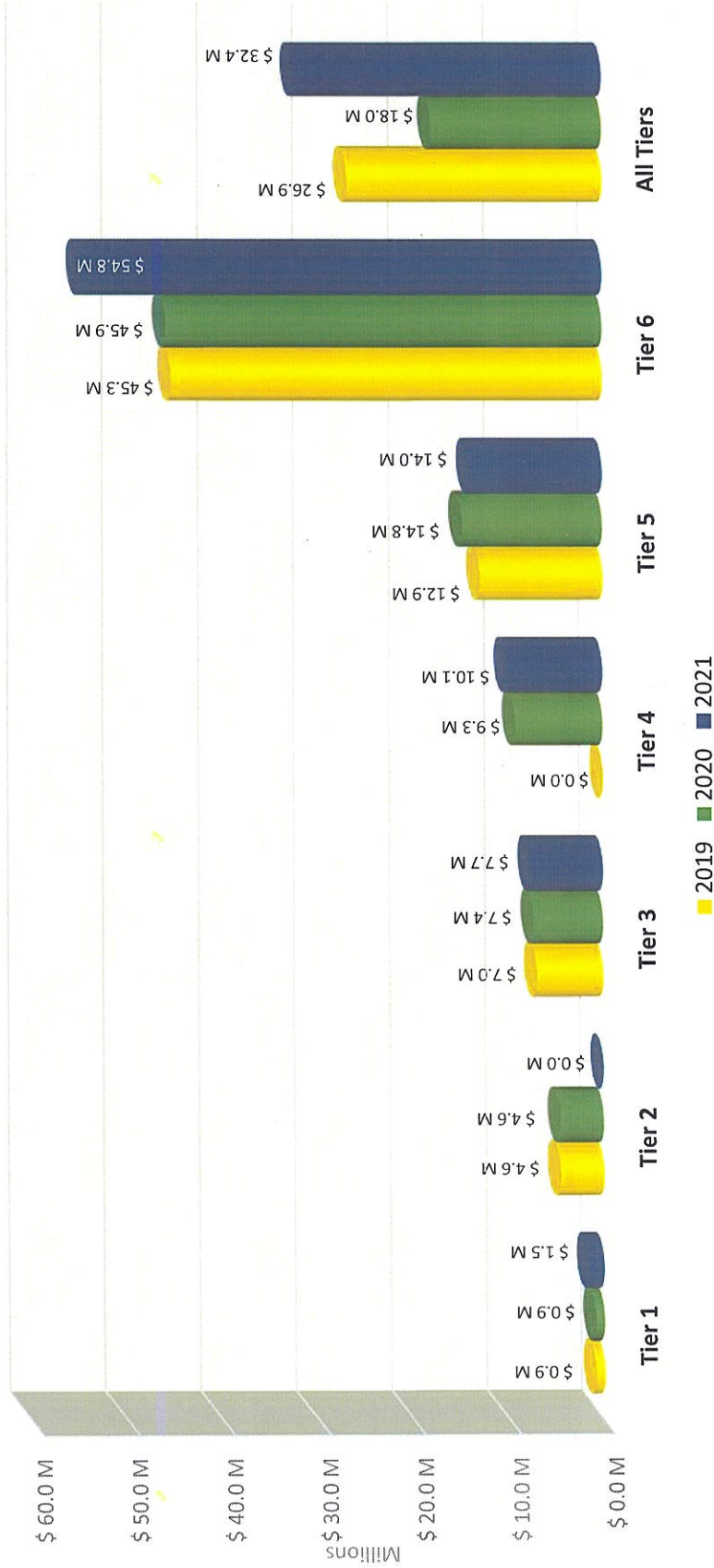


Average AGP by Tax Tier							
Tier	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
	\$0.8 M	\$4.2 M	\$6.2 M	*	\$12.2 M	\$42.0 M	\$24.8 M
	\$0.6 M	\$3.8 M	\$6.5 M	\$8.6 M	\$12.0 M	\$42.5 M	\$16.1 M
	\$1.0 M	\$0.0 M	\$6.1 M	\$9.0 M	\$11.7 M	\$49.5 M	\$28.9 M
% Change 2020-2021	60.5%	(100.0%)	(6.1%)	4.5%	(2.4%)	16.6%	79.5%
% Change 2019 vs. 2021	27.7%	(100.0%)	(2.1%)	n/a	(3.5%)	18.0%	16.5%

2019
2020
2021
% Change 2020-2021
% Change 2019 vs. 2021

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019
 ** In 2021, there were not any casinos that were classified as a Tier 2 Casino.

Average Net Revenues by Tax Tier

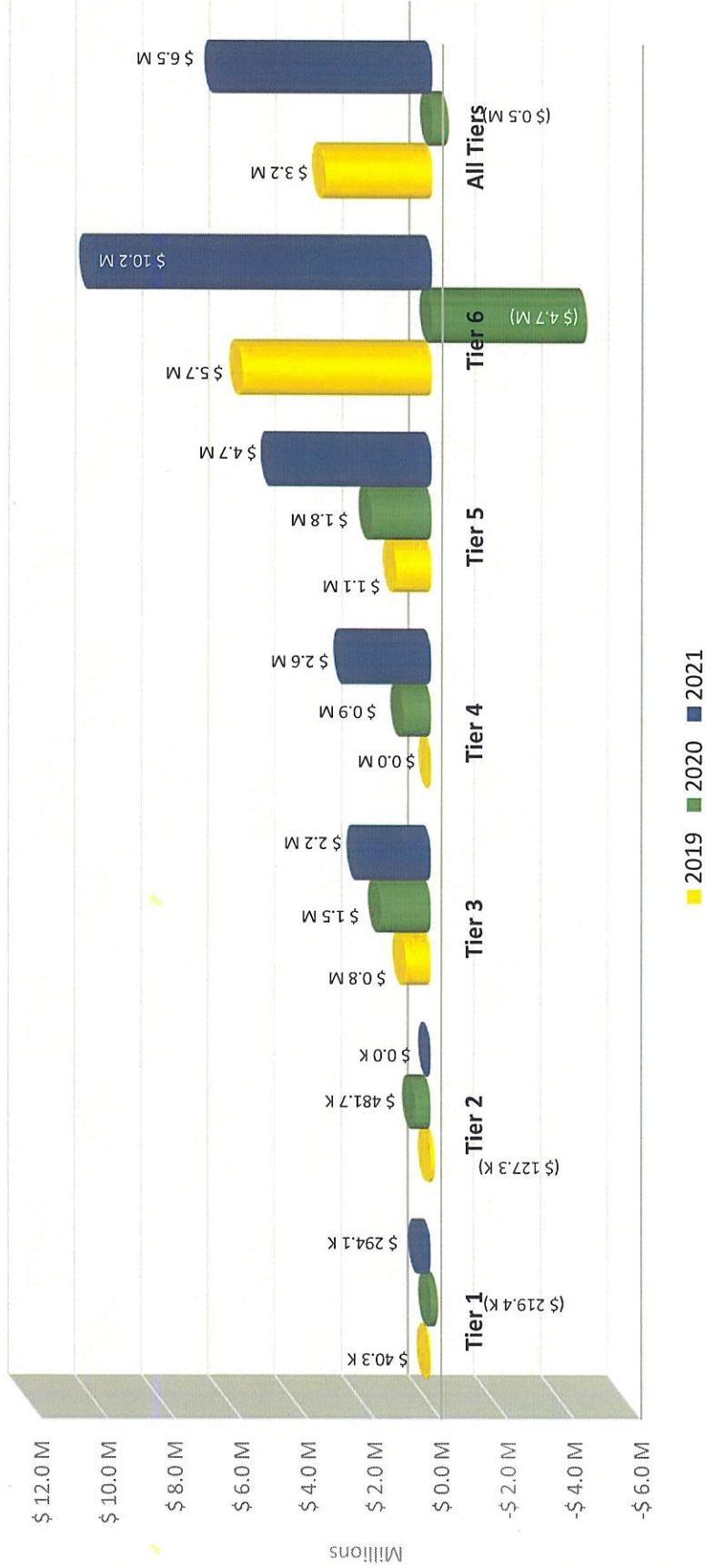


Average Net Revenues by Tax Tier							
Tier	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
2019	\$0.9 M	\$4.6 M	\$7.0 M	*	\$12.9 M	\$45.3 M	\$26.9 M
2020	\$0.9 M	\$4.6 M	\$7.4 M	\$9.3 M	\$14.8 M	\$45.9 M	\$18.0 M
2021	\$1.5 M	\$0.0 M	\$7.7 M	\$10.1 M	\$14.0 M	\$54.8 M	\$32.4 M
% Change 2020-2021	64.8%	(100.0%)	4.2%	8.9%	(5.6%)	19.5%	80.2%
% Change 2019 vs. 2021	69.5%	(100.0%)	9.3%	n/a	8.1%	21.0%	20.5%

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino.

Average Net Income (Loss) Before Taxes by Tax Tier



Average Net Income (Loss) Before Taxes by Tax Tier							
Tier	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
	\$ 40.3 K	(\$ 127.3 K)	\$ 0.8 M	*	\$ 1.1 M	\$ 5.7 M	\$ 3.2 M
	(\$ 219.4 K)	\$ 481.7 K	\$ 1.5 M	\$ 0.9 M	\$ 1.8 M	(\$ 4.7 M)	(\$ 0.5 M)
	\$ 294.1 K	\$ 0.0 K	\$ 2.2 M	\$ 2.6 M	\$ 4.7 M	\$ 10.2 M	\$ 6.5 M
	***	(100.0%)	42.3%	200.7%	160.7%	***	***
	629.6%	***	181.2%	n/a	339.4%	79.4%	101.0%

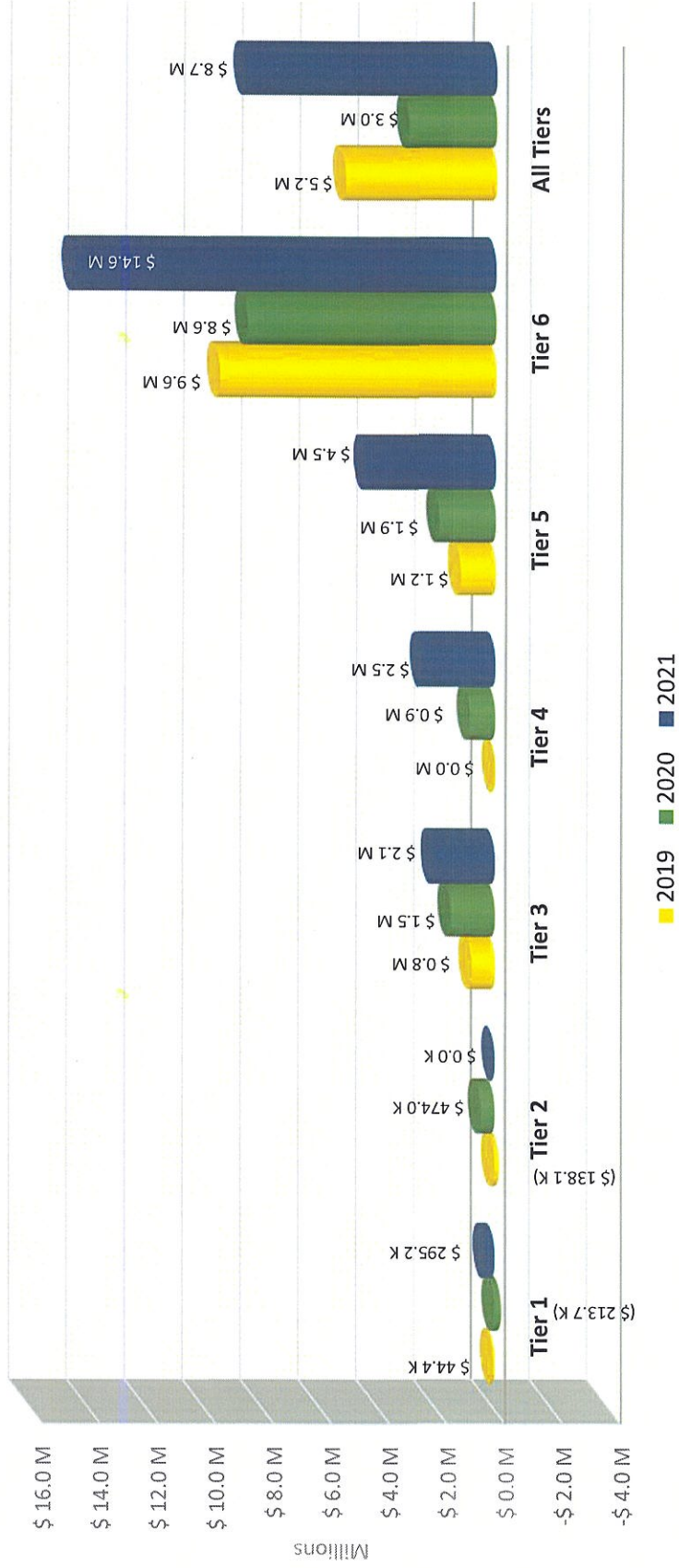
2019
2020
2021
% Change 2020-2021
% Change 2019 vs. 2021

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino

*** Percentage change could not be computed as the base year was negative

Average Earnings Before Income Taxes (EBIT) by Tier



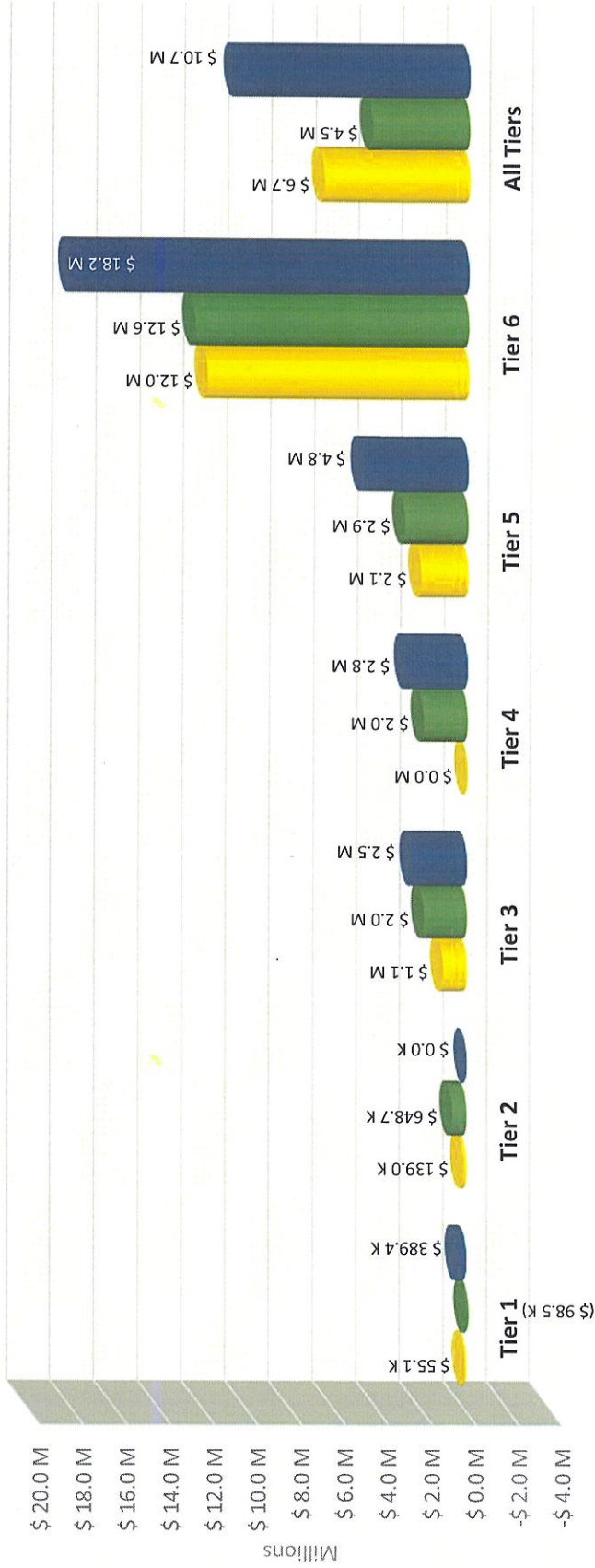
Average EBIT by Tax Tier							
	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
2019	\$ 44.4 K	(\$ 138.1 K)	\$ 0.8 M	*	\$ 1.2 M	\$ 9.6 M	\$ 5.2 M
2020	(\$ 213.7 K)	\$ 474.0 K	\$ 1.5 M	\$ 0.9 M	\$ 1.9 M	\$ 8.6 M	\$ 3.0 M
2021	\$ 295.2 K	\$ 0.0 K	\$ 2.1 M	\$ 2.5 M	\$ 4.5 M	\$ 14.6 M	\$ 8.7 M
% Change 2020-2021	***	(100.0%)	38.1%	188.0%	130.6%	69.5%	184.8%
% Change 2019 vs. 2021	564.9%	***	164.3%	n/a	275.9%	52.7%	66.2%

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino

*** Percentage change could not be computed as the base year was negative

Average Earnings Before Income Taxes Depreciation & Amortization (EBITDA) by Tier



Legend: 2019 (Yellow), 2020 (Green), 2021 (Blue)

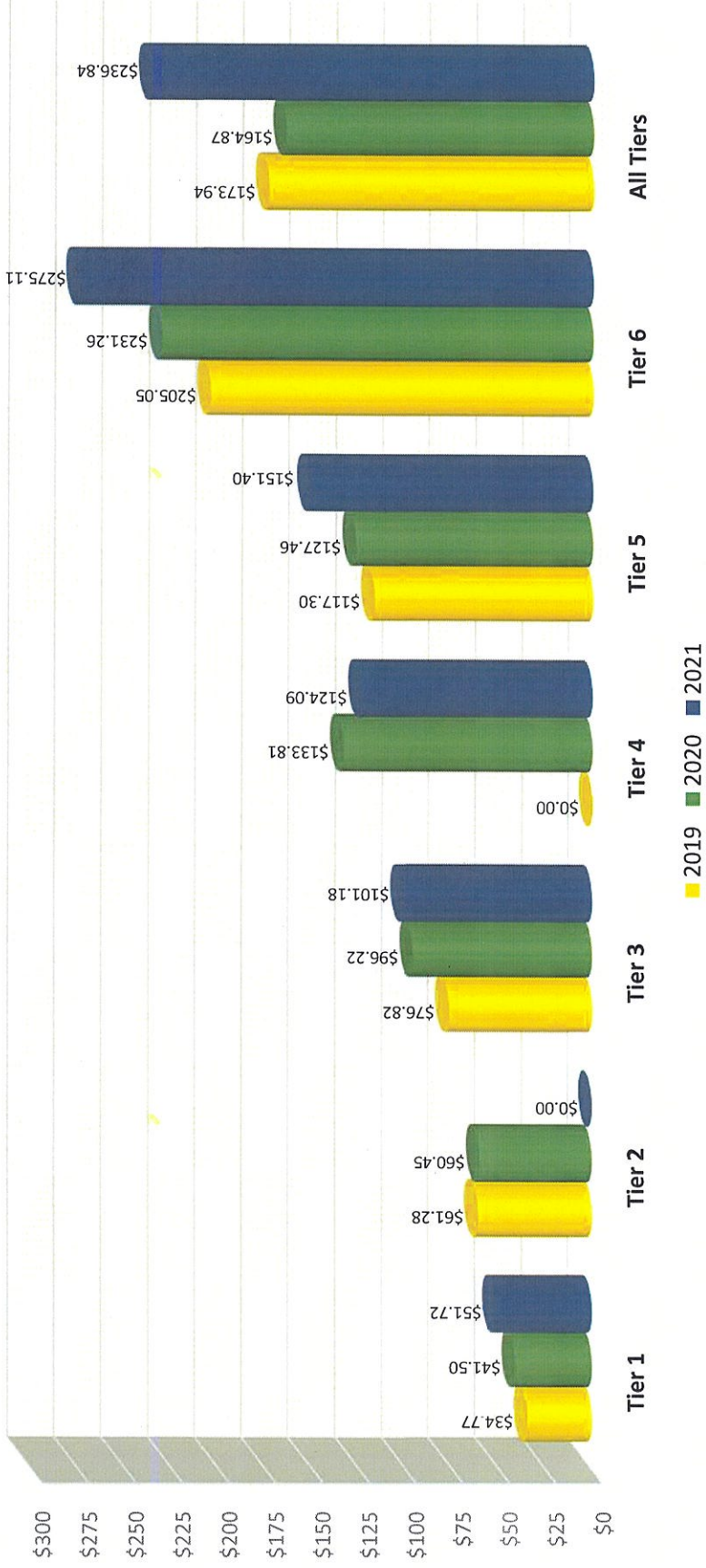
Average EBITDA by Tax Tier							
	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
	\$ 55.1 K	\$ 139.0 K	\$ 1.1 M	*	\$ 2.1 M	\$ 12.0 M	\$ 6.7 M
	(\$ 98.5 K)	\$ 648.7 K	\$ 2.0 M	\$ 2.0 M	\$ 2.9 M	\$ 12.6 M	\$ 4.5 M
	\$ 389.4 K	\$ 0.0 K	\$ 2.5 M	\$ 2.8 M	\$ 4.8 M	\$ 18.2 M	\$ 10.7 M
% Change 2020-2021	***	(100.0%)	26.2%	37.9%	66.3%	45.3%	139.5%
% Change 2019 vs. 2021	606.7%	(100.0%)	129.5%	n/a	125.6%	52.3%	60.6%
Average EBITDA as a % of Average Net Revenues	25.3%	0.0%	32.4%	27.6%	34.6%	33.3%	33.1%

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino

*** Percentage change could not be computed as the base year was negative

Adjusted Gross Proceeds (AGP) per Device per Day by Tax Tier



AGP per Device per Day by Tax Tier							
	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
	\$34.77	\$61.28	\$76.82	*	\$117.30	\$205.05	\$173.94
	\$41.50	\$60.45	\$96.22	\$133.81	\$127.46	\$231.26	\$164.87
	\$51.72	\$0.00	\$101.18	\$124.09	\$151.40	\$275.11	\$236.84
% Change 2020-2021	24.6%	(100.0%)	5.2%	(7.3%)	18.8%	19.0%	43.7%
% Change 2019 vs. 2021	48.8%	(100.0%)	31.7%	n/a	29.1%	34.2%	36.2%

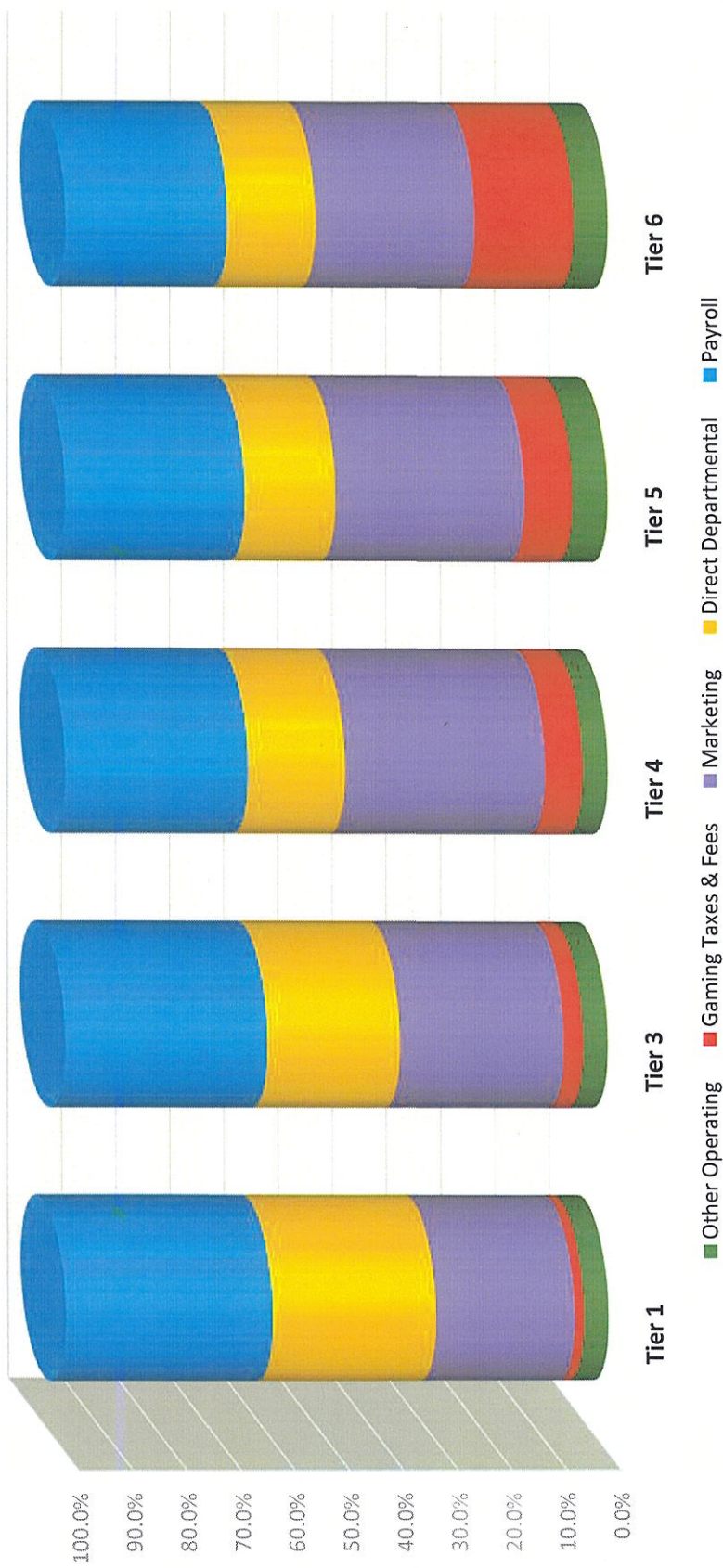
2019
2020
2021
% Change 2020-2021
% Change 2019 vs. 2021

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino

Operating Expenses by Category by Tax Tier

(Pictured: Allocation of 2021 Operating Expenses by Category by Tax Tier)



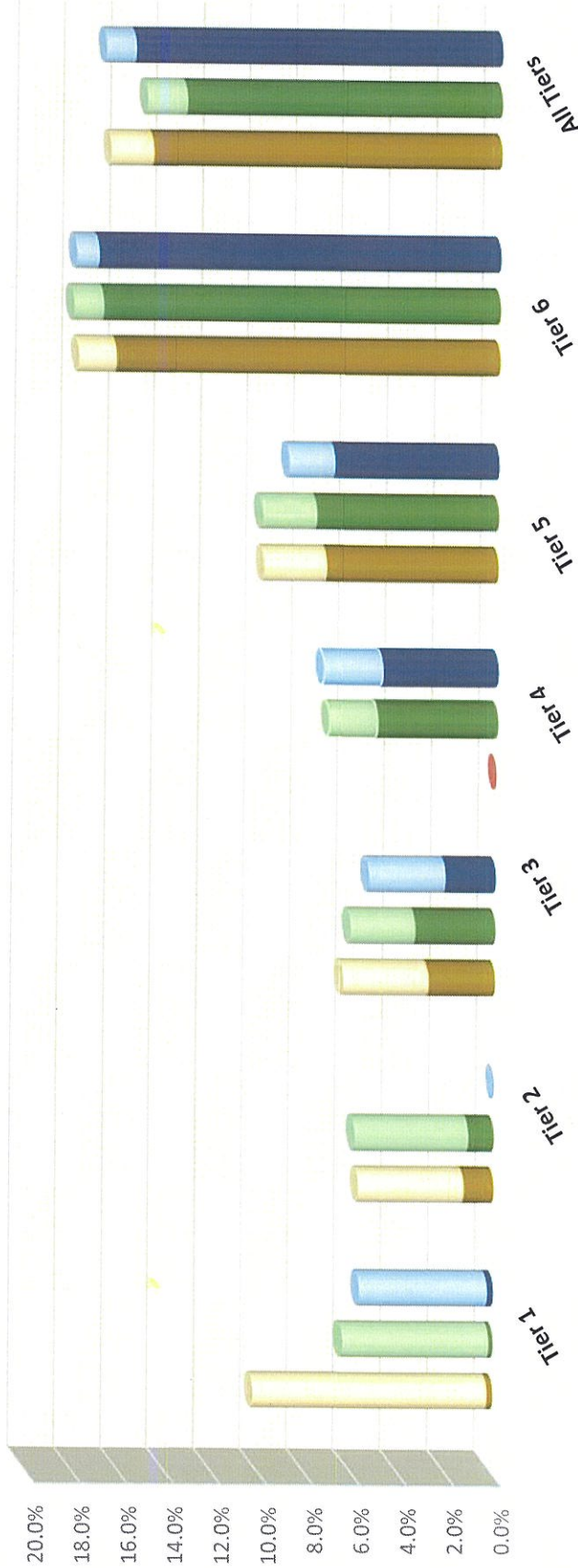
Average Operating Expenses Per Casino (in Millions)						
	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6
2019	\$ 0.8 M	\$ 4.0 M	\$ 5.3 M	*	\$ 10.6 M	\$ 34.1 M
2020	\$ 1.0 M	\$ 3.5 M	\$ 4.9 M	\$ 6.8 M	\$ 11.2 M	\$ 31.7 M
2021	\$ 1.1 M	\$ 0.0 M	\$ 4.6 M	\$ 6.4 M	\$ 9.2 M	\$ 37.3 M

2021 Avg Net Revenue	\$ 1.5 M	\$ 0.0 M	\$ 7.7 M	\$ 10.1 M	\$ 14.0 M	\$ 54.8 M
% Avg Net Revenue	71.0%	0.0%	60.5%	63.8%	65.8%	68.1%

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino

Gaming Taxes & Device Fees as a Percentage of AGP by Tax Tier



State Gaming Taxes as % of AGP							
	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
2019	0.2%	1.1%	2.8%	*	7.3%	16.4%	14.9%
2020	0.2%	1.3%	3.4%	5.1%	7.7%	17.0%	13.5%
2021	0.2%	0.0%	2.1%	4.9%	6.9%	17.2%	15.7%

Device Fees as % of AGP							
	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
2019	10.0%	4.8%	3.6%	*	2.7%	1.6%	1.8%
2020	6.2%	4.0%	2.8%	2.0%	2.4%	1.3%	1.7%
2021	5.5%	0.0%	3.3%	2.5%	2.0%	1.1%	1.3%

Total Gaming Taxes and Device Fees as % of AGP							
	Tier 1	Tier 2**	Tier 3	Tier 4	Tier 5	Tier 6	All Tiers
2019	10.2%	5.9%	6.5%	*	10.0%	18.0%	16.7%
2020	6.4%	5.2%	6.2%	7.1%	10.1%	18.3%	15.2%
2021	5.7%	0.0%	5.4%	7.4%	9.0%	18.3%	17.0%

* For confidentiality reasons, this tier has been combined with Tier 3 in 2019

** In 2021, there were not any casinos that were classified as a Tier 2 Casino

Financial Ratios: Industry Trends 2019 to 2021

