

City of Black Hawk, Colorado

*Comprehensive Annual Financial Report
For The Year
Ended December 31, 2006*

Prepared By

Finance Department

*Dana Wood, Assistant to the City
Manager For Finance*

Black Hawk, Colorado
*Comprehensive Annual Financial Report
For The Year Ended December 31, 2006*

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(Unaudited)**

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303-582-0848 Fax

Mayor
David D. Spellman

Aldermen
Linda Armbright
Paul G. Bennett
Diane Cales
Dick Cottrell
Kathleen Doles
Tom Kerr

City Attorney
Corey Y. Hoffmann

City Manager
Richard F. Lessner

**Community Planning &
Development Director**
Steven C. Ferris

**Assistant to the City Manager
for Administration**
Melissa Greiner

**Assistant to the City Manager
for Finance**
Dana Wood

City Clerk
Jeanie M. Magno

Fire Chief
Robert Norris

IT Coordinator
Jeffrey L. Young

Police Chief
Stephen N. Cole

Public Works Director
Philo Shelton

May 24, 2007

To the Honorable Mayor and Members of the City Council,
Citizens of the City of Black Hawk, Colorado and the Financial Community:

We are pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Black Hawk for the year ended December 31, 2006. This submittal is in accordance with Colorado State Statutes and the City of Black Hawk Charter provisions. This report of the financial condition of the City as of December 31, 2006, and the activity which brought about that condition meets the City Charter requirements as well as provides full financial disclosure in accordance with generally accepted accounting principles (GAAP).

The Finance Department prepared this report in conformance with standards of the Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, the Government Finance Officers Association (GFOA) and the Colorado State Auditor. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management.

The purpose of the CAFR is to provide citizens, investors, grantor agencies and other interested parties with reliable information concerning the financial condition of the City. The City management believes the data as presented is accurate in all material respects. The data is presented in a manner designed to set forth fairly the financial position and results of City operations as measured by the financial activity of its various funds. Also, all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

State law requires that the financial statements of the City of Black Hawk be audited by independent certified public accountants selected by the City Council. The independent auditing firm of Gordon, Hughes & Banks LLP, whose report is included herein, has audited the basic financial statements and related notes.

GAAP require that the City's management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a "Management's Discussion and Analysis" (MD&A). This transmittal letter should be read in conjunction with MD&A.

REPORTING ENTITY DEFINITION

The financial reporting entity, the City, includes all the funds of the primary government as well as all of its component units. Additional financial information concerning the component units may be obtained through the Finance Department of the City of Black Hawk, Colorado.

PROFILE OF THE CITY

The City is a political subdivision of the State of Colorado which was incorporated on March 11, 1864, under a territorial charter, prior to the time Colorado became a state in 1876. The City is located in central Colorado in Gilpin County, approximately 35 miles west of Denver at the intersection of state highways 119 and Black Hawk Street. The City is located at an altitude of 8,042 feet and covers an area of approximately three square miles. Since 2001, upon the approval by the City's residents of a home rule charter, the City has operated under Colorado law as a home rule city. The City charter establishes the powers of the City and describes its system of government.

Although the City had several thousand residents at its peak as a mining town in the late 1800's, the population decreased as the mines were depleted. Prior to the legalization of limited gaming in 1991, the City was generally a seasonal residential area and tourist attraction. Since limited gaming began in 1991, the population has decreased from approximately 227 in 1990 to around 100 residents today.

The City charter creates a Council-Manager form of government and establishes the City Council as the policy-making legislative body of the City. The City council consists of six aldermen and a Mayor. The members of the City council are elected at large for staggered four-year terms, and the Mayor is elected from the City at large for a four-year term. The Mayor presides at all City council meetings and has the same power, rights and privileges as an alderman, except the mayor shall not vote except in the case of a tie vote. The City council currently meets on the second and fourth Wednesday of each month. Special meetings are held at the request of the Mayor or any two aldermen.

The City provides a wide range of services to its residents including police protection, fire protection, public works, parks, public improvements, planning and zoning, water and general administration. Sanitation services are provided by the Black Hawk/Central City Sanitation District, gas and electric service is provided by Xcel Energy, and telephone service is provided by Qwest Communications.

Although the City has a small population, the daily population ranges from 10,000 – 15,000 per day, primarily due to availability of gaming. Therefore, City staffing is much larger than that normally found in a small City.

LOCAL ECONOMY

The City's economy relies almost 100% on gaming for its revenue streams. The level of gaming activity within the City may be affected by, among other things, the amount of disposable income and entertainment expenditures of individuals participating in gaming activities. The number of gaming devices operated within the City is subject to, among other things:

- The availability of space within a constitutionally defined area in which gaming is legal.
- The continued availability of money's to finance the capital investment necessary to acquire, improve, construct or equip gaming establishments.
- The continued profitability of operating gaming establishments after the payment of winnings to players, all applicable licenses, taxes and fees and capital and operation expenses.

Currently, the City has approximately 20 operating casinos with the largest ten accounting for 87% of device fee revenues for the City. The four largest casinos generate about 50% of device fee revenues. The casinos are continuing to expand; currently they make up over 1.5 million square feet, with the gaming area totaling about 232,000 square feet.

There is competition for gaming revenues. Currently, limited gaming is authorized in only three cities in the State, our City, Central City and Cripple Creek. Increases in the relative levels of gaming activity in the other two existing gaming towns in the state, the introduction of gaming to any additional Colorado local governments or the limiting of any fees imposed by the City on limited gaming may have a negative impact upon the economy and property values of the City and fees and taxes generated by the City.

FINANCIAL MANAGEMENT

Internal Control Structure

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management.

All accounting records for general governmental operations at the fund level are maintained on a modified accrual basis with the revenues recorded when measurable and available, and expenditures recorded when the services or goods are received and the liabilities incurred.

Cash Management

The City maintains a common checking account and investment pool with separate accounting for each fund. Cash otherwise temporarily idle during the year was invested in money market accounts, the State of Colorado investment pool, debt instruments of federal agencies and government securities.

Legislative Development

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (often referred to as TABOR) which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment. However, the City has made certain interpretations of the amendment's language in order to determine its compliance.

Awards and Acknowledgements

In an effort to improve the City's financial reporting and full disclosure, the City is issuing its first CAFR. We are submitting this CAFR to the GFOA to determine its eligibility to receive the GFOA's coveted Certificate of Achievement for Excellence in Financial Reporting.

The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. Dana Wood, the Assistant to the City Manager for Finance and her accounting staff are to be especially thanked for preparing this report. We also wish to extend our appreciation to the auditing firm of

Transmittal Letter
April 23, 2007

Gordon, Hughes and Banks, LLP for their professionalism in conducting the audit of the City's financial statements and note disclosures.

Finally, credit also must be given to the Mayor and City council for their unfailing support for maintaining the highest standards of professional in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard Lessner". The signature is written in a cursive, flowing style.

Richard Lessner
City Manager

City of Black Hawk, Colorado

Elected Officials

(In Office as of December 31, 2006)

Mayor and Alderman

David Spellman

In office since July 2006

Current term expires April 2008

Diane Cales

In office since April 2006

*Current term expires April
2010*

Kathleen Doles

In office since April 1994

*Current term expires April
2010*

Tom Kerr

In office since April 1994

*Current term expires April
2008*

Richard Cottrell

In office since April 2000

*Current term expires April
2008*

Paul Bennett

In office since April 2004

*Current term expires April
2008*

Linda Armbright

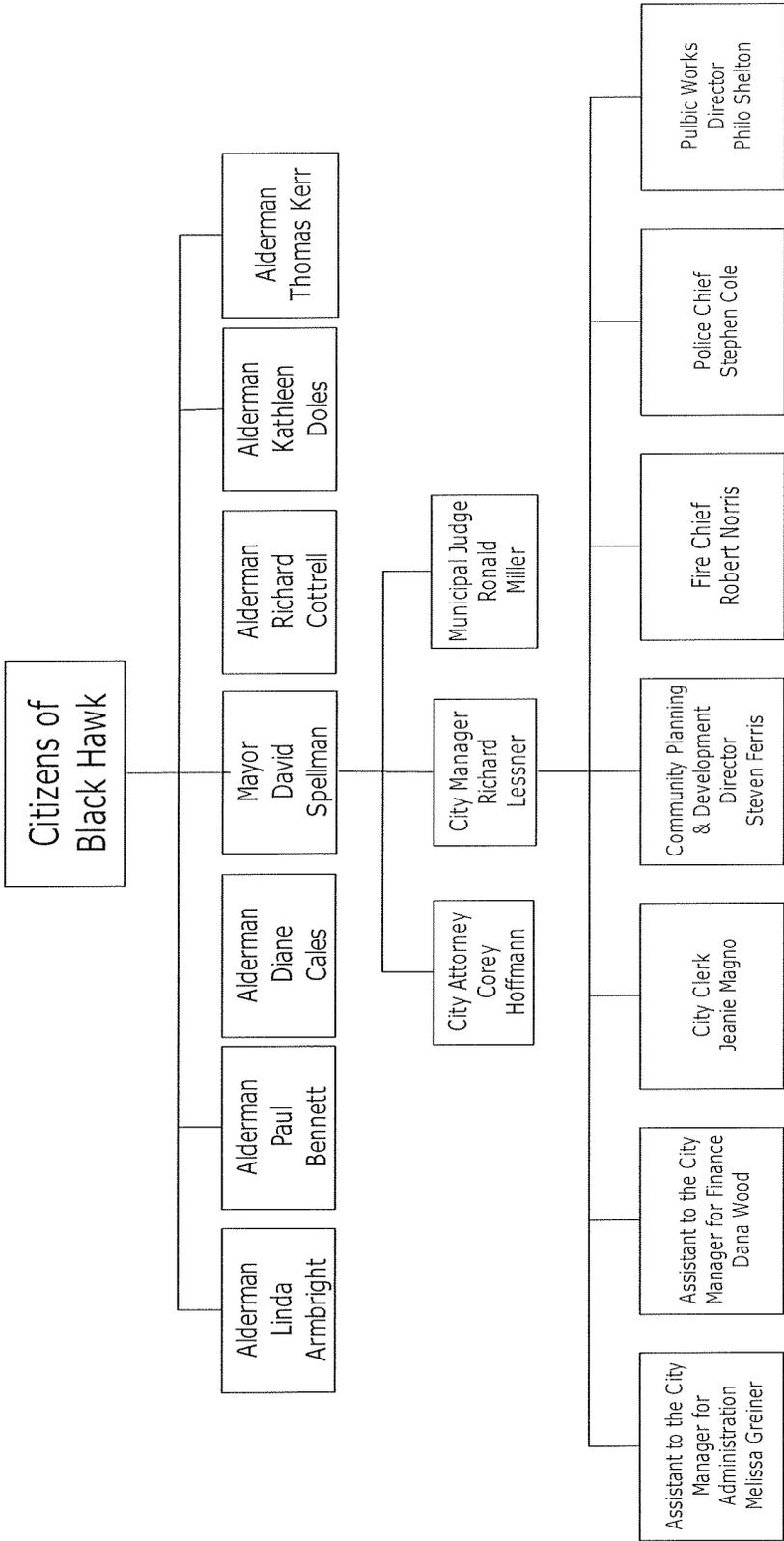
In office since April 2006

*Current term expires April
2010*

City of Black Hawk, Colorado

Appointed Principal Officials

| <u>Name</u> | <u>Position</u> |
|---------------------|---|
| Richard F. Lessner, | City Manager |
| Melissa Greiner, | Assistant to the City Manager For Administration |
| Dana Wood | Assistant to the City Manager For Finance |
| Jeanie Magno | City Clerk |
| Robert Norris | Fire Chief |
| Stephen N. Cole | Police Chief |
| Steven C. Ferris | Community Planning and Development Director |
| Philo Shelton | Public Works Director |
| Ronald L. Miller | Judge, Municipal Court |



Honorable Mayor and
Board of Aldermen and City Manager
City of Black Hawk
Black Hawk, Colorado

Independent Auditors' Report

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Black Hawk, Colorado, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4D to the financial statements, certain errors resulting in an understatement of previously reported fund balance in the general, capital projects and water fund and adjustments made to the government wide net assets as of December 31, 2005, were discovered during the current year. Accordingly, an adjustment has been made to these funds and the government wide statement of activities as of December 31, 2005 to correct the error.





Honorable Mayor and
Board of Aldermen and City Manager
City of Black Hawk
Black Hawk, Colorado

The accompanying required supplementary information such as Management's Discussion and Analysis and budgetary comparison information on pages 3 through 11 and pages 54 through 56 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Black Hawk's basic financial statements. The combining and individual non major fund financial statements and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements and the Local Highway Finance Report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gordon Hughes & Banks, LLP
Gordon, Hughes & Banks, LLP

Greenwood Village, Colorado
April 6, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Black Hawk, Colorado (the City) comprehensive annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2006. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements, schedules and note disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$60,850,888 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$46,844,032 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$8,005,447 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of \$6,001,449 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$12,884,856 this year. This compares to the prior year restated ending fund balance of \$15,341,918 showing a decrease of \$2,457,062 during the current year. Unreserved fund balance of \$11,231,155 at December 31, 2006 shows a \$790,708 increase from the prior year.
- At the end of the current calendar year, unreserved fund balance for the General Fund was \$6,073,465, or 48.9% of total General Fund expenditures.
- The City completed three major construction projects during 2006.
- Overall, the City continues to maintain a strong financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by gaming taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, planning, public safety, and public works. Business-type activities include the water system.

The government-wide financial statements are presented on pages 14 & 15 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

The *proprietary fund* is reported in the fund financial statements and generally report water service for which the City charges customers a fee. The City's proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 20 through 23 of this report.

The *fiduciary fund* type is an agency fund which is used to hold monies that belong to Gilpin County.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison schedules are included as "required supplementary information" for the general fund and the historical preservation fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These schedules demonstrate compliance with the City's adopted and final revised budget. These budget comparison schedules are presented on pages 54 through 56.

Supplementary Information

Combining and comparative individual statements and schedules for nonmajor funds are presented as supplementary information in this report beginning on page 57.

Financial Analysis of the City as a Whole

The City's net assets at calendar year-end are \$60,850,888. The following table provides a summary of the City's net assets:

Summary of Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2006 | Restated 2005 | 2006 | Restated 2005 | 2006 | 2005 |
| Assets: | | | | | | |
| Current assets | \$ 15,102,076 | \$ 18,428,483 | \$ 1,826,445 | \$ 632,662 | \$ 16,928,521 | \$ 19,061,145 |
| Other assets | 60,440 | 34,388 | 572,955 | 393,433 | 633,395 | 427,821 |
| Capital assets | 42,920,746 | 40,225,324 | 21,231,806 | 21,650,941 | 64,152,552 | 61,876,265 |
| Total assets | 58,083,262 | 58,688,195 | 23,631,206 | 22,677,036 | 81,714,468 | 81,365,231 |
| Liabilities: | | | | | | |
| Current liabilities | 2,871,719 | 3,801,558 | 938,325 | 906,978 | 3,810,044 | 4,708,536 |
| Long-term liabilities | 2,651,962 | 2,762,325 | 14,401,574 | 14,356,473 | 17,053,536 | 17,118,798 |
| Total liabilities | 5,523,681 | 6,563,883 | 15,339,899 | 15,263,451 | 20,863,580 | 21,827,334 |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 39,998,733 | 36,988,588 | 6,845,299 | 7,074,561 | 46,844,032 | 44,063,149 |
| Restricted | 6,709,556 | 7,843,324 | 1,295,851 | 544,240 | 8,005,407 | 8,387,564 |
| Unrestricted | 5,851,292 | 7,292,400 | 150,157 | (205,216) | 6,001,449 | 7,087,184 |
| Total net assets | \$ 52,559,581 | \$ 52,124,312 | \$ 8,291,307 | \$ 7,413,585 | \$ 60,850,888 | \$ 59,537,897 |

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 5.3 to 1 as compared to 4.2 to 1 at December 31, 2005. The current ratio for the business type activities at December 31, 2006 is 1.9 to 1. At December 31, 2005, the business type activities reported more current liabilities than current assets. For the City overall, the current ratio is 4.4 to 1 as compared to 3.6 to 1 at December 31, 2005. These ratios are strong.

The City reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$435,269 for governmental activities and increased by \$877,722 for business-type activities. The City's overall financial position improved during calendar year 2006.

Note that approximately 76.1% of the governmental activities' net assets are tied up in capital. This compares to 67.8% at December 31, 2005. The City uses these capital assets to provide services to its citizens. However, with business type activities, the City has spent approximately 82.6% of its net assets on capital as compared to 95.5% at December 31, 2005. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 77% of the City's total net assets are included in capital assets as compared to 71.8% at December 31, 2005. The following table provides a summary of the City's changes in net assets:

Summary of Changes in Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | Restated | | Restated | | | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program: | | | | | | |
| Charges for services | \$ 467,480 | \$ 1,048,732 | \$ 699,648 | \$ 536,025 | \$ 1,167,128 | \$ 1,584,757 |
| Operating grants | 3,993,205 | 3,703,779 | - | - | 3,993,205 | 3,703,779 |
| Capital grants & contributions | - | 5,858 | 27,356 | 118,856 | 27,356 | 124,714 |
| General: | | | | | | |
| Taxes | 11,933,263 | 9,790,801 | - | - | 11,933,263 | 9,790,801 |
| Intergovernmental | 7,110,170 | 6,587,172 | - | - | 7,110,170 | 6,587,172 |
| Other | 2,127,206 | 2,559,732 | 40,062 | 23,956 | 2,167,268 | 2,583,688 |
| Total revenues | 25,631,324 | 23,696,074 | 767,066 | 678,837 | 26,398,390 | 24,374,911 |
| Program Expenses: | | | | | | |
| General government | 5,707,878 | 6,178,636 | - | - | 5,707,878 | 6,178,636 |
| Planning | 565,561 | 722,507 | - | - | 565,561 | 722,507 |
| Public safety | 6,319,260 | 5,538,941 | - | - | 6,319,260 | 5,538,941 |
| Public works | 3,991,812 | 3,598,032 | - | - | 3,991,812 | 3,598,032 |
| Interest | 183,006 | 202,633 | - | - | 183,006 | 202,633 |
| Water | - | - | 2,994,339 | 3,501,744 | 2,994,339 | 3,501,744 |
| Total expenses | 16,767,517 | 16,240,749 | 2,994,339 | 3,501,744 | 19,761,856 | 19,742,493 |
| Excess (deficiency) | 8,863,807 | 7,455,325 | (2,227,273) | (2,822,907) | 6,636,534 | 4,632,418 |
| Transfers | (3,104,995) | (2,683,926) | 3,104,995 | 2,683,926 | - | - |
| Eminent domain settlement | (5,323,543) | - | - | - | (5,323,543) | - |
| Net changes in net assets | 435,269 | 4,771,399 | 877,722 | (138,981) | 1,312,991 | 4,632,418 |
| Beginning net assets | 52,124,312 | 40,348,745 | 7,413,585 | 7,753,374 | 59,537,897 | 48,102,119 |
| Restatement | - | 7,004,168 | - | (200,808) | - | 6,803,360 |
| Ending net assets | \$ 52,559,581 | \$ 52,124,312 | \$ 8,291,307 | \$ 7,413,585 | \$ 60,850,888 | \$ 59,537,897 |

GOVERNMENTAL REVENUES

Gaming revenues provide the City's largest revenue stream. In 2006, the City recognized \$7,541,870 in device taxes levied on gaming devices located within the City's casinos. This amount compares to \$7,108,203 in 2005. The City also received \$7,110,170 from the State of Colorado for their share of the state gaming tax. This amount compares to \$6,587,172 in 2005. Finally, the City received \$3,981,695 from the State of Colorado for historical preservation. This amount compares to \$3,689,180 in 2005. In addition, the City relies on sales taxes to support governmental operations and capital. Sales taxes provided 16.2% of the City's total governmental revenues as compared to 10.4% in 2005. This increase relates to major casino construction. Because of the City's healthy financial position, we have been able to earn \$1,316,836 in interest earnings to support governmental activities as compared to \$506,585 in 2005. Also, note that program revenues cover only 26.6% of governmental operating expenses. In 2005, this percentage was 29.3%. This means that the government's taxpayers and the City's other general governmental revenues (e.g., device taxes) fund 73.4% of the governmental activities as compared to 70.7% in 2005. As a result, the general economy and the City businesses (i.e., primarily casinos) have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

71.7% of the total costs relates to general government and public safety

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental Activities

| | 2006 | | 2005 | |
|--------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| General government | \$ 5,707,878 | \$ 1,691,012 | \$ 6,178,636 | \$ 2,164,883 |
| Planning | 565,561 | 481,492 | 722,507 | 234,316 |
| Public safety | 6,319,260 | 6,090,127 | 5,538,941 | 5,393,720 |
| Public works | 3,991,812 | 3,861,195 | 3,598,032 | 3,486,828 |
| Interest | 183,006 | 183,006 | 202,633 | 202,633 |
| Total | \$ 16,767,517 | \$ 12,306,832 | \$ 16,240,749 | \$ 11,482,380 |

After reducing gross expenses by program revenues, note that general government net costs were reduced by 70.4%. Much of this change relates to the historical preservation revenue from the State of Colorado.

In 2006, the City was a party in an eminent domain action, which resulted in a payment to the property owner of \$5,323,543. This amount of this award has been appealed.

BUSINESS-TYPE ACTIVITIES

The City's only enterprise fund is the water fund. The City's net assets at December 31, 2006, are \$8,291,307 at December 31, 2005 are \$7,413,585 and are \$7,753,374 at December 31, 2004.

Summary of Net Assets

| | December 31, 2006 | | Restated December 31, 2005 | | December 31, 2004 | |
|--|--------------------------|-----------------------|---------------------------------------|-----------------------|--------------------------|-----------------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Assets: | | | | | | |
| Current assets | \$ 1,826,445 | 8% | \$ 632,662 | 3% | \$ 724,008 | 3% |
| Other noncurrent assets | 572,955 | 2% | 393,433 | 2% | 437,457 | 2% |
| Capital assets | 21,231,806 | 90% | 21,650,941 | 95% | 22,337,503 | 95% |
| Total assets | 23,631,206 | 100% | 22,677,036 | 100% | 23,498,968 | 100% |
| Liabilities: | | | | | | |
| Current liabilities | 938,325 | 6% | 906,978 | 6% | 839,930 | 5% |
| Noncurrent liabilities | 14,401,574 | 94% | 14,356,473 | 94% | 14,905,664 | 95% |
| Total liabilities | 15,339,899 | 100% | 15,263,451 | 100% | 15,745,594 | 100% |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 6,845,299 | 83% | 7,074,561 | 95% | 7,280,187 | 94% |
| Restricted | 1,295,851 | 16% | 544,240 | 7% | 711,669 | 9% |
| Unrestricted | 150,157 | 1% | (205,216) | -2% | (238,482) | -3% |
| Total net assets | \$ 8,291,307 | 100% | \$ 7,413,585 | 100% | \$ 7,753,374 | 100% |

(This page continued on the subsequent page)

The following table compares the operations for the last three years.

Summary of Changes in Net Assets

| | 2006 | | 2005 | | 2004 | |
|----------------------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | Business-type Activities | Percentage of Total | Business-type Activities | Percentage of Total | Business-type Activities | Percentage of Total |
| Revenues: | | | | | | |
| Charges for services: | \$ 699,648 | 91.2% | \$ 536,025 | 79.0% | \$ 523,369 | 42.5% |
| Capital contributions | 27,356 | 3.6% | 118,856 | 17.5% | 632,342 | 51.3% |
| Investment earnings | 9,071 | 1.2% | - | 0.0% | 15,736 | 1.3% |
| Other | 30,991 | 4.0% | 23,956 | 3.5% | 60,439 | 4.9% |
| Total revenues | 767,066 | 100.0% | 678,837 | 100.0% | 1,231,886 | 100.0% |
| Expenses: | | | | | | |
| Personal services | 778,535 | 26.0% | 677,236 | 19.3% | 670,418 | 19.8% |
| Professional services | 252,204 | 8.4% | 460,229 | 13.1% | 408,978 | 12.1% |
| General services | 174,910 | 5.8% | 193,737 | 5.5% | 186,272 | 5.5% |
| Purchased services | 12,097 | 0.4% | 15,315 | 0.4% | 13,677 | 0.4% |
| Supplies | 48,382 | 1.6% | 50,011 | 1.4% | 47,988 | 1.4% |
| Repairs and maintenance | 124,809 | 4.2% | 212,795 | 6.1% | 229,257 | 6.8% |
| Capital outlay - non-capitalized | 136,740 | 4.6% | 56,620 | 1.6% | 2,632 | 0.1% |
| Depreciation | 746,585 | 24.9% | 842,375 | 24.1% | 806,912 | 23.8% |
| Amortization | 122,879 | 4.1% | 44,024 | 1.3% | 45,180 | 1.3% |
| Interest | 597,198 | 20.0% | 949,402 | 27.2% | 978,926 | 28.8% |
| Total expenses | 2,994,339 | 100.0% | 3,501,744 | 100.0% | 3,390,240 | 100.0% |
| Excess (deficiency) | (2,227,273) | | (2,822,907) | | (2,158,354) | |
| Transfers | 3,104,995 | | 2,683,926 | | 1,480,915 | |
| Net change | 877,722 | | (138,981) | | (677,439) | |
| Beginning net assets | 7,413,585 | | 7,753,374 | | 8,430,813 | |
| Ending net assets | \$ 8,291,307 | | \$ 7,614,393 | | \$ 7,753,374 | |

BUSINESS-TYPE ACTIVITIES ANALYSIS

2005 Analysis - Charges for services increased just \$12,656 or just 2.4%. Operating expenses increased \$142,184 or 9.3%. Professional services and depreciation accounted for the majority of the increase. In 2005, the operating loss was down 20.8% from 2004. To cover the majority of the operating and total loss, the City transferred in \$2.7 million from the general fund to the water fund.

2006 Analysis - Charges for services increased \$163,623 or 30.5% over 2005. This increase relates to an update in the amount billed to be consistent with the City code, resulting in approximately \$10,000 more per month in billing. Total operating expenses decreased \$507,405 or 14.5% from 2005. Personal services increased \$101,299 or 15%. The City had a vacant position for much of 2006 resulting in an increase in overtime wages, causing part of this increase. Professional services were down \$208,025 as 2005 were unusually high. In 2006, the operating loss was down 9.3% from 2005. To cover the majority of the operating and total losses, the City transferred in \$3.1 million from the general fund to the water fund.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$12,884,856 as compared to the restated \$15,341,918 at December 31, 2005. The majority of this reduction relates to the spending on historical preservation projects. Of this year-end total, \$11,231,155 is unreserved indicating availability for continuing City service requirements.

The reserved amount at December 31, 2006 was \$1,653,701. Legally restricted fund balances (i.e., the reserved fund balances) include: \$407,945 legally restricted to historical preservation, \$770,976 restricted to debt service, \$372,945 set aside for emergencies and \$101,835 is not available for general spending.

The total ending fund balances of governmental funds show a decrease of \$2,457,062 or 16% from the prior year. This compares to a restated \$5,003,253 or 25.3% at December 31, 2005.

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$676,765. In calendar year 2005, the fund balance increased \$1,520,994. Of course, the amount of fund balance is contingent upon the amount of transfers to other funds.

Total revenues increased just 12.6% in 2006 as compared to a 2% increase in 2005. Total taxes increased \$2,141,801 or 21.9%. Included in this amount were sales taxes totaling \$4,155,906 and device fees totaling \$7,541,870. As explained above sales taxes increased 69% due to significant construction by casinos. Device fee revenue increased 6%. Most other revenue streams were consistent with that of 2005.

Expenditures in total decreased \$765,822 or 5.9%. Expenditures in the City's manager's office decreased by \$253,841 or 15.7%. This decrease relates primarily to reduce personal costs of \$215,376. The decrease relates to some reorganization of the administration. The finance function's costs were 8.9% below those of 2005.

Planning expenditures were below 2005 by \$134,149 or 19.2%. Most of this decrease relates to less professional services needed.

Police costs increased 9.8% and fire costs increased 16.1% over those of 2005. Both of these increases relate to personnel costs due to increased workers compensation costs and three additional full-time fire personnel. The largest decrease in 2006 was in the public works function, where expenditures decreased \$730,333 or 20.5%. Much of this decrease relates to professional services and capital outlay. In 2005, professional services were higher than usual.

Unfortunately, the City had to pay \$5.3 for a piece of land that it acquired through its eminent domain power. This amount was determined by the courts and currently is under appeal by the City. This payment was recorded as a special item.

After transfers out to other funds, the fund balance decreased only \$676,765 from 2005. All City departments made a concerted effort to minimize the 2006 expenditures to help offset the special item. The ending unreserved fund balance is considered very adequate, representing the equivalent of 48.9% of annual expenditures.

Historical Preservation Fund - During 2006, the City awarded historical preservation grants to City property owners totaling \$2.1 million, as compared to \$1.7 million in 2005. The City expended approximately \$4.2 million on City owned historical preservation projects as compared to \$8.4 in 2005. \$3.1 million of this total completed the construction of the post office, the bank and Crook's Palace, a restaurant. At December 31, 2006, the fund balance was a little over \$400,000.

Impact Fees Fund - In 2006, operations in this fund included a purchase of a police vehicle and the fund reports fund balance at the end of 2006 of approximately \$3.2 million. This is an increase from the \$2.9 million at December 31, 2005.

Capital Projects Fund - This fund had minimal activity in 2006, expending only \$133,914 on projects. At December 31, 2006, the fund balance in this fund is \$1,855,060.

Budgetary Highlights

The General Fund - The general fund's budget was amended during 2006. Note that the budget is adopted on a non-GAAP budgetary basis, which means that capital assets acquired through capital leases are not reflected with the general fund's budget.

The City recognized \$4,878,625 over the revenue budget, primarily relating to the sales taxes, \$3,028,137 over budget and device fees, and \$1,021,070 over budget. The increase in the sales tax relates to increased casino construction. The increase in device fees relates to increased gaming receipts over the anticipated amounts. In addition, the intergovernmental revenue from the State of Colorado relating to gaming was approximately \$500,000 over budget also do to increased gaming activity.

In total, the City realized 126.6% of the estimated revenues.

The total general government function was under spent by \$779,706. This under spending relates to the discretionary fund in the mayor and council's budget and salary increases that were budgeted in this function, but the increased expenditure actually occurred in each department. This reason is why police and fire expenditures exceeded the budget amounts by \$615,647.

The City spent 94% of the appropriated budget.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2006, was \$42,921,746 and \$21,231,806 respectively. The total increase in this net investment was 6% for governmental activities and a 1.9% decrease for business-type activities. The overall increase was 3.2% for the City as a whole. See Note 3-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

(This page continued on the subsequent page)

The following table provides a summary of capital asset activity.

| | Capital Assets | | | | | |
|---------------------------------------|-------------------------|------------------|---------------------|------------------|---------------|------------------|
| | Governmental Activities | | Business Activities | | Total | |
| | 2006 | Restated 2005 | 2006 | Restated 2005 | 2006 | Restated 2005 |
| Nondepreciable assets: | | | | | | |
| Land | \$ 14,150,835 | \$ 14,007,470 | \$ - | \$ - | \$ 14,150,835 | \$ 14,007,470 |
| Works of art and historical treasures | 829,141 | 829,141 | - | - | 829,141 | 829,141 |
| Water rights | - | - | 1,243,180 | 1,243,180 | 1,243,180 | 1,243,180 |
| Construction in progress | 3,479,303 | 8,251,147 | 444,959 | 596,546 | 12,175,409 | 8,847,693 |
| Total nondepreciable | 18,459,279 | 23,087,758 | 1,688,139 | 1,839,726 | 20,147,418 | 24,927,484 |
| Depreciable assets: | | | | | | |
| Buildings and improvements | 16,132,989 | 8,575,878 | - | - | 16,132,989 | 8,575,878 |
| Plant and equipment | - | - | 20,232,817 | 19,770,058 | 20,232,817 | 19,770,058 |
| Distribution system | - | - | 5,434,886 | 5,434,886 | 5,434,886 | 5,434,886 |
| Vehicles and equipment | 4,322,794 | 4,009,236 | 287,859 | 273,082 | 4,610,653 | 4,282,318 |
| Infrastructure | 15,042,149 | 14,067,651 | - | - | 15,042,149 | 14,067,651 |
| Total depreciable assets | 35,497,932 | 26,652,765 | 25,955,562 | 25,478,026 | 61,453,494 | 52,130,791 |
| Less accumulated depreciation | 11,035,465 | 9,515,201 | 6,411,895 | 5,666,811 | 17,447,360 | 15,182,012 |
| Book value - depreciable assets | 24,462,467 | 17,137,564 | 19,543,667 | 19,811,215 | 44,006,134 | 36,948,779 |
| Percentage depreciated | 31% | 36% | 25% | 22% | 28% | 29% |
| Book value - all assets | \$ 42,921,746 | \$ 40,225,322 | \$ 21,231,806 | \$ 21,650,941 | \$ 64,153,552 | \$ 61,876,263 |

At December 31, 2006, the depreciable capital assets for governmental activities were 31% depreciated. This compares slightly below the December 31, 2005 percentage. This comparison indicates that the City is replacing its assets at almost the same rate as they are depreciating which is a positive indicator.

With the City's business type activities, only 25% of the asset values were depreciated at December 31, 2006 compared to 22% at December 31, 2005.

The major additions to the buildings accounts and deletions from the construction in progress relate to the completion of three projects:

- Bank
- Post Office
- Crook's Palace (restaurant)

The major construction projects included in construction in progress at December 31, 2006 are:

- The BLM land acquisition - \$1.4 million
- Lower main street extension \$826 thousand
- Rockwalls - \$382 thousand
- Bobtail street and right-a-ways - \$331 thousand
- Chase street - \$252 thousand
- Maintenance facility - \$264 thousand

The December 31, 2005 infrastructure amounts were restated for \$6,451,967, which resulted from the reporting of the entire City's infrastructure retroactively to the estimated date of construction.

Long-term Debt

During the year, the City entered into a capital lease for the purchase of a bus totaling \$265,400. In addition, during the year, the City refunded \$1,330,000 in governmental activities debt and \$11,580,000 in business-type activities debt.

| | Governmental Activities | | Business-type Activities | | Totals | | % Change |
|-----------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|----------------------|-------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | |
| Capital leases | \$ 616,335 | \$ 542,908 | \$ - | \$ - | \$ 616,335 | \$ 542,908 | 14% |
| Device fee revenue bonds | 2,398,250 | 2,752,500 | 13,021,750 | 12,387,500 | 15,420,000 | 15,140,000 | 2% |
| General obligation bonds | - | - | 2,540,000 | 2,890,000 | 2,540,000 | 2,890,000 | -12% |
| Compensated absences | 314,418 | 192,047 | 21,390 | 19,262 | 335,808 | 211,309 | 59% |
| Total | <u>\$ 3,329,003</u> | <u>\$ 3,487,455</u> | <u>\$ 15,583,140</u> | <u>\$ 15,296,762</u> | <u>\$ 18,912,143</u> | <u>\$ 18,784,217</u> | 1% |

The above table does not include deferred bond issuance items. Because of the bond refunding, the City reduced its cash payments for debt over the fifteen-year period by \$322,123 and reported an economic gain of \$206,751.

See Note 3-F for additional information about the City's long-term debt.

Economic Conditions Affecting the City

The City was incorporated in 1864 and is located in central Colorado in Gilpin County, approximately 35 miles west of the City of Denver. The City has a population of only approximately 100. However in 1990, the City became one of three Colorado cities in which limited gaming is permitted. As a result, the City must provide most of its services to a much higher population base due to gaming. The City receives almost all of its revenue from gaming related sources.

The level of gaming activity with the City can be affected by the amount of disposable income and entertainment expenditures of individuals participating in gaming activities. The number of gaming devices operated within the City is subject to:

- The availability of space within a constitutionally defined area in which limited gaming is legal.
- The continued availability of monies to finance the capital investment necessary to acquire, improve, construct or equip gaming establishments.
- The continued profitability of operating gaming establishments after the payment of winnings of players, all applicable licenses, taxes and fees and capital and operation expenses.

The City monitors the gaming community very thoroughly to insure a stable revenue base.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Manager at the City, Post Office 17, Black Hawk, Colorado, 80432.

City of Black Hawk, Colorado
Statement of Net Assets
December 31, 2006

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents (Note 3A) | \$ 13,330,586 | \$ 489,127 | \$ 13,819,713 | \$ 687,294 |
| Receivables: | | | | |
| Accounts | 887,400 | 30,751 | 918,151 | 95,277 |
| Property taxes | 10,000 | - | 10,000 | 768,037 |
| Other taxes | 146,766 | - | 146,766 | - |
| Other | 49,145 | - | 49,145 | 111,223 |
| Internal | 114,274 | (114,274) | - | - |
| Primary government | - | - | - | 184,007 |
| Component unit | 259,875 | - | 259,875 | - |
| Inventory | 57,212 | - | 57,212 | 35,291 |
| Prepaid items | 101,835 | 10,716 | 112,551 | 32,415 |
| Restricted assets | 143,983 | 1,295,851 | 1,439,834 | 1,645,346 |
| Noncurrent Assets | | | | |
| Deferred charges | 60,440 | 572,955 | 633,395 | 488,631 |
| Capital assets (Note 3D) | | | | |
| Nondepreciable | 18,459,279 | 1,688,139 | 20,147,418 | - |
| Depreciable, net | 24,462,467 | 19,543,667 | 44,006,134 | - |
| Total Assets | 58,083,262 | 23,516,932 | 81,600,194 | 4,047,521 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable | 415,116 | 83,752 | 498,868 | 106,888 |
| Accrued expenses | 780,158 | 11,876 | 792,034 | - |
| Retainage payable | 80,000 | - | 80,000 | - |
| Accrued interest payable | 9,590 | 147,145 | 156,735 | 30,179 |
| Due to primary government | - | - | - | 259,875 |
| Due to component unit | 184,007 | - | 184,007 | - |
| Unearned revenue | 10,000 | - | 10,000 | 768,037 |
| Deposits payable | 746,939 | 2,000 | 748,939 | - |
| Compensated absences payable | 62,884 | 4,278 | 67,162 | - |
| Capital leases payable | 213,025 | - | 213,025 | - |
| General obligation bonds payable | - | 370,000 | 370,000 | 200,000 |
| Special assessment bonds payable | - | - | - | 1,515,000 |
| Revenue bonds payable | 370,000 | 205,000 | 575,000 | - |
| Long-Term Liabilities: (Note 3F) | | | | |
| Compensated absences payable (net of current portion) | 251,534 | 17,112 | 268,646 | - |
| Capital leases payable (net of current portion) | 403,310 | - | 403,310 | - |
| General obligation bonds payable (net of current portion) | - | 2,170,000 | 2,170,000 | 1,409,289 |
| Special assessment bonds payable (net of current portion) | - | - | - | 4,903,500 |
| Revenue bonds payable (net of current portion) | 1,997,118 | 12,214,462 | 14,211,580 | - |
| Total Liabilities | 5,523,681 | 15,225,625 | 20,749,306 | 9,192,768 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt (Note 3I) | 39,998,733 | 6,845,299 | 46,844,032 | - |
| Restricted for: | | | | |
| Capital projects | 5,009,325 | - | 5,009,325 | - |
| Debt service | 770,976 | 1,295,851 | 2,066,827 | - |
| Historical preservation | 407,945 | - | 407,945 | - |
| Emergencies | 372,945 | - | 372,945 | - |
| Other program purposes | 148,365 | - | 148,365 | - |
| Unrestricted (deficit) | 5,851,292 | 150,157 | 6,001,449 | (5,145,247) |
| Total Net Assets | \$ 52,559,581 | \$ 8,291,307 | \$ 60,850,888 | \$ (5,145,247) |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Statement of Activities
For the Year Ended December 31, 2006

| Function/Program | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|----------------------|--------------------------------|--|---|-------------------------|--------------------------|----------------------|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Component Units |
| Primary Government | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 5,707,878 | \$ 33,940 | \$ 3,982,926 | \$ - | \$ (1,691,012) | \$ - | \$ (1,691,012) |
| Planning | 565,561 | 84,069 | - | - | (481,492) | - | (481,492) |
| Public safety | 6,319,260 | 229,133 | - | - | (6,090,127) | - | (6,090,127) |
| Public works | 3,991,812 | 120,338 | 10,279 | - | (3,861,195) | - | (3,861,195) |
| Interest | 183,006 | - | - | - | (183,006) | - | (183,006) |
| Total Governmental Activities | 16,767,517 | 467,480 | 3,993,205 | - | (12,306,832) | - | (12,306,832) |
| Business-Type Activities: | | | | | | | |
| Water | 2,994,339 | 699,648 | - | 27,356 | - | (2,267,335) | - |
| Total - Primary Government | \$ 19,761,856 | \$ 1,167,128 | \$ 3,993,205 | \$ 27,356 | (12,306,832) | (2,267,335) | (14,574,167) |
| Component Units | | | | | | | |
| Business Improvement District | \$ 689,974 | - | \$ 1,850,892 | \$ - | - | - | 1,160,918 |
| Transportation Authority | 1,110,390 | 401,341 | 57,574 | - | - | - | (651,475) |
| Total - Component Units | \$ 1,800,364 | \$ 401,341 | \$ 1,908,466 | \$ - | - | - | 509,443 |
| General Revenues | | | | | | | |
| Property and specific ownership taxes | | | | | 9,756 | - | 9,756 |
| Sales and use taxes | | | | | 4,155,906 | - | 4,155,906 |
| Road and bridge taxes | | | | | 80,428 | - | 80,428 |
| Device fee taxes | | | | | 7,541,870 | - | 7,541,870 |
| Franchise taxes | | | | | 132,332 | - | 132,332 |
| Other taxes | | | | | 12,971 | - | 12,971 |
| Gaming state aid | | | | | 7,110,170 | - | 7,110,170 |
| Investment earnings | | | | | 1,316,836 | 9,071 | 1,325,907 |
| Miscellaneous | | | | | 810,370 | 30,991 | 841,361 |
| Total General Revenues | | | | | 21,170,639 | 40,062 | 21,210,701 |
| Transfers | | | | | (3,104,995) | 3,104,995 | - |
| Special Item (Note 4C) | | | | | (5,323,543) | - | (5,323,543) |
| Change in Net Assets | | | | | 435,269 | 877,722 | 6,636,534 |
| Net Assets Beginning of Year - As Restated (Note 4D) | | | | | 52,124,312 | 7,413,585 | 59,537,897 |
| Net Assets End of Year | | | | | \$ 52,559,581 | \$ 8,291,307 | \$ 60,850,888 |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Balance Sheet
Governmental Funds
December 31, 2006
(With Comparative Totals at December 31, 2005)

| | 2006 | | | | | | Restated 2005 |
|--|---------------------|--------------------------|---------------------|---------------------|--------------------------------|--------------------------------|--------------------------------|
| | General | Historic Preservation | Impact Fee | Capital Projects | Other Governmental Funds | Total Governmental Funds | Total Governmental Funds |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 5,333,677 | \$ 1,666,329 | \$ 3,157,550 | 2,187,488 | \$ 985,542 | \$ 13,330,586 | \$ 13,974,234 |
| Cash and cash equivalents - restricted | - | - | - | - | 143,983 | 143,983 | 1,273,933 |
| Receivables: | | | | | | | |
| Accounts | 887,400 | - | - | - | - | 887,400 | 1,973,001 |
| Property taxes | 10,000 | - | - | - | - | 10,000 | 9,245 |
| Other taxes | 146,766 | - | - | - | - | 146,766 | 246,008 |
| Other | 49,145 | - | - | - | - | 49,145 | 17,202 |
| Interfund | 773,140 | 11,089 | - | 311,350 | 35,490 | 1,131,069 | 1,066,961 |
| Due from component unit | 259,875 | - | - | - | - | 259,875 | 319,535 |
| Inventory held for resale | - | - | - | - | - | - | 402,395 |
| Inventory | 57,212 | - | - | - | - | 57,212 | 40,723 |
| Prepaid items | 101,835 | - | - | - | - | 101,835 | 118,526 |
| Total Assets | \$ 7,619,050 | \$ 1,677,418 | \$ 3,157,550 | \$ 2,498,838 | \$ 1,165,015 | \$ 16,117,871 | \$ 19,441,763 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 120,593 | \$ 291,238 | \$ 3,285 | \$ - | \$ - | \$ 415,116 | \$ 1,899,836 |
| Grant tax payable | - | 586,885 | - | - | - | 586,885 | 401,082 |
| Retainage payable | - | 80,000 | - | - | - | 80,000 | 348,516 |
| Accrued expenditures | 193,273 | - | - | - | - | 193,273 | 83,879 |
| Interfund payable | - | 311,350 | - | 643,778 | 61,667 | 1,016,795 | 1,013,280 |
| Due to component unit | - | - | - | - | 184,007 | 184,007 | 184,007 |
| Deposits payable | 746,939 | - | - | - | - | 746,939 | 160,000 |
| Deferred revenue | 10,000 | - | - | - | - | 10,000 | 9,245 |
| Total Liabilities | 1,070,805 | 1,269,473 | 3,285 | 643,778 | 245,674 | 3,233,015 | 4,099,845 |
| Fund Balances | | | | | | | |
| Reserved for: | | | | | | | |
| Emergencies | 372,945 | - | - | - | - | 372,945 | 393,380 |
| Debt service | - | - | - | - | 770,976 | 770,976 | 1,273,933 |
| Inventory held for resale | - | - | - | - | - | - | 402,395 |
| Prepaid items | 101,835 | - | - | - | - | 101,835 | 118,526 |
| Historical preservation | - | 407,945 | - | - | - | 407,945 | 2,713,237 |
| Unreserved: | | | | | | | |
| Undesignated, reported in: | | | | | | | |
| General fund | 6,073,465 | - | - | - | - | 6,073,465 | 6,713,104 |
| Special revenue funds | - | - | - | - | 148,365 | 148,365 | 195,453 |
| Capital projects funds | - | - | 3,154,265 | 1,855,060 | - | 5,009,325 | 3,531,890 |
| Total Fund Balances | 6,548,245 | 407,945 | 3,154,265 | 1,855,060 | 919,341 | 12,884,856 | 15,341,918 |
| Total Liabilities and Fund Balances | \$ 7,619,050 | \$ 1,677,418 | \$ 3,157,550 | \$ 2,498,838 | \$ 1,165,015 | \$ 16,117,871 | \$ 19,441,763 |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
*Reconciliation of the Balance Sheet of Governmental Funds
to the Government-Wide Statement of Net Assets
December 31, 2006*

| | | |
|--|---------------------|------------------------------|
| Total Governmental Fund Balances | \$ | 12,884,856 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, at the government wide financial reporting level, the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense. | | |
| Cost of capital assets | \$ 53,957,211 | |
| Less accumulated depreciation | <u>(11,035,465)</u> | 42,921,746 |
| Interfund receivables and payables between governmental funds are reported on the government fund's fund balance sheet but eliminated on the government-wide statement of net assets: | | |
| Interfund receivables | \$ 1,016,795 | |
| Interfund payables | <u>(1,016,795)</u> | - |
| Bond issuance costs are charged as expenditures and the deferred bond refunding amount are charged as an other financing source at the fund financial reporting level but are capitalized on the government-wide statement of net assets. | | |
| | | 122,573 |
| Accrued interest is reported in the government-wide financial statements but not reported in the fund level financial statements. | | |
| | | (9,590) |
| Liabilities, including bonds, capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the funds: | | |
| Revenue bonds | \$ (2,398,250) | |
| Capital leases | (616,335) | |
| Bond premiums | (31,001) | |
| Compensated absences | <u>(314,418)</u> | <u>(3,360,004)</u> |
| Net Assets of Governmental Activities | \$ | <u><u>52,559,581</u></u> |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2006
 (With Comparative Totals For the Year Ended December 31, 2005)

| | 2006 | | | | | Restated 2005 | |
|--|---------------------|--------------------------|---------------------|---------------------|--------------------------------|--------------------------------|--------------------------------|
| | General | Historic Preservation | Impact Fee | Capital Projects | Other Governmental Funds | Total Governmental Funds | Total Governmental Funds |
| Revenues | | | | | | | |
| Taxes | \$ 11,926,812 | \$ - | \$ - | \$ - | \$ - | \$ 11,926,812 | \$ 9,785,011 |
| Intergovernmental | 7,126,900 | 3,981,695 | - | - | 1,231 | 11,109,826 | 10,296,741 |
| Licenses and permits | 84,352 | - | - | - | - | 84,352 | 197,029 |
| Charges for services | 153,095 | - | - | - | 900 | 153,995 | 414,722 |
| Impact fees | - | - | 212,216 | - | - | 212,216 | 125,086 |
| Fines and forfeitures | 16,917 | - | - | - | - | 16,917 | 20,135 |
| Sale of houses | - | 189,107 | - | - | - | 189,107 | 291,760 |
| Investment earnings | 271,563 | 56,550 | 97,608 | 841,836 | 49,279 | 1,316,836 | 506,585 |
| Miscellaneous | 125,999 | 15,090 | - | 480,174 | - | 621,263 | 2,031,337 |
| Total Revenues | 19,705,638 | 4,242,442 | 309,824 | 1,322,010 | 51,410 | 25,631,324 | 23,668,406 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | 2,745,111 | 2,543,014 | - | - | 59,676 | 5,347,801 | 5,330,439 |
| Planning | 566,361 | - | - | - | - | 566,361 | 700,510 |
| Public safety | 6,018,337 | - | - | - | - | 6,018,337 | 5,366,116 |
| Public works | 2,850,987 | - | - | - | - | 2,850,987 | 3,631,126 |
| Capital Outlay | 27,671 | 4,207,115 | 20,485 | 133,914 | | 4,389,185 | 10,396,919 |
| Debt Service: | | | | | | | |
| Principal retirement | 191,973 | - | - | - | 351,250 | 543,223 | 618,132 |
| Interest and fiscal charges | 31,075 | - | - | - | 134,761 | 165,836 | 198,356 |
| Bond issuance costs | - | - | - | - | 30,243 | 30,243 | - |
| Advance refunding amount | - | - | - | - | 41,621 | 41,621 | - |
| Total Expenditures | 12,431,515 | 6,750,129 | 20,485 | 133,914 | 617,551 | 19,953,594 | 26,241,598 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 7,274,123 | (2,507,687) | 289,339 | 1,188,096 | (566,141) | 5,677,730 | (2,573,192) |
| Other Financing Sources (Uses) | | | | | | | |
| Inception of capital lease obligation | 265,400 | - | - | - | - | 265,400 | 232,055 |
| Issuance of device fee | - | - | - | - | - | - | - |
| refunding revenue bonds | - | - | - | - | 1,327,000 | 1,327,000 | - |
| Bond premium | - | - | - | - | 31,346 | 31,346 | - |
| Payment to refunded bond escrow agent | - | - | - | - | (1,330,000) | (1,330,000) | - |
| Transfers in | 200,000 | - | - | - | 1,461,579 | 1,661,579 | 2,383,522 |
| Transfers out | (3,092,745) | (200,000) | - | - | (1,473,829) | (4,766,574) | (5,045,638) |
| Total Other Financing Sources (Uses) | (2,627,345) | (200,000) | - | - | 16,096 | (2,811,249) | (2,430,061) |
| Special Item | | | | | | | |
| Eminent domain settlement | 5,323,543 | - | - | - | - | 5,323,543 | - |
| Net Change in Fund Balances | (676,765) | (2,707,687) | 289,339 | 1,188,096 | (550,045) | (2,457,062) | (5,003,253) |
| Fund Balances Beginning of Year - Restated | 7,225,010 | 3,115,632 | 2,864,926 | 666,964 | 1,469,386 | 15,341,918 | 20,345,171 |
| Fund Balances End of Year | \$ 6,548,245 | \$ 407,945 | \$ 3,154,265 | \$ 1,855,060 | \$ 919,341 | \$ 12,884,856 | \$ 15,341,918 |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Government-wide Statement of Activities
For the Year Ended December 31, 2006*

| | | |
|---|------------------|--------------------------|
| Net Changes In Fund Balances - Total Governmental Funds | | \$ (2,457,062) |
| Amounts reported for governmental activities in the statement of activities are different because | | |
| Governmental funds report capital outlays as expenditures. | | |
| However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period. | | |
| Depreciation expense | \$ (1,520,264) | |
| Capital outlay | <u>4,216,685</u> | 2,696,421 |
| Interest expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Liability @ 12/31/06 | \$ (9,590) | |
| Liability @ 12/31/05 | <u>14,147</u> | 4,557 |
| Other financing sources are reported on the fund level operating statement but are reclassified as liabilities on the government-wide statement of net assets. | | |
| Inception of capital lease | | (265,400) |
| Other financing sources are reported on the fund level operating statement but are reclassified as liabilities on the government-wide statement of net assets for the bonds and the bond issuance is reclassified as a deferred cost | | |
| Issuance of revenue bonds | \$ (1,327,000) | |
| Retirement of refunded bonds | 1,330,000 | |
| Bond premium | (31,346) | |
| Bond issuance | 30,243 | |
| Loss on refunding | <u>41,621</u> | 43,518 |
| Amortization of bond issuance costs and refunding and bond premiums are reported on the government-wide statement of activities but are not reported on the fund financial reporting level. | | |
| | | (7,617) |
| Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. | | |
| | | 543,223 |
| Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Liability @ 12/31/06 | \$ (314,418) | |
| Liability @ 12/31/05 | <u>192,047</u> | <u>(122,371)</u> |
| Change In Net Assets of Governmental Activities | | <u>\$ 435,269</u> |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Water Fund
Comparative Statement of Net Assets
December 31, 2006 and 2005

| | 2006 | Restated 2005 |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 489,127 | \$ - |
| Accounts receivable | 30,210 | 75,604 |
| Interfund | 541 | - |
| Prepaid items | 10,716 | 12,818 |
| Total Current Assets | 530,594 | 88,422 |
| Noncurrent Assets: | | |
| Restricted assets: | | |
| Cash and cash equivalents | 1,295,851 | 544,240 |
| Deferred charges | 572,955 | 393,433 |
| Capital assets: | | |
| Nondepreciable | 1,688,139 | 1,839,726 |
| Depreciable, net | 19,543,667 | 19,811,215 |
| Total Noncurrent Assets | 23,100,612 | 22,588,614 |
| Total Assets | 23,631,206 | 22,677,036 |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | 83,752 | 137,636 |
| Accrued expenses | 11,876 | 10,678 |
| Interfund payable | 114,274 | 53,681 |
| Compensated absences payable | 4,278 | 3,852 |
| General obligation bonds payable | 370,000 | 350,000 |
| Total Current Liabilities | 584,180 | 555,847 |
| Current Liabilities Payable from Restricted Assets: | | |
| Revenue bonds payable | 205,000 | 278,750 |
| Accrued interest payable | 147,145 | 70,381 |
| Customer deposits | 2,000 | 2,000 |
| Total Current Liabilities Payable from Restricted Assets | 354,145 | 351,131 |
| Long-Term Liabilities: | | |
| Compensated absences payable (net of current portion) | 17,112 | 15,410 |
| General obligation bonds payable (net of current portion) | 2,170,000 | 2,540,000 |
| Revenue bonds payable (net of current portion) | 12,214,462 | 11,801,063 |
| Total Long-Term Liabilities | 14,401,574 | 14,356,473 |
| Total Liabilities | 15,339,899 | 15,263,451 |
| Net Assets | | |
| Invested in capital assets, net of related debt | 6,845,299 | 7,074,561 |
| Restricted for revenue bonds | 1,295,851 | 544,240 |
| Unrestricted | 150,157 | (205,216) |
| Total Net Assets | \$ 8,291,307 | \$ 7,413,585 |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Water Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Assets
For the Years Ended December 31, 2006 and 2005

| | 2006 | Restated 2005 |
|---|---------------------|---------------------|
| Operating Revenues | | |
| Charges for services | \$ 699,648 | \$ 536,025 |
| Miscellaneous | 30,991 | 23,956 |
| Total Operating Revenues | <u>730,639</u> | <u>559,981</u> |
| Operating Expenses | | |
| Personal services | 778,535 | 677,236 |
| Professional services | 252,204 | 460,229 |
| General services | 174,910 | 193,737 |
| Purchased services | 12,097 | 15,315 |
| Supplies | 48,382 | 50,011 |
| Repairs and maintenance | 124,809 | 212,795 |
| Capital outlay - non-capitalized | 136,740 | 56,620 |
| Depreciation | 746,585 | 842,375 |
| Total Operating Expenses | <u>2,274,262</u> | <u>2,508,318</u> |
| Operating (Loss) | <u>(1,543,623)</u> | <u>(1,948,337)</u> |
| Non-Operating Revenues (Expenses) | | |
| Interest and fiscal charges | (597,198) | (949,402) |
| Investment earnings | 9,071 | - |
| Amortization | (122,879) | (44,024) |
| Total Non-Operating Revenues (Expenses) | <u>(711,006)</u> | <u>(993,426)</u> |
| (Loss) Before Capital Contributions and Transfers In | <u>(2,254,629)</u> | <u>(2,941,763)</u> |
| Capital contributions | 27,356 | 118,856 |
| Transfers in | 3,104,995 | 2,683,926 |
| Change in Net Assets | 877,722 | (138,981) |
| Net Assets Beginning of Year, Restated | <u>7,413,585</u> | <u>7,552,566</u> |
| Net Assets End of Year | <u>\$ 8,291,307</u> | <u>\$ 7,413,585</u> |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Water Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|--------------------|
| Increase (Decrease) in Cash and Cash Equivalents | | |
| Cash Flows from Operating Activities | | |
| Cash received from customers | \$ 776,033 | \$ 486,118 |
| Cash payments for personal services | (774,305) | (672,943) |
| Cash payments for goods and services | (801,828) | (967,896) |
| Net Cash (Used in) Operating Activities | <u>(800,100)</u> | <u>(1,154,721)</u> |
| Cash Flows from Noncapital Financing Activities | | |
| Increase in interfund loan payable | 60,052 | 18,266 |
| Transfers in | 3,104,995 | 2,683,926 |
| Net Cash Provided by Noncapital Financing Activities | <u>3,165,047</u> | <u>2,702,192</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Capital contributions | 27,356 | 118,856 |
| Principal paid on bonds | (378,750) | (602,500) |
| Interest paid on bonds | (454,437) | (874,635) |
| Payments for capital acquisitions | (327,449) | (356,621) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(1,133,280)</u> | <u>(1,714,900)</u> |
| Cash Flows from Investing Activities | | |
| Investment earnings | 9,071 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,240,738 | (167,429) |
| Cash and Cash Equivalents Beginning of Year | <u>544,240</u> | <u>711,669</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 1,784,978</u> | <u>\$ 544,240</u> |
| Reconciliation to Cash: | | |
| Unrestricted | \$ 489,127 | \$ - |
| Restricted | 1,295,851 | 544,240 |
| Total Cash | <u>\$ 1,784,978</u> | <u>\$ 544,240</u> |

City of Black Hawk, Colorado
Water Fund
Comparative Statement of Cash Flows
For the Years Ended December 31, 2006 and 2005

(continued)

| | 2006 | 2005 |
|--|----------------|----------------|
| Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities | | |
| Operating (Loss) | \$ (1,543,623) | \$ (1,948,337) |
| Adjustments: | | |
| Depreciation | 746,585 | 842,375 |
| (Increase) Decrease in Assets: | | |
| Accounts receivable | 45,394 | (73,863) |
| Prepaid items | 2,102 | (2,220) |
| Increase (Decrease) in Liabilities: | | |
| Accounts payable | (53,884) | 35,681 |
| Accrued expenses | 1,198 | 1,770 |
| Retainage payable | - | (12,650) |
| Compensated absences payable | 2,128 | 2,523 |
| Net Cash (Used in) Operating Activities | \$ (800,100) | \$ (1,154,721) |
| Noncash Capital Activities: | | |
| Issuance of refunding debt including premium | \$ 12,419,214 | \$ - |
| Repayment of refunded debt | 11,930,000 | - |
| Bond issuance costs and refunding differences | 773,214 | - |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2006

Assets

| | |
|-------------|---------------------|
| Investments | <u>\$ 5,421,034</u> |
|-------------|---------------------|

Liabilities

| | |
|-------------------|---------------------|
| Due to the county | <u>\$ 5,421,034</u> |
|-------------------|---------------------|

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Combining Statement of Net Assets
Component Units
December 31, 2006
(With Comparative Totals at December 31, 2005)

| | 2006 | | | 2005 |
|---|-------------------------------------|-----------------------------|-----------------------|----------------------|
| | Business Improvement District | Transportation Authority | Total | Total |
| | | | | |
| Assets | | | | |
| Current: | | | | |
| Cash and cash equivalents | \$ - | \$ 687,294 | \$ 687,294 | \$ 654,524 |
| Restricted cash | 1,645,346 | - | 1,645,346 | 1,152,423 |
| Receivables: | | | | |
| Accounts | 6,300 | 88,977 | 95,277 | 88,897 |
| Property taxes | 768,037 | - | 768,037 | - |
| Intergovernmental | | 111,223 | 111,223 | - |
| Primary government | - | 184,007 | 184,007 | 184,007 |
| Inventory | - | 35,291 | 35,291 | 6,205 |
| Prepaid items | - | 32,415 | 32,415 | - |
| Non-current: | | | | |
| Deferred charges | 488,631 | - | 488,631 | 596,445 |
| Total Assets | <u>2,908,314</u> | <u>1,139,207</u> | <u>4,047,521</u> | <u>2,682,501</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 7,532 | 99,356 | 106,888 | 81,053 |
| Unearned revenue | 768,037 | - | 768,037 | - |
| Due to primary government | - | 259,875 | 259,875 | 319,535 |
| Accrued interest payable | 30,179 | - | 30,179 | 35,700 |
| General obligation bonds payable | 200,000 | - | 200,000 | 200,000 |
| Special assessment bonds payable | 1,515,000 | - | 1,515,000 | 1,455,000 |
| Long-term Liabilities | | | | |
| General obligation bonds payable (net of current portion) | 1,409,289 | - | 1,409,289 | 1,607,044 |
| Special assessment bonds payable (net of current portion) | 4,903,500 | - | 4,903,500 | 6,406,200 |
| Total Liabilities | <u>8,833,537</u> | <u>359,231</u> | <u>9,192,768</u> | <u>10,104,532</u> |
| Net Assets | | | | |
| Unrestricted (deficit) | <u>\$ (5,925,223)</u> | <u>\$ 779,976</u> | <u>\$ (5,145,247)</u> | <u>\$(7,422,031)</u> |

See accompanying notes to the basic financial statements

Black Hawk, Colorado
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006
(With Comparative Totals for the Year Ended December 31, 2005)

| | 2006 | | | 2005 |
|-------------------------------------|-------------------------------------|-----------------------------|-----------------------|-----------------------|
| | Business Improvement District | Transportation Authority | Total | Total |
| Expenses | | | | |
| General government | \$ 266,545 | \$ 1,110,390 | \$ 1,376,935 | \$ 1,469,884 |
| Interest | 423,429 | - | 423,429 | 291,980 |
| Total Expenses | <u>689,974</u> | <u>1,110,390</u> | <u>1,800,364</u> | <u>1,761,864</u> |
| Revenues | | | | |
| Program revenues: | | | | |
| Device fees | - | 774,283 | 774,283 | 729,602 |
| Charges for services | - | 401,341 | 401,341 | 327,814 |
| Operating grants | - | 57,574 | 57,574 | 9,865 |
| Special assessments | 1,850,892 | - | 1,850,892 | 1,935,892 |
| Total Program Revenues | <u>1,850,892</u> | <u>1,233,198</u> | <u>3,084,090</u> | <u>3,003,173</u> |
| Net Program (Expense) | <u>1,160,918</u> | <u>122,808</u> | <u>1,283,726</u> | <u>1,241,309</u> |
| General Revenues | | | | |
| Property taxes | 738,904 | - | 738,904 | 748,094 |
| Specific ownership taxes | 60,222 | - | 60,222 | 58,516 |
| Investment earnings | 88,027 | 32,770 | 120,797 | 71,939 |
| Miscellaneous | 8,144 | 64,991 | 73,135 | 35,875 |
| Total General Revenues | <u>895,297</u> | <u>97,761</u> | <u>993,058</u> | <u>914,424</u> |
| Change in Net Assets | 2,056,215 | 220,569 | 2,276,784 | 2,155,733 |
| Net Assets Beginning of Year | <u>(7,981,438)</u> | <u>559,407</u> | <u>(7,422,031)</u> | <u>(9,577,764)</u> |
| Net Assets End of Year | <u>\$ (5,925,223)</u> | <u>\$ 779,976</u> | <u>\$ (5,145,247)</u> | <u>\$ (7,422,031)</u> |

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Index

| | |
|---|--------|
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City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

The City of Black Hawk, Colorado (the "City") became a home rule city January 16, 2001, as authorized by Article 20 of the Colorado State Constitution. Prior to that date, the City functioned as a territorial charter city. A City Aldermen/Manager form of government governs the City with a Mayor and Board of Aldermen. The city aldermen appoint the City manager. The City provides the following services: public safety, street maintenance, public improvements, culture-recreation, planning and zoning, water services and general administration.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise fund at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this entity includes the legal entity of the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

Brief descriptions of the discretely presented component units follow:

Black Hawk Business Improvement District (the District) – The District was created by ordinance passed by the City's Board of Alderman on July 26, 1995. The purpose of the District is to construct public improvements for gaming and commercial interests within the City. A board of directors, appointed by the City's Board of Alderman, governs the District. The District does not issue separate financial statements.

Black Hawk Transportation Authority (the Authority) – The Authority was created by an intergovernmental agreement between the Authority and the City. The Authority is a single purpose enterprise fund. The purpose of the Authority is to affect the planning and development of transportation resource systems and facilities to provide public transportation, parking and all related services. The Authority is governed by a Board of Directors of which one member is appointed by the District, one member by the City of Central City with the City's Board of Alderman appointing the balance of the members. The Authority does not issue separate financial statements.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include a statement of net assets and a statement of activities. These statements report financial information for the City as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with charges for services to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges for services to users of the City's services and fines; (2) operating grants and contributions which finance annual operating activities including restricted investment earnings; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying the function to which the program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City, primarily taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Colorado.

Historical Preservation Fund - This fund accounts for the various historic preservation programs of the City, which are primarily funded through gaming revenues received from the State of Colorado.

Impact Fee Fund - This fund accounts for the parking and related projects of the City which are funded through an impact fee collected from new developments within the City.

Capital Project Funds - This fund accounts for capital projects of the City that are not included in Historical Preservation grant.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

The Proprietary Fund - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The City's proprietary fund is classified as an enterprise fund.

Water Fund - This fund accounts for the operations of the City's water system and is a major fund.

Fiduciary Funds - The City's fiduciary fund is an agency fund that accounts for the temporary holding funds for Gilpin County for investment purposes. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels and the fiduciary fund is accounted for on a flow of economic resources at the fund reporting level. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. The proprietary fund uses the accrual basis of accounting at both reporting levels. The fiduciary funds uses the accrual basis of accounting at the fund reporting level. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the calendar year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current calendar year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include property taxes, specific ownership taxes, sales taxes, device fees, grants, and contributions. On an accrual basis, revenue from property taxes and specific ownership taxes is recognized in the calendar year for which the taxes are levied. (Note 3-C) Property taxes are assessed in one year for the subsequent years' budget. Recognition for the levy made in 2005 is revenue for the 2006 budget year. Therefore, a property tax receivable and a liability of an equal amount are reported as "unearned revenue" on the government-wide statement of net assets and as deferred revenue at the fund financial reporting level. Sales taxes are recognized in the year, in which the underlying event takes place (i.e., the calendar year in which the sale takes place).

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue from grants and contributions is recognized in the calendar year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, device taxes and federal and state grants.

Deferred/Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Since property taxes are levied in December (i.e., there is a legal claim) for the next calendar year's operations, the total levy is reported as taxes receivable and deferred revenue as December 31, 2006.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenue is reclassified as "*unearned revenue*" on the government-wide statement of net assets.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash balances of most City funds are pooled and invested. Interest earned from investments purchased with pooled cash is allocated to each fund based on the fund's average equity balance in the pooled fund. Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Colorado law authorizes the City to invest in the following type of obligations:

- Obligations of the United States and certain U.S. government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of U.S. local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper limited to securities with highest rating category by at least one nationally recognized rating agency at time of purchase.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.
- Local government investment pools.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water charges are accrued as receivables and revenue at December 31, 2006.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term transactions or interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Consumable Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while the inventories of enterprise fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the enterprise fund are expensed when consumed.

These inventories consist primarily of fuel and public works parts.

1-E-5 Inventory Held for Resale

Inventory held for resale represents purchased properties by the City to be renovated and sold to promote historic properties preservation within the City. During 2006, the City sold all of the remaining property.

1-E-6 Restricted Assets

Cash and investments are restricted for both the City and the District (a discretely presented component unit) for debt service applicable to various debt obligations.

1-E-7 Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the City fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise fund's statement of net assets.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars for all capital assets other than land. All land is recorded, without regard to its cost. In 2006, the City capitalized its infrastructure retroactively to date of construction. The City's reported infrastructure consists of drainage structures, retaining walls and street lighting. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

The City capitalizes the cost of water rights, which includes the acquisition cost, legal and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not amortized. All other costs, including costs incurred for the protection of those rights, are expensed.

The City capitalizes works of art and historical treasures, consisting primarily of statues and sculptures. These works are not depreciated since they are inexhaustible.

All reported capital assets are depreciated except for land, water rights, works of art and historical treasures and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

| Asset Class | Estimated Lives | |
|-----------------------------------|-------------------------|--------------------------|
| | Governmental Activities | Business-type Activities |
| Buildings and improvements | 25 - 40 Years | --- |
| Vehicles and equipment | 5 - 20 Years | 5 - 20 Years |
| General government infrastructure | 15 - 25 Years | --- |
| Water plant and equipment | --- | 40 Years |
| Water distribution system | --- | 10 - 30 Years |

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-8 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits do not vest.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports the total compensated liability in this fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-9 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-10 Bond Premiums, Discounts, Refunding Differences and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, unamortized bond premiums and discounts and unamortized bond refunding differences are netted against bonds payable. Unamortized bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond refunding differences are amortized over the shorter of the life of the refunding debt or refunded debt.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

1-E-11 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net assets.”

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management’s intent to set aside unreserved fund balances for specific uses.

Net Assets - Net assets represent the difference between assets and liabilities. The “net assets” invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets (i.e., the unspent portion). This net asset amount also is adjusted by any bond issuance deferred amounts. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-12 Operating and Nonoperating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for providing water. Operating expenses are necessary costs incurred to provide the water services. All other revenues and expenses are considered nonoperating including investment earnings, interest expense and amortization.

1-E-13 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, system develop fees or from grants or outside contributions of resources restricted to capital acquisition and construction (e.g., water lines).

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-14 Device Fees Tax

The City adopted an ordinance imposing an occupational tax (i.e., a device fee) on gaming devices used within the City. The fee is paid on all gaming devices for which the State of Colorado has issued a device tax stamp. The City annual device fee tax is \$750 per device. The annual transportation device tax is \$77 per device.

1-E-15 Impact Fees

The City imposes two types of impact fees.

Parking Impact Fees – The City imposes a parking impact fee, charged to developers at the time of application for a building permit. The fee is levied to aid the development of additional parking facilities. The fee is \$2,000 for each required parking space based upon various factors included in the ordinance. Parking impact fees not expended or encumbered within ten years from the date of collection are refunded.

Fire and Police Impact Fees - The City imposes a fire and police impact fee, charged to developers at the time of application for a building permit. The fee is levied for the acquisition of facilities and equipment for public safety. The fees are based upon the type and size of the development. These impact fees not expended or encumbered within six years from the date of collection are refunded.

1-E-16 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated.

1-E-17 Estimates

The preparation of the financial statements in conformity with GAAP in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-18 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 2 – Stewardship, Compliance and Accountability

2-A. Budgetary Information – The City adopts an annual operating budget for all governmental funds. The budget resolution reflects the total of each department's appropriation in each fund. The City also adopts an annual budget for its water fund.

The budgets are adopted on a basis consistent with GAAP for all governmental fund types with the following exception:

- Any inceptions of capital leases and related capital outlay are not budgeted

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 2 – Stewardship, Compliance and Accountability (Continued)

The budget for the water fund is adopted on the modified accrual basis of accounting (i.e., a non-GAAP budgetary basis).

Budgets for the discretely presented component units (Black Hawk Transportation Authority, an enterprise fund and Black Hawk Business Improvement District) are not budgeted.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the total appropriation within each individual fund. Any change in total to a fund appropriation requires approval of the City's Board of Aldermen.

During 2006, the General fund budget was amended. All unexpended annual appropriations lapse at year-end.

2-B. Emergency Reserves

In 1992, Colorado voters approved an amendment to the Colorado Constitution that placed certain limits on revenue and expenditures of the state and local governments. Although the limit is placed on both revenue and expenditures, the constitutional amendment actually applies to revenue collections. The amendment is complex and subject to judicial interpretation.

However, cities have the option of placing a ballot measure before the voters asking for approval on retaining the revenue over the limit. The City's voters approved a ballot measure on November 7, 1995 that allows the City to exclude all revenues from those included within Article X, Section 20 of the Colorado Constitution.

Article X, Section 20 of the Colorado Constitution requires a reserve of 3% of its fiscal spending for emergencies. The use of this reserve is restricted to the purpose for which it was established and can be used solely for declared emergencies. In accordance with Article X, Section 20 of the Colorado Constitution, the City has reserved all fund balances for future expenditures in the general fund.

On November 5, 2002, the City's electors authorized the City to issue debt not to exceed \$9,600,000 with a repayment cost of \$17,000,000 and to increase taxes \$900,000 annually by the imposition of special assessments against benefited properties for the purpose of financing construction of pedestrian overpasses.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

The City has not formally adopted cash and investment policies.

Primary Government Deposits - Colorado State statutes govern the City's deposit of cash. The Public Deposit Protection Act (PDPA) for banks and savings and loans requires the state regulators to certify eligible depositories for public deposits. The Act requires eligible depositories with public deposits in excess of the federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the state of Colorado or local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the assets in the pool must be at least equal to 102% of the uninsured deposits.

Custodial Credit Risk – Deposits – the custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

At December 31, 2006, the carrying amount of the City's deposits (excluding its component units) was \$67,918 and the bank balance (as this is the operating account and is also a sweep account) was zero.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

| Investment Type | Fair Value |
|--|----------------------|
| Certificates of Deposit | \$ 815,664 |
| Federal Home Loan Bank note | 4,984,830 |
| American National Bank - trust account | 1,439,835 |
| Money market accounts | 221,286 |
| Colotrust state investment pool | 10,186,855 |
| C-Safe state investment pool | 2,963,093 |
| Total | \$ 20,611,563 |

Credit Quality Risk – Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Both the Colotrust and C-Safe, are local government investment pools that the City invests in, were rated AAA by Standard & Poor’s. The Wells Fargo Bank sponsored money market fund was rated AAA by Standard & Poor’s. The Federal Home Loan Bank notes and American National Bank trust account were rated AAA by Standard & Poor’s. The maturity schedules for the above investments are less than one year.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City’s investments may not be recovered. The City’s certificates of deposits are insured under FDIC up to \$100,000 per bank, the custodial credit risk for the uninsured deposits are covered under PDPA for the excess of \$615,664.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City’s certificates of deposits are issued by the following banks:

| Bank | Amount | % |
|------------------------|-------------------|-------------|
| Colorado Business Bank | \$ 258,703 | 32% |
| Peak National Bank | 556,961 | 68% |
| Total | \$ 815,664 | 100% |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Cash and Investment Reconciliation

| | | |
|--------------------------------|--------|------------------------------|
| Petty cash | \$ | 1,100 |
| Deposits | | 67,918 |
| Investments | | <u>20,611,563</u> |
| Total Cash and Investments | \$ | <u><u>20,680,581</u></u> |

Fund Reporting Level:

| | | |
|--|--------|------------------------------|
| Governmental Fund Type – Balance Sheet | \$ | 13,330,586 |
| Governmental Fund Type – Balance Sheet – Restricted | | 143,983 |
| Proprietary Fund Type Statement of Net Assets | | 489,127 |
| Proprietary Fund Type Statement of Net Assets – Restricted | | 1,295,851 |
| Fiduciary Fund Type Statement of Assets and Liabilities | | <u>5,421,034</u> |
| Total | \$ | <u><u>20,680,581</u></u> |

Component Units:

The Business Improvement District reported \$727,566 in a demand account and \$917,780 in an investment pool. The carrying amount and the fair value are the same. The Transportation Authority reported \$687,294 in a state investment pool.

3-B. Receivables

Receivables at December 31, 2006, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

3-C. Property Taxes

Annual property taxes are levied by the City on assessed valuation as of January 1, and attached as an enforceable lien on the property at that time. Generally, property taxes are levied on December 15 for the subsequent year’s operations. The taxes are payable by April. However, taxpayers may pay property taxes in two equal installments, in February and June.

Delinquent taxpayers are notified in August and generally sales of tax liens on delinquent properties are held in November or December. The County treasurer remits the taxes collected monthly to the City.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

3-D. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

| | Restated Balance 1/1/2006 | Additions | Deductions | Balance 12/31/2006 |
|---|---------------------------------|----------------------|---------------------|-----------------------|
| Governmental activities: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | \$ 14,007,470 | \$ 143,365 | \$ - | \$ 14,150,835 |
| Works of art and historical treasures | 829,141 | - | - | 829,141 |
| Construction in progress | 8,251,147 | 3,854,133 | 8,625,977 | 3,479,303 |
| Total nondepreciable capital assets | <u>23,087,758</u> | <u>3,997,498</u> | <u>8,625,977</u> | <u>18,459,279</u> |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 8,575,878 | 7,557,111 | - | 16,132,989 |
| Vehicles and equipment | 4,009,236 | 313,558 | - | 4,322,794 |
| Infrastructure | 14,067,651 | 974,498 | - | 15,042,149 |
| Total depreciable capital assets | <u>26,652,765</u> | <u>8,845,167</u> | <u>-</u> | <u>35,497,932</u> |
| Total capital assets | <u>49,740,523</u> | <u>12,842,665</u> | <u>8,625,977</u> | <u>53,957,211</u> |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 2,116,902 | 538,272 | - | 2,655,174 |
| Vehicles and equipment | 2,613,105 | 413,512 | - | 3,026,617 |
| Infrastructure | 4,785,194 | 568,480 | - | 5,353,674 |
| Total accumulated depreciation | <u>9,515,201</u> | <u>1,520,264</u> | <u>-</u> | <u>11,035,465</u> |
| Governmental activities capital assets, net | <u>\$ 40,225,322</u> | <u>\$ 11,322,401</u> | <u>\$ 8,625,977</u> | <u>\$ 42,921,746</u> |

Governmental activities depreciation expense

| | |
|--|---------------------|
| General government | \$ 393,606 |
| Planning | 3,692 |
| Public safety | 217,520 |
| Public works | 905,446 |
| Total governmental activities depreciation expense | <u>\$ 1,520,264</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

| | Restated Balance 1/1/2006 | Additions | Deductions | Balance 12/31/2006 |
|--|---------------------------------|---------------------|-------------------|-----------------------|
| Business-type activities: | | | | |
| Nondepreciable capital assets | | | | |
| Water rights | \$ 1,243,180 | \$ - | \$ - | \$ 1,243,180 |
| Construction in progress | 596,546 | 44,333 | 195,920 | 444,959 |
| Total nondepreciable capital assets | <u>1,839,726</u> | <u>44,333</u> | <u>195,920</u> | <u>1,688,139</u> |
| Depreciable capital assets: | | | | |
| Plant and equipment | 19,770,058 | 462,759 | - | 20,232,817 |
| Distribution system | 5,434,886 | - | - | 5,434,886 |
| Vehicles and equipment | 273,082 | 16,277 | 1,500 | 287,859 |
| Total depreciable capital assets | <u>25,478,026</u> | <u>479,036</u> | <u>1,500</u> | <u>25,955,562</u> |
| Total capital assets | <u>27,317,752</u> | <u>523,369</u> | <u>197,420</u> | <u>27,643,701</u> |
| Accumulated depreciation: | | | | |
| Plant and equipment | 3,288,583 | 510,974 | - | 3,799,557 |
| Distribution system | 2,214,054 | 217,395 | - | 2,431,449 |
| Vehicles and equipment | 164,174 | 18,215 | 1,500 | 180,889 |
| Total accumulated depreciation | <u>5,666,811</u> | <u>746,584</u> | <u>1,500</u> | <u>6,411,895</u> |
| Business-type activities capital assets, net | <u>\$ 21,650,941</u> | <u>\$ (223,215)</u> | <u>\$ 198,920</u> | <u>\$ 21,231,806</u> |

3-E. Interfund/Inter-entity Balances and Transfers

Interfund - Interfund balances at December 31, 2006, consisted of the following amounts and represent overdrafts in the cash and investment pool, payments made from the incorrect fund and for debt service. The City expects to repay all interfund balances within one year.

| Payable to: | Historical preservation fund | Capital projects fund | Due from: | | Total |
|------------------------------|------------------------------------|-----------------------------|-----------------------------------|-------------------|---------------------|
| | | | Nonmajor governmental funds | Water fund | |
| General fund | \$ - | \$ 643,778 | \$ 61,667 | \$ 67,695 | \$ 773,140 |
| Historical preservation fund | - | - | - | 11,089 | 11,089 |
| Capital projects | 311,350 | - | - | - | 311,350 |
| Nonmajor governmental funds | - | - | - | 35,490 | 35,490 |
| Total | <u>\$ 311,350</u> | <u>\$ 643,778</u> | <u>\$ 61,667</u> | <u>\$ 114,274</u> | <u>\$ 1,131,069</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Interfund transfers for the year ended December 31, 2006, consisted of the following:

| Transfer to | Transfers From: | | | Total |
|-----------------------------|---------------------|------------------------------|-----------------------------|---------------------|
| | General fund | Historical preservation fund | Nonmajor governmental funds | |
| General fund | \$ - | \$ 200,000 | \$ - | \$ 200,000 |
| Water fund | 1,631,166 | - | 1,473,829 | 3,104,995 |
| Nonmajor governmental funds | 1,461,579 | | | 1,461,579 |
| | <u>\$ 3,092,745</u> | <u>\$ 200,000</u> | <u>\$ 1,473,829</u> | <u>\$ 4,766,574</u> |

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Inter-entity – The Transportation Authority (a discretely presented component unit) reported the following inter-entity receivables and payables:

Receivable from the transportation utility fund (\$184,007) – for device fees collected by the transportation utility fund in 2005 but not remitted to the Transportation Authority.

Payable to the general fund (\$259,875) – for a bus contract and fuel charges not remitted by the Transportation Authority.

The Transportation Authority (a discretely presented component unit) reported the following transfers, which are reclassified for financial reporting purposes:

Receipt from the general fund (\$774,283) – transfers reclassified as device fees.

3-F. Long-Term Debt

Governmental Activities Bonds - The following is a summary of the outstanding long-term bonds at December 31, 2006.

1996 Device Tax Revenue Bonds - On June 15, 1996, the City issued serial revenue bonds in the amount of \$2,365,000, with interest rates ranging from 4.5% to 6.1%. The bonds are not subject to redemption prior to their stated maturities. Annual debt service requirements to amortize this debt, as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|------|-------------------|------------------|-------------------|
| 2007 | <u>\$ 280,000</u> | <u>\$ 17,080</u> | <u>\$ 297,080</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

2004 Devise Tax Revenue Refunding Bonds (75% Share) – On March 15, 2004, the City issued serial tax revenue refunding bonds, in the amount of \$1,031,250 (\$1,375,000 less water fund’s share of this debt) to advance refund \$1,031,250 (\$1,375,000 less water fund’s share of this debt) of the outstanding 1994 Series devise tax revenue bonds. The interest rates on the refunding debt are 2.15% to 4.6%.

Annual debt service requirements to amortize this debt, as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-----------|-------------------|-------------------|-------------------|
| 2007 | \$ 90,000 | \$ 30,904 | \$ 120,904 |
| 2008 | 90,000 | 28,249 | 118,249 |
| 2009 | 97,500 | 25,787 | 123,287 |
| 2010 | 97,500 | 21,818 | 119,318 |
| 2011 | 101,250 | 18,113 | 119,363 |
| 2012-2014 | 315,000 | 28,167 | 343,167 |
| Total | <u>\$ 791,250</u> | <u>\$ 153,038</u> | <u>\$ 944,288</u> |

2004 Capital Lease - On March 15, 2004, the City entered into a capital lease for three buses. Payments are \$30,834 quarterly, which includes principal and interest. This lease meets the criteria of a capital lease since the lessor transfers benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The equipment acquired by the leases is included in governmental activities general capital assets in the amount of \$299,471 (cost of \$524,075 less accumulated depreciation of \$224,604). The lease carries an interest rate of 4.25%. The outstanding balance of the corresponding liability is included in governmental activities general long-term debt.

Future minimum lease payments as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-------|-------------------|------------------|-------------------|
| 2007 | \$ 115,154 | \$ 8,180 | \$ 123,334 |
| 2008 | <u>120,126</u> | <u>3,208</u> | <u>123,334</u> |
| Total | <u>\$ 235,280</u> | <u>\$ 11,388</u> | <u>\$ 246,668</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

2005 Capital Lease - On May 2, 2005, the City entered into a capital lease for a bus. Payments are \$13,638 quarterly, which includes principal and interest. This lease meets the criteria of a capital lease since the lessor transfers benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The equipment acquired by the leases is included in governmental activities general capital assets in the amount of \$165,754 (cost of \$232,055 less accumulated depreciation of \$66,301). The lease carries an interest rate of 4.8557%. The outstanding balance of the corresponding liability is included in governmental activities general long-term debt. Future minimum lease payments as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-------|-------------------|------------------|-------------------|
| 2007 | \$ 48,064 | \$ 6,487 | \$ 54,552 |
| 2008 | 50,441 | 4,110 | 54,552 |
| 2009 | 52,935 | 1,616 | 54,551 |
| Total | <u>\$ 151,441</u> | <u>\$ 12,214</u> | <u>\$ 163,654</u> |

2006 Capital Leases - On March 1, 2006, the City entered into a capital lease for a bus. Payments are \$15,054 quarterly, which includes principal and interest. This lease meets the criteria of a capital lease since the lessor transfers benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The equipment acquired by the leases is included in governmental activities general capital assets in the amount of \$227,486 (cost of \$265,400 less accumulated depreciation of \$37,914). The lease carries an interest rate of 4.930%. The outstanding balance of the corresponding liability is included in governmental activities general long-term debt. Future minimum lease payments as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-------|-------------------|------------------|-------------------|
| 2007 | \$ 49,807 | \$ 10,408 | \$ 60,215 |
| 2008 | 52,308 | 7,907 | 60,215 |
| 2009 | 54,935 | 5,280 | 60,215 |
| 2010 | 57,694 | 2,521 | 60,215 |
| 2011 | 14,870 | 184 | 15,054 |
| Total | <u>\$ 229,614</u> | <u>\$ 26,300</u> | <u>\$ 255,914</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Business-type Activities Bonds - The following is a summary of the outstanding long-term bond issues related to the water fund at December 31, 2006:

1997 General Obligation Water Refunding Bonds – On October 1, 1997, the City issued serial general obligation bonds in the amount of \$3,440,000 and term bonds in the amount of \$1,785,000 due December 1, 2012, with interest rates ranging from 4% to 5.7%. The term bonds are subject to mandatory redemption. In addition, bonds maturing on or after December 1, 2007 are callable at the option of the City, on December 1, 2006, or on any date thereafter with premiums up to 1% plus accrued interest to the redemption date. Annual debt service requirements to amortize this debt, as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-------|---------------------|-------------------|---------------------|
| 2007 | \$ 370,000 | \$ 140,635 | \$ 510,635 |
| 2008 | 385,000 | 121,765 | 506,765 |
| 2009 | 400,000 | 101,745 | 501,745 |
| 2010 | 440,000 | 78,945 | 518,945 |
| 2011 | 455,000 | 53,865 | 508,865 |
| 2012 | 490,000 | 27,930 | 517,930 |
| Total | <u>\$ 2,540,000</u> | <u>\$ 524,885</u> | <u>\$ 3,064,885</u> |

1998 Device Tax Revenue Bonds - On January 15, 1998, the City issued serial device tax revenue bonds in the amount of \$1,940,000, and term bonds in the amount of \$2,465,000 due December 1, 2012 and \$9,115,000 due December 1, 2021, with interest rates ranging from 4.25% to 5.625%. On October 26, 2006, the City refunded all callable bonds from this issue (see Series 2006A and Series 2006B above). The bonds not callable totaled \$515,000.

Annual debt service requirements to amortize this debt, as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-------|-------------------|------------------|-------------------|
| 2007 | \$ 175,000 | \$ 27,887 | \$ 202,887 |
| 2008 | 340,000 | 18,700 | 358,700 |
| Total | <u>\$ 515,000</u> | <u>\$ 46,587</u> | <u>\$ 561,587</u> |

2004 Device Tax Revenue Refunding Bonds (25% Share)– On March 15, 2004, the City issued device tax revenue refunding bonds, in the amount of \$343,750 (\$1,375,000 less governmental activities' share of debt) to advance refund \$343,750 (\$1,375,000 less the governmental activities' share of debt) of outstanding 1994 Series device tax revenue bonds. The interest rates on the refunding debt are 2.15% to 4.6%.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-----------|-------------------|------------------|-------------------|
| 2007 | \$ 30,000 | \$ 10,301 | \$ 40,301 |
| 2008 | 30,000 | 9,416 | 39,416 |
| 2009 | 32,500 | 7,918 | 40,418 |
| 2010 | 32,500 | 7,273 | 39,773 |
| 2011 | 33,750 | 6,038 | 39,788 |
| 2012-2014 | 105,000 | 9,389 | 114,389 |
| Total | <u>\$ 263,750</u> | <u>\$ 50,335</u> | <u>\$ 314,085</u> |

Governmental Activities/Business Type Activities Combined Bond - The following is a summary of the outstanding long-term bond issued related to both governmental activities and the water fund.

2006 Device Tax Revenue Refunding Bonds, Series 2006A and Series 2006B - On October 26, 2006, the City issued device tax revenue refunding bonds, in the amount of \$13,270,000, Series 2006A and \$300,000, Series B, for a total of \$13,570,000 to advance refund the 1997 Device Tax Revenue Bonds in the amount of \$1,330,000 reported in governmental activities and to partially advance refund the 1998 Device Tax Revenue Bonds in the amount of \$11,580,000 reported in the water fund. The Series 2006A bonds carry a 5% interest rate with a final maturity on December 1, 2021. The Series 2006B bonds carry interest rates ranging from 5.75% to 5.83%, with a final maturity on December 1, 2011.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 Series bonds and partial future debt service payments on the 1998 Series. As a result, these bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net assets and from the water fund statement of net assets.

The City reduced its aggregate debt service payments for the 1998 Series by \$460,822 over the next fifteen years and obtained an economic gain (i.e., the difference between the present values of the refunded debt and the refunding debt) of \$216,891. The City increased its aggregate debt service payments for the 1997 Series by \$138,699 over the next five years and obtained an economic loss (i.e., the difference between the present values of the refunded debt and the refunding debt) of \$10,140.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Annual debt service requirements to amortize this debt, as of December 31, 2006 follow:

| Year | <i>Series A - Water Fund (90%)</i> | | | <i>Series A - Governmental Activities (10%)</i> | | |
|-----------|------------------------------------|---------------------|----------------------|---|-------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2007 | \$ - | \$ 655,206 | \$ 655,206 | \$ - | \$ 72,801 | \$ 72,801 |
| 2008 | 27,000 | 597,150 | 624,150 | 3,000 | 66,350 | 69,350 |
| 2009 | 792,000 | 595,800 | 1,387,800 | 88,000 | 66,200 | 154,200 |
| 2010 | 832,500 | 556,200 | 1,388,700 | 92,500 | 61,800 | 154,300 |
| 2011 | 868,500 | 514,575 | 1,383,075 | 96,500 | 57,175 | 153,675 |
| 2012-2016 | 4,284,000 | 1,919,250 | 6,203,250 | 476,000 | 213,250 | 689,250 |
| 2017-2021 | 5,139,000 | 795,600 | 5,934,600 | 571,000 | 88,400 | 659,400 |
| Total | <u>\$ 11,943,000</u> | <u>\$ 5,633,781</u> | <u>\$ 17,576,781</u> | <u>\$ 1,327,000</u> | <u>\$ 625,976</u> | <u>\$ 1,952,976</u> |

| Year | <i>Series A - Total</i> | | | <i>Series B</i> | | |
|-----------|-------------------------|---------------------|----------------------|-------------------|------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2007 | \$ - | \$ 728,007 | \$ 728,007 | \$ - | \$ 19,070 | \$ 19,070 |
| 2008 | 30,000 | 663,500 | 693,500 | 65,000 | 17,381 | 82,381 |
| 2009 | 880,000 | 662,000 | 1,542,000 | 70,000 | 13,643 | 83,643 |
| 2010 | 925,000 | 618,000 | 1,543,000 | 75,000 | 9,597 | 84,597 |
| 2011 | 965,000 | 571,750 | 1,536,750 | 90,000 | 5,247 | 95,247 |
| 2012-2016 | 4,760,000 | 2,132,500 | 6,892,500 | - | - | - |
| 2017-2021 | 5,710,000 | 884,000 | 6,594,000 | - | - | - |
| Total | <u>\$ 13,270,000</u> | <u>\$ 6,259,757</u> | <u>\$ 19,529,757</u> | <u>\$ 300,000</u> | <u>\$ 64,938</u> | <u>\$ 364,938</u> |

Component Unit Debt – The Business Improvement District (BID) has general obligation bonds outstanding as well as special assessment bonds outstanding.

2004 General Obligation Refunding Bonds – On December 30, 2004, the District refunded the above general obligation bonds by issuing \$2,020,000, with interest rates ranging from 2.75% - 5.00%. The final payment is due December 1, 2013. Annual debt service requirements to amortize this debt, as of December 31, 2006 follow:

| Year | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2007 | \$ 200,000 | \$ 73,250 | \$ 273,250 |
| 2008 | 210,000 | 65,750 | 275,750 |
| 2009 | 220,000 | 57,350 | 277,350 |
| 2010 | 230,000 | 48,000 | 278,000 |
| 2011 | 240,000 | 37,560 | 277,560 |
| 2012-2013 | 525,000 | 42,150 | 567,150 |
| Total | <u>\$ 1,625,000</u> | <u>\$ 324,060</u> | <u>\$ 1,949,060</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

2005 Special Assessment Refunding Bonds – In April 2005, the District refunded all outstanding special assessment debt with special assessment refunding bonds, Series 2005A, Series 2005B and Series 2005C. The refunding debt totaled \$8,610,000 with interest rates ranging from 4% - 5% with a final maturity due of June 1, 2011.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the special assessment bonds. As a result, the special assessment bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

Annual debt service requirements to amortize the special assessment refunding debt, as of December 31, 2006 follow:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2007 | \$ 1,515,000 | \$ 288,900 | \$ 1,803,900 |
| 2008 | 1,585,000 | 221,580 | 1,806,580 |
| 2009 | 1,475,000 | 149,250 | 1,624,250 |
| 2010 | 1,420,000 | 77,750 | 1,497,750 |
| 2011 | 485,000 | 12,125 | 497,125 |
| | <u>\$ 6,480,000</u> | <u>\$ 749,605</u> | <u>\$ 7,229,605</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2006:

| Governmental Activities | Outstanding 1/1/2006 | Additions | Reductions | Outstanding 12/31/2006 | Amounts Due in One Year |
|---|-------------------------|----------------------|----------------------|---------------------------|----------------------------|
| 1996 Device Tax Revenue Bonds | \$ 545,000 | \$ - | \$ 265,000 | \$ 280,000 | \$ 280,000 |
| 1997 Device Tax Revenue Bonds | 1,330,000 | - | 1,330,000 | - | - |
| 2004 Device Tax Revenue Refunding Bonds | 877,500 | - | 86,250 | 791,250 | 90,000 |
| 2006 Device Tax Revenue Refunding Bonds - Series A | - | 1,327,000 | - | 1,327,000 | - |
| 2004 Capital Lease | 345,667 | - | 110,387 | 235,280 | 115,154 |
| 2005 Capital Lease | 197,241 | - | 45,800 | 151,441 | 48,064 |
| 2006 Capital Lease | - | 265,400 | 35,786 | 229,614 | 49,807 |
| Bond premiums/discounts | - | 31,347 | 346 | 31,001 | - |
| Bond refunding | (24,284) | (41,621) | 3,772 | (62,133) | - |
| Total Bonds and Capital Leases | 3,271,124 | 1,582,126 | 1,877,341 | 2,983,453 | 583,025 |
| Compensated Absences | 192,047 | 122,371 | - | 314,418 | 62,884 |
| Total Governmental Activities | \$ 3,463,171 | \$ 1,704,497 | \$ 1,877,341 | \$ 3,297,871 | \$ 645,909 |
| Deferred charges | | | | | |
| Bond issuance | \$ 34,388 | \$ 30,243 | \$ 4,191 | \$ 60,440 | |
| Business-Type Activities | | | | | |
| 1997 General Obligation Water Refunding Bonds | \$ 2,890,000 | \$ - | 350,000 | \$ 2,540,000 | \$ 370,000 |
| 1998 Device Tax Revenue Bonds | 12,095,000 | - | 11,580,000 | 515,000 | 175,000 |
| 2004 Device Tax Revenue Refunding Bonds | 292,500 | - | 28,750 | 263,750 | 30,000 |
| 2006 Device Tax Revenue Refunding Bonds - Series A | - | 11,943,000 | - | 11,943,000 | - |
| 2006 Device Tax Revenue Refunding Bonds - Series B | - | 300,000 | - | 300,000 | - |
| Bond premiums/discounts | - | 176,214 | 1,947 | 174,267 | - |
| Bond refunding | (307,688) | (548,444) | 79,578 | (776,554) | - |
| Total Bonds | 14,969,812 | 11,870,770 | 12,040,275 | 14,959,463 | 575,000 |
| Compensated Absences | 19,262 | 2,128 | - | 21,390 | 4,278 |
| Total Business-Type Activities | \$ 14,989,074 | \$ 11,872,898 | \$ 12,040,275 | \$ 14,980,853 | \$ 579,278 |
| Deferred charges | | | | | |
| Bond issuance | \$ 393,433 | \$ 224,770 | \$ 45,248 | \$ 572,955 | |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

The governmental activities' long-term portion of bonds (total \$2,429,251 less current portion of \$370,000 = \$2,059,251) outstanding bonds reported on the government-wide statement of net assets are reduced by the deferred amount of the deferred accounting loss on the bond refundings of \$62,133 for a net amount reported of \$2,367,118. The business-type activities' long-term portion of bonds (total \$15,736,017 less current portion of \$575,000 = \$15,161,017) outstanding bonds reported on the government-wide statement of net assets are reduced by the deferred amount of the accounting loss on the bond refundings of \$776,554 for a net amount reported of \$14,384,463.

All bond obligations of the City's governmental activities will be financed through future debt service fund's expendable available financial sources as they become due. All capital lease obligations of the City's governmental activities will be financed through future the general fund's expendable available financial sources as they become due. Principal and interest payments related to the City's water enterprise fund are financed from income derived from the operation of the water system. The compensated absences liability will be paid from the fund in which the employees' salaries are paid, generally the general fund and the water fund.

Component Unit - BID

Changes in the City's component unit for BID (the District) long-term obligations consisted of the following for the year ended December 31, 2006:

| Component Unit - BID | Outstanding | | | Outstanding 12/31/2006 | Amounts Due in One Year |
|---|---------------------|-------------|---------------------|---------------------------|----------------------------|
| | 1/1/2006 | Additions | Reductions | | |
| 2004 General Obligation Refunding Bonds | \$ 1,825,000 | \$ - | \$ 200,000 | \$ 1,625,000 | \$ 200,000 |
| 2005 Special Assessment Refunding Bonds | 7,935,000 | - | 1,455,000 | 6,480,000 | 1,515,000 |
| Total Governmental Activities | \$ 9,760,000 | \$ - | \$ 1,655,000 | \$ 8,105,000 | \$ 1,715,000 |

The District's long-term portion of general obligation bonds (total \$1,625,000 less current portion of \$200,000 = \$1,425,000) outstanding bonds reported on the component unit statement of net assets are reduced by the deferred amount of the bond discount of \$15,711 for a net amount reported of \$1,609,289.

The District's long-term portion of special assessment refunding bonds (total \$6,480,000 less current portion of \$1,515,000 = \$4,965,000) outstanding bonds reported on the component unit statement of net assets are reduced by the deferred amount of the bond discount of \$61,500 for a net amount reported of \$6,418,500.

Defeasance of Debt - In 2004, the City defeased certain Device Tax Revenue Bonds and General Obligation Water Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2006, the amount of defeased debt outstanding on these bonds totals \$3,530,000. In 2006, the City defeased certain tax revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Approximately \$12 million is considered defeased as of December 31, 2006 and are not included in the City's financial statements.

3-G. Construction Commitments

The City has construction commitments with various contracts totaling approximately \$7,400.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 3 - Detailed Notes on All Funds (Continued)

3-H. Pensions

The City sponsors two pension plans presented below.

Defined Contribution Plan - The employees of the City (except for paid firefighters) participate in ICMA Retirement Corporation Prototype Money Purchase Plan, which is a defined contribution plan, which was established by the City and is maintained and administered by ICMA Retirement Corporation. At December 31, 2004, there were 102 plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members upon the start of employment. Under this plan, 5.00% of the plan members' compensation is withheld and remitted to the Plan Administrator along with the matching payment of 10.00% from the City. The City's contributions plus earnings become fully vested after five years with partial vesting beginning after one year. City contributions for plan members who leave employment before they are fully vested are used to reduce the City's current period contribution requirement. There is no liability for benefits under the plan beyond the City's matching payments. Plan provisions and contribution requirements are established and may be amended by the City's Board of Aldermen.

Contributions actually made by plan members and the City for the years ended December 31, 2006, 2005, and 2004 were \$212,276, \$202,328 and \$197,354 and the City's contributions were \$424,559, \$404,313 and \$393,349 respectively.

State Fire And Police Pension Plan (FPPA Defined Benefit Plan) - The City contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by FPPA. This is a noncontributory plan. All full-time, paid firefighters of the City are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Colorado Statutes assign the authority to establish benefit provision to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

The financial statements of the Statewide Defined Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Statewide Defined Benefit Plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

The contribution requirements of plan members and the City are established by statute. The contribution rate for plan members is 8.0% of covered salary and for the City is 8.0% of covered salary. The City's contributions to the Statewide Defined Benefit Plan for the years ended December 31, 2006, 2005, and 2004 were \$114,339, \$104,523 and \$100,578, respectively, equal to the City's required contributions for each year.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

3-I. Invested in Capital Assets, Net of Related Debt

The “invested in capital assets, net of related debt” amounts reported on the government-wide statement of net assets as of December 31, 2006 are as follows:

| | Governmental Activities | Business - Type Activities |
|--|----------------------------|----------------------------------|
| Invested in capital assets, net of related debt: | | |
| Cost of capital assets | \$ 53,957,211 | \$ 27,643,701 |
| Less accumulated depreciation | 11,035,465 | 6,411,895 |
| Book value | 42,921,746 | 21,231,806 |
| Less capital related debt | 3,045,586 | 15,736,016 |
| Plus bond issuance and refunding amounts | 122,573 | 1,349,509 |
| Invested in capital assets, net of related debt | \$ 39,998,733 | \$ 6,845,299 |

Note 4 - Other Notes

4-A. Risk Management

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity, which was established pursuant to an intergovernmental agreement authorized by Colorado state statutes. The purposes of CIRSA are to provide property and casualty and workers' compensation insurance coverage and risk management services to its municipal members at a reasonable cost.

Members can participate actively in policy-making through the Board of Directors, which are nominated and elected by members; involvement on a number of board committees; and participation at annual general membership meetings. Operations are funded by individual membership contributions.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the by-laws, any member of CIRSA against stated liability or loss, to the limit of the financial resources of CIRSA. Also, it is the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The by-laws shall constitute the substance of the intergovernmental contract among the members. The amount of settlements has not exceeded insurance coverage for any of the three previous years.

The City carries commercial insurance coverage for the other risks of loss including workers compensation and employee health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

4-B. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be minimal.

The City is a defendant in other lawsuits at December 31, 2006. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

4-C. Special Item

In 2006, the City did not prevail in an eminent domain judgment on the fair value of condemned land and the court ordered a judgment of \$5.3 million. The City has appealed the amount of the award.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 4 - Other Notes (Continued)

4-D. Prior Period Adjustments

The December 31, 2005 net asset amount reported at the government-wide financial reporting level was restated to reflect the reporting of infrastructure retroactively, generally to the date of construction. In 2003-2006, the City reported their infrastructure prospectively. The net assets were restated as follows:

| | |
|---|-----------------------------------|
| Net assets, as previously reported, December 31, 2005 | \$ 45,120,144 |
| Add retroactive reporting of infrastructure | |
| Estimated historical costs | \$ 11,049,095 |
| Less accumulated depreciation | <u>4,597,128</u> <u>6,451,967</u> |
| Sub Total | 51,572,111 |
| Fund level as described below | |
| General fund - developer deposits | 437,276 |
| Capital projects fund - developer deposits | <u>114,925</u> |
| Total net assets restated | <u>\$ 52,124,312</u> |

In 2006 management deemed the developer deposits, a liability account in the general fund, that has been recorded since 2004 did not have to be refunded to the developers as follows:

| | |
|--|---------------------|
| General fund balance, December 31, 2005 | \$ 6,787,734 |
| Add developer deposits | <u>437,276</u> |
| Fund balance restated, December 31, 2005 | <u>\$ 7,225,010</u> |

In 2006 management deemed the developer deposits, a liability account in the capital projects fund that has been recorded, since 2004 did not have to be refunded to the developers as follows:

| | |
|--|-------------------|
| Capital projects fund balance, December 31, 2005 | \$ 552,039 |
| Add developer deposits | <u>114,925</u> |
| Fund balance restated, December 31, 2005 | <u>\$ 666,964</u> |

In 2006 the management inventoried their water fund infrastructure, resulting in a prior period adjustment reducing net assets as described below:

| | |
|--|---------------------|
| Net assets, as previously reported | \$ 7,614,393 |
| Write down of capital assets | (326,778) |
| Write down of accumulated depreciation | <u>125,970</u> |
| Net assets - as restated | <u>\$ 7,413,585</u> |

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 4 - Other Notes (Continued)

4-E. Related Party Transactions

Included in the employment agreement between the City and the City manager, the City is providing housing to the City manager at a residence owned by the City and reported as an asset for resale in the Historical Preservation fund. The City pays the cost of water, sewer, insurance and trash pick-up at the premises and the City manager is responsible for paying the costs of gas, electric, telephone, cable television and any other utilities not specifically provide for the in the agreement. The City sold this house to the City manager for approximately \$200,000 below cost in May, 2006, removing this asset from the Historical Preservation fund.

City of Black Hawk, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|--|-----------------------|-----------------------|---------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Restated Actual |
| Revenues | | | | | |
| Taxes | \$ 8,621,750 | \$ 8,621,750 | \$ 11,926,812 | \$ 3,305,062 | \$ 9,785,011 |
| Intergovernmental | 6,602,500 | 6,602,500 | 7,126,900 | 524,400 | 6,602,693 |
| Licenses and permits | 167,800 | 167,800 | 84,352 | (83,448) | 197,029 |
| Charges for services | 70,000 | 70,000 | 153,095 | 83,095 | 413,972 |
| Fines and forfeitures | 44,550 | 44,550 | 16,917 | (27,633) | 20,135 |
| Investment earnings | 55,100 | 55,100 | 271,563 | 216,463 | 233,892 |
| Miscellaneous | 7,500 | 7,500 | 125,999 | 118,499 | 255,101 |
| Total Revenues | <u>15,569,200</u> | <u>15,569,200</u> | <u>19,705,638</u> | <u>4,136,438</u> | <u>17,507,833</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 3,645,584 | 3,645,584 | 2,745,111 | 900,473 | 3,298,672 |
| Planning | 690,205 | 715,605 | 566,361 | 149,244 | 700,510 |
| Public safety | 5,542,591 | 5,542,591 | 6,018,337 | (475,746) | 5,366,116 |
| Public works | 3,042,041 | 3,042,041 | 2,836,306 | 205,735 | 3,566,639 |
| Total Expenditures | <u>12,920,421</u> | <u>12,945,821</u> | <u>12,166,115</u> | <u>779,706</u> | <u>12,931,937</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,648,779</u> | <u>2,623,379</u> | <u>7,539,523</u> | <u>4,916,144</u> | <u>4,575,896</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 200,000 | 200,000 | 200,000 | - | 254,310 |
| Transfers out | (5,441,227) | (5,441,227) | (3,092,745) | 2,348,482 | (3,309,212) |
| Total Other Financing Sources (Uses) | <u>(5,241,227)</u> | <u>(5,241,227)</u> | <u>(2,892,745)</u> | <u>2,348,482</u> | <u>(3,054,902)</u> |
| Special Item | | | | | |
| Eminent domain settlement | - | 5,000,000 | 5,323,543 | - | - |
| Net Change in Fund Balances | <u>\$ (2,592,448)</u> | <u>\$ (7,617,848)</u> | <u>(676,765)</u> | <u>\$ 7,264,626</u> | <u>1,520,994</u> |
| Fund Balances Beginning of Year, Restated | | | <u>7,225,010</u> | | <u>5,266,740</u> |
| Fund Balances End of Year | | | <u>\$ 6,548,245</u> | | <u>\$ 7,225,010</u> |

See accompanying notes to the required supplementary information

City of Black Hawk, Colorado
 Historical Preservation Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006
 (With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|--|-----------------------|-----------------------|--------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Revenues | | | | | |
| Intergovernmental | \$ 3,675,000 | \$ 3,675,000 | \$ 3,981,695 | \$ 306,695 | 3,689,180 |
| Sale of houses | - | - | 189,107 | 189,107 | 291,760 |
| Investment earnings | 100,000 | 100,000 | 56,550 | (43,450) | 154,212 |
| Miscellaneous | - | - | 15,090 | 15,090 | - |
| Total Revenues | <u>3,775,000</u> | <u>3,775,000</u> | <u>4,242,442</u> | <u>467,442</u> | <u>4,135,152</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Grants | 1,347,000 | 1,347,000 | 2,140,619 | (793,619) | 1,743,573 |
| Cost of houses sold | - | - | 402,395 | (402,395) | 288,194 |
| Capital Outlay | <u>5,982,850</u> | <u>5,982,850</u> | <u>4,207,115</u> | <u>1,775,735</u> | <u>8,482,626</u> |
| Total Expenditures | <u>7,329,850</u> | <u>7,329,850</u> | <u>6,750,129</u> | <u>579,721</u> | <u>10,514,393</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,554,850) | (3,554,850) | (2,507,687) | 1,047,163 | (6,379,241) |
| Other Financing Uses | | | | | |
| Transfers out | <u>(200,000)</u> | <u>(200,000)</u> | <u>(200,000)</u> | <u>-</u> | <u>(252,500)</u> |
| Net Change in Fund Balances | <u>\$ (3,754,850)</u> | <u>\$ (3,754,850)</u> | <u>(2,707,687)</u> | <u>\$ 1,047,163</u> | <u>(6,631,741)</u> |
| Fund Balances Beginning of Year | | | <u>3,115,632</u> | | <u>9,747,373</u> |
| Fund Balances End of Year | | | <u>\$ 407,945</u> | | <u>\$ 3,115,632</u> |

See accompanying notes to the required supplementary information

Black Hawk, Colorado
Notes to the Required Supplementary Information
For the Year Ended December 31, 2006

Note 1 – Budgetary Basis of Accounting

The general fund adopts an annual budget on a basis consistent with generally accepted accounting principles (GAAP) except that the inception of capital leases and the related capital outlay are not budgeted. Also, debt service expenditures are budgeted within the public works function budget, rather than separately as debt service expenditures. The following reconciles the budgetary basis to the GAAP basis.

| | Other Financing Sources | Expenditures |
|----------------------------|-------------------------------|---------------|
| Budgetary basis | \$ (2,892,745) | \$ 12,166,115 |
| Inception of capital lease | 265,400 | 265,400 |
| GAAP basis | \$ (2,627,345) | \$ 12,431,515 |

The historical preservation fund adopts annual budget on a basis consistent with generally accepted accounting principles.

City of Black Hawk, Colorado
 Combining Balance Sheet
 Nonmajor Governmental Funds - by Fund Type
 December 31, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|---|---|-------------------------------------|--|
| Assets | | | |
| Cash and cash equivalents | \$ 332,372 | \$ 653,170 | \$ 985,542 |
| Cash and cash equivalents - restricted | - | 143,983 | 143,983 |
| Interfund receivable | - | 35,490 | 35,490 |
| Total Assets | <u>\$ 332,372</u> | <u>\$ 832,643</u> | <u>\$ 1,165,015</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Due to component unit | \$ 184,007 | \$ | \$ 184,007 |
| Interfund payable | - | 61,667 | 61,667 |
| Total Liabilities | <u>184,007</u> | <u>61,667</u> | <u>245,674</u> |
| Fund Balances | | | |
| Reserved for debt service | - | 770,976 | 770,976 |
| Unreserved, undesignated, reported in: Special revenue funds | <u>148,365</u> | <u>-</u> | <u>148,365</u> |
| Total Fund Balances | <u>148,365</u> | <u>770,976</u> | <u>919,341</u> |
| Total Liabilities and Fund Balances | <u>\$ 332,372</u> | <u>\$ 832,643</u> | <u>\$ 1,165,015</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - by Fund Type
For the Year Ended December 31, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|--|---|-------------------------------------|--|
| Revenues | | | |
| Intergovernmental | \$ 1,231 | \$ - | \$ 1,231 |
| Charges for services | 900 | - | 900 |
| Investment earnings | 10,457 | 38,822 | 49,279 |
| Total Revenues | <u>12,588</u> | <u>38,822</u> | <u>51,410</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 59,676 | | 59,676 |
| Debt Service: | | | |
| Principal retirement | - | 351,250 | 351,250 |
| Interest and fiscal charges | - | 134,761 | 134,761 |
| Bond issuance | - | 30,243 | 30,243 |
| Advance refunding | - | 41,621 | 41,621 |
| Total Expenditures | <u>59,676</u> | <u>557,875</u> | <u>617,551</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(47,088)</u> | <u>(519,053)</u> | <u>(566,141)</u> |
| Other Financing Sources (Uses) | | | |
| Issuance of device fee refunding revenue bonds | - | 1,327,000 | 1,327,000 |
| Bond premium | - | 31,346 | 31,346 |
| Payment to refunded bond escrow agent | - | (1,330,000) | (1,330,000) |
| Transfers in | - | 1,461,579 | 1,461,579 |
| Transfers out | | (1,473,829) | (1,473,829) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>16,096</u> | <u>16,096</u> |
| Net Change in Fund Balances | <u>(47,088)</u> | <u>(502,957)</u> | <u>(550,045)</u> |
| Fund Balances Beginning of Year | 195,453 | 1,273,933 | 1,469,386 |
| Fund Balances End of Year | <u>\$ 148,365</u> | <u>\$ 770,976</u> | <u>\$ 919,341</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
General Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 5,333,677 | \$ 5,561,009 |
| Receivables: | | |
| Accounts | 887,400 | 791,650 |
| Other | 49,145 | 17,202 |
| Property taxes | 10,000 | 9,245 |
| Other taxes | 146,766 | 246,008 |
| Component unit | 259,875 | 319,535 |
| Interfund | 773,140 | 709,032 |
| Inventory | 57,212 | 40,723 |
| Prepaid items | 101,835 | 118,526 |
| Total Assets | <u>\$ 7,619,050</u> | <u>\$ 7,812,930</u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 120,593 | \$ 334,796 |
| Accrued expenditures | 193,273 | 83,879 |
| Refundable deposits | 746,939 | 160,000 |
| Deferred revenue | 10,000 | 9,245 |
| Total Liabilities | <u>1,070,805</u> | <u>587,920</u> |
| Fund Balances | | |
| Reserved for: | | |
| Emergencies | 372,945 | 393,380 |
| Prepaid items | 101,835 | 118,526 |
| Unreserved, undesignated | 6,073,465 | 6,713,104 |
| Total Fund Balances, Restated | <u>6,548,245</u> | <u>7,225,010</u> |
| Total Liabilities and Fund Balances | <u>\$ 7,619,050</u> | <u>\$ 7,812,930</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2006 and 2005

| | 2006 | Restated 2005 |
|--|---------------------|---------------------|
| Revenues | | |
| Taxes | \$ 11,926,812 | \$ 9,785,011 |
| Intergovernmental | 7,126,900 | 6,602,693 |
| Licenses and permits | 84,352 | 197,029 |
| Charges for services | 153,095 | 413,972 |
| Fines and forfeitures | 16,917 | 20,135 |
| Investment earnings | 271,563 | 233,892 |
| Miscellaneous | 125,999 | 255,101 |
| Total Revenues | <u>19,705,638</u> | <u>17,507,833</u> |
| Expenditures | | |
| Current: | | |
| General government | 2,745,111 | 3,298,672 |
| Planning | 566,361 | 700,510 |
| Public safety | 6,018,337 | 5,366,116 |
| Public works | 2,878,658 | 3,631,126 |
| Debt Service: | | |
| Principal | 191,973 | 140,632 |
| Interest | 31,075 | 26,936 |
| Total Expenditures | <u>12,431,515</u> | <u>13,163,992</u> |
| Excess of Revenues Over Expenditures | <u>7,274,123</u> | <u>4,343,841</u> |
| Other Financing Sources (Uses) | | |
| Inception of capital lease obligation | 265,400 | 232,055 |
| Transfers in | 200,000 | 254,310 |
| Transfers out | (3,092,745) | (3,309,212) |
| Total Other Financing Sources (Uses) | <u>(2,627,345)</u> | <u>(2,822,847)</u> |
| Special Item | | |
| Eminent domain settlement | 5,323,543 | |
| Net Change in Fund Balances | (676,765) | 1,520,994 |
| Fund Balances Beginning of Year, Restated | <u>7,225,010</u> | <u>5,266,740</u> |
| Fund Balances End of Year | <u>\$ 6,548,245</u> | <u>\$ 7,225,010</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
 General Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006
 (With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|------------------------------------|--------------------|-------------------|-------------------|----------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | Actual |
| Revenues | | | | | |
| Taxes | | | | | |
| Property | \$ 9,245 | \$ 9,245 | \$ 9,091 | \$ (154) | \$ 8,745 |
| Specific ownership | 850 | 850 | 665 | (185) | 721 |
| Road and bridge | 21,500 | 21,500 | 80,428 | 58,928 | 71,771 |
| Sales and use | 1,543,163 | 1,543,163 | 4,155,906 | 2,612,743 | 2,458,540 |
| Franchise | 96,000 | 96,000 | 132,332 | 36,332 | 128,986 |
| Device fees | 6,940,992 | 6,940,992 | 7,541,870 | 600,878 | 7,108,203 |
| Occupational | 10,000 | 10,000 | 6,520 | (3,480) | 8,045 |
| Total Taxes | <u>8,621,750</u> | <u>8,621,750</u> | <u>11,926,812</u> | <u>3,305,062</u> | <u>9,785,011</u> |
| Licenses and Permits | | | | | |
| Business licenses and permits | 22,800 | 22,800 | 27,645 | 4,845 | 15,155 |
| Building permits | 120,000 | 120,000 | 51,312 | (68,688) | 169,834 |
| Other | 25,000 | 25,000 | 5,395 | (19,605) | 12,040 |
| Total Licenses and Permits | <u>167,800</u> | <u>167,800</u> | <u>84,352</u> | <u>(83,448)</u> | <u>197,029</u> |
| Intergovernmental | | | | | |
| Gaming | 6,590,000 | 6,590,000 | 7,110,170 | 520,170 | 6,587,172 |
| Highway users | 10,000 | 10,000 | 10,279 | 279 | 9,731 |
| Cigarette taxes | 2,500 | 2,500 | 6,451 | 3,951 | 5,790 |
| Total Intergovernmental | <u>6,602,500</u> | <u>6,602,500</u> | <u>7,126,900</u> | <u>524,400</u> | <u>6,602,693</u> |
| Charges for Services | | | | | |
| Plan review fees | 50,000 | 50,000 | 32,757 | (17,243) | 318,357 |
| Shop facilities | 20,000 | 20,000 | 120,338 | 100,338 | 95,615 |
| Total Charges for Services | <u>70,000</u> | <u>70,000</u> | <u>153,095</u> | <u>83,095</u> | <u>413,972</u> |
| Fines and Forfeitures | | | | | |
| Municipal court | 10,250 | 10,250 | 11,227 | 977 | 13,403 |
| County court | 300 | 300 | 1,257 | 957 | 1,090 |
| Parking | 1,000 | 1,000 | 1,380 | 380 | 2,310 |
| Police department services | 30,000 | 30,000 | - | (30,000) | - |
| Victim service surcharge | 3,000 | 3,000 | 3,053 | 53 | 3,332 |
| Total Fines and Forfeitures | <u>44,550</u> | <u>44,550</u> | <u>16,917</u> | <u>(27,633)</u> | <u>20,135</u> |
| Investment Earnings | <u>55,100</u> | <u>55,100</u> | <u>271,563</u> | <u>216,463</u> | <u>233,892</u> |
| Miscellaneous | <u>7,500</u> | <u>7,500</u> | <u>125,999</u> | <u>118,499</u> | <u>255,101</u> |
| Total Revenue | <u>15,569,200</u> | <u>15,569,200</u> | <u>19,705,638</u> | <u>4,136,438</u> | <u>17,507,833</u> |

(continued)

City of Black Hawk, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for the Year Ended December 31, 2005)

(continued)

| | 2006 | | | 2005 | |
|-----------------------------------|--------------------|------------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Expenditures | | | | | |
| General Government | | | | | |
| Mayor and Council | | | | | |
| Personnel services | \$ 687,000 | \$ 687,000 | \$ 204,236 | \$ 482,764 | \$ 188,363 |
| Program services | 580,000 | 580,000 | 290,319 | 289,681 | 394,981 |
| Supplies | 2,500 | 2,500 | - | 2,500 | - |
| Total Mayor and Council | <u>1,269,500</u> | <u>1,269,500</u> | <u>494,555</u> | <u>774,945</u> | <u>583,344</u> |
| Municipal Court | | | | | |
| Personnel services | 30,672 | 30,672 | 27,787 | 2,885 | 27,096 |
| Professional services | 9,000 | 9,000 | 1,154 | 7,846 | 6,428 |
| Purchased services | 300 | 300 | 140 | 160 | 165 |
| Program services | 5,500 | 5,500 | 2,945 | 2,555 | 2,258 |
| Supplies | 1,300 | 1,300 | 789 | 511 | 361 |
| Other | 175 | 175 | 30 | 145 | 35 |
| Total Municipal Court | <u>46,947</u> | <u>46,947</u> | <u>32,845</u> | <u>14,102</u> | <u>36,343</u> |
| City Manager | | | | | |
| Personnel services | 310,147 | 310,147 | 300,976 | 9,171 | 516,352 |
| Professional services | 729,000 | 729,000 | 767,540 | (38,540) | 872,247 |
| General services | - | - | - | - | - |
| Purchased services | 259,985 | 259,985 | 273,684 | (13,699) | 208,057 |
| Program services | 2,500 | 2,500 | 3,318 | (818) | 7,645 |
| Vehicle operation and maintenance | 325 | 325 | 2,087 | (1,762) | 716 |
| Supplies | 7,000 | 7,000 | 10,675 | (3,675) | 7,104 |
| Total City Manager | <u>1,308,957</u> | <u>1,308,957</u> | <u>1,358,280</u> | <u>(49,323)</u> | <u>1,612,121</u> |
| City Clerk | | | | | |
| Personnel services | 151,263 | 151,263 | 158,726 | (7,463) | 196,841 |
| Professional services | 2,000 | 2,000 | 1,414 | 586 | 3,069 |
| General services | 2,500 | 2,500 | - | 2,500 | - |
| Purchased services | 41,700 | 41,700 | 28,186 | 13,514 | 42,304 |
| Program services | 24,000 | 24,000 | 9,141 | 14,859 | 9,395 |
| Other purchased services | 12,300 | 12,300 | 5,241 | 7,059 | 2,376 |
| Supplies | 13,000 | 13,000 | 7,693 | 5,307 | 6,400 |
| Total City Clerk | <u>246,763</u> | <u>246,763</u> | <u>210,401</u> | <u>36,362</u> | <u>260,385</u> |
| Total carried forward | <u>2,872,167</u> | <u>2,872,167</u> | <u>2,096,081</u> | <u>776,086</u> | <u>2,492,193</u> |

(continued)

City of Black Hawk, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for the Year Ended December 31, 2005)

(continued)

| | 2006 | | | 2005 | |
|-----------------------------------|--------------------|------------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Total brought forward | \$ 2,872,167 | \$ 2,872,167 | \$ 2,096,081 | \$ 776,086 | \$ 2,492,193 |
| Expenditures | | | | | |
| General Government | | | | | |
| MIS | | | | | |
| Professional services | 110,000 | 110,000 | 93,140 | 16,860 | 106,763 |
| General services | 47,000 | 47,000 | 121,807 | (74,807) | 162,948 |
| Purchased services | 107,500 | 107,500 | - | 107,500 | - |
| Program services | - | - | - | - | - |
| Supplies | 39,100 | 39,100 | 34,112 | 4,988 | 30,573 |
| Total MIS | 303,600 | 303,600 | 249,059 | 54,541 | 300,284 |
| Finance | | | | | |
| Personnel services | 196,108 | 196,108 | 180,747 | 15,361 | 188,059 |
| Professional services | 202,000 | 202,000 | 162,672 | 39,328 | 211,166 |
| General services | 3,500 | 3,500 | 3,592 | (92) | 2,193 |
| Program services | 3,000 | 3,000 | - | 3,000 | 3,063 |
| Supplies | 32,750 | 32,750 | 2,941 | 29,809 | 8,431 |
| Other | 2,500 | 2,500 | 26,514 | (24,014) | 503 |
| Total Finance | 439,858 | 439,858 | 376,466 | 63,392 | 413,415 |
| Employee Services | | | | | |
| Personnel services | - | - | - | - | 29,908 |
| Professional services | 5,000 | 5,000 | 18,293 | 5,000 | 33,277 |
| General services | - | - | - | - | 1,029 |
| Purchased services | 6,395 | 6,395 | 1,364 | 5,031 | 6,805 |
| Program services | 15,000 | 15,000 | 3,343 | 11,657 | 17,777 |
| Supplies | 3,564 | 3,564 | 505 | 3,059 | 3,984 |
| Total Employee Services | 29,959 | 29,959 | 23,505 | 24,747 | 92,780 |
| Total General Government | 3,645,584 | 3,645,584 | 2,745,111 | 864,225 | 3,298,672 |
| Planning | | | | | |
| Personal services | 560,818 | 560,818 | 504,555 | 56,263 | 516,654 |
| Professional services | 100,000 | 100,000 | 27,339 | 72,661 | 147,669 |
| General services | - | - | 10,452 | (10,452) | 6,118 |
| Vehicle operation and maintenance | 750 | 750 | 1,118 | (368) | 1,471 |
| Purchased services | - | 25,400 | 11,543 | 13,857 | 5,932 |
| Program services | 11,165 | 11,165 | - | 11,165 | 7,463 |
| Supplies | 17,472 | 17,472 | 11,354 | 6,118 | 10,876 |
| Capital outlay | - | - | - | - | 4,327 |
| Total Planning | 690,205 | 715,605 | 566,361 | 149,244 | 700,510 |
| Public Safety | | | | | |
| Police | | | | | |
| Personal services | 2,873,469 | 2,873,469 | 3,157,534 | (284,065) | 2,828,652 |
| Professional services | 37,000 | 37,000 | 45,049 | (8,049) | 56,670 |
| General services | 55,400 | 55,400 | 1,036 | 54,364 | 3,139 |
| Vehicle operation and maintenance | 41,200 | 41,200 | 44,389 | (3,189) | 39,427 |
| Purchased services | 18,050 | 18,050 | 13,954 | 4,096 | 8,998 |
| Program services | 32,600 | 32,600 | 17,383 | 15,217 | 25,200 |
| Supplies | 108,650 | 108,650 | 68,106 | 40,544 | 75,082 |
| Capital outlay | - | - | - | - | 10,280 |
| Total Police | 3,166,369 | 3,166,369 | 3,347,451 | (181,082) | 3,047,448 |
| Total carried forward | 7,502,158 | 7,527,558 | 6,658,923 | 886,928 | 7,046,630 |

(continued)

City of Black Hawk, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for the Year Ended December 31, 2005)

(continued)

| | 2006 | | | 2005 | |
|--|-----------------------|-----------------------|---------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Total brought forward | \$ 7,502,158 | \$ 7,527,558 | \$ 6,658,923 | \$ 868,635 | \$ 7,046,630 |
| Expenditures | | | | | |
| Public Safety | | | | | |
| Fire | | | | | |
| Personal services | 2,001,813 | 2,001,813 | 2,333,395 | (331,582) | 1,996,175 |
| General services | 12,000 | 12,000 | 6,501 | 5,499 | 8,398 |
| Vehicle operation and maintenance | 30,000 | 30,000 | 34,423 | (4,423) | 18,270 |
| Purchased services | 4,450 | 4,450 | 3,947 | 503 | 3,815 |
| Program services | 13,500 | 13,500 | 11,351 | 2,149 | 10,094 |
| Supplies | 129,459 | 129,459 | 96,269 | 33,190 | 103,716 |
| Total Fire | <u>2,191,222</u> | <u>2,191,222</u> | <u>2,485,886</u> | <u>(294,664)</u> | <u>2,140,468</u> |
| Ambulance Division | | | | | |
| Professional services | 185,000 | 185,000 | 185,000 | - | 178,200 |
| Total Ambulance Division | <u>185,000</u> | <u>185,000</u> | <u>185,000</u> | <u>-</u> | <u>178,200</u> |
| Total Public Safety | <u>5,542,591</u> | <u>5,542,591</u> | <u>6,018,337</u> | <u>(475,746)</u> | <u>5,366,116</u> |
| Public Works | | | | | |
| Personal services | 1,724,441 | 1,724,441 | 1,813,828 | (89,387) | 1,586,366 |
| Professional services | 313,000 | 313,000 | 64,560 | 248,440 | 615,898 |
| General services | 502,200 | 502,200 | 403,832 | 98,368 | 488,160 |
| Vehicle operation and maintenance | 133,700 | 133,700 | 91,144 | 42,556 | 127,056 |
| Purchased services | 10,200 | 10,200 | 9,957 | 243 | 14,843 |
| Program services | 188,500 | 188,500 | 115,337 | 73,163 | 170,673 |
| Supplies | 119,500 | 119,500 | 81,325 | 38,175 | 94,627 |
| Capital outlay | 50,500 | 50,500 | 256,323 | (205,823) | 469,016 |
| Total Public Works | <u>3,042,041</u> | <u>3,042,041</u> | <u>2,836,306</u> | <u>205,735</u> | <u>3,566,639</u> |
| Total Expenditures | <u>12,920,421</u> | <u>12,945,821</u> | <u>12,166,115</u> | <u>779,706</u> | <u>12,931,937</u> |
| Excess of Revenues Over Expenditures | <u>2,648,779</u> | <u>2,623,379</u> | <u>7,539,523</u> | <u>4,916,144</u> | <u>4,575,896</u> |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 200,000 | 200,000 | 200,000 | - | 254,310 |
| Transfers out | (5,441,227) | (5,441,227) | (3,092,745) | 2,348,482 | (3,309,212) |
| Total Other Financing Sources (Uses) | <u>(5,241,227)</u> | <u>(5,241,227)</u> | <u>(2,892,745)</u> | <u>2,348,482</u> | <u>(3,054,902)</u> |
| Special Item | | | | | |
| Eminent domain settlement | - | 5,000,000 | 5,323,543 | (323,543) | - |
| Net Change in Fund Balances | <u>\$ (2,592,448)</u> | <u>\$ (7,617,848)</u> | <u>(676,765)</u> | <u>\$ 7,264,626</u> | <u>1,520,994</u> |
| Fund Balances Beginning of Year, Restated | | | <u>7,225,010</u> | | <u>5,266,740</u> |
| Fund Balances End of Year | | | <u>\$ 6,548,245</u> | | <u>\$ 7,225,010</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Historical Preservation Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,666,329 | \$ 5,202,662 |
| Receivables: | | |
| Accounts | | 121,351 |
| Interfund | 11,089 | 11,089 |
| Inventory held for resale | - | 402,395 |
| Total Assets | <u>\$ 1,677,418</u> | <u>\$ 5,737,497</u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 291,238 | \$ 1,560,917 |
| Grant tax payable | 586,885 | 401,082 |
| Retainage payable | 80,000 | 348,516 |
| Interfund payable | 311,350 | 311,350 |
| Total Liabilities | <u>1,269,473</u> | <u>2,621,865</u> |
| Fund Balances | | |
| Reserved for: | | |
| Inventories held for resale | - | 402,395 |
| Historical preservation | 407,945 | 2,713,237 |
| Total Fund Balances | <u>407,945</u> | <u>3,115,632</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,677,418</u> | <u>\$ 5,737,497</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

| | <u>Conservation Trust</u> | <u>Transportation Utility</u> | <u>Dory Hill Cemetery</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|--|-------------------------------|-----------------------------------|-------------------------------|---|
| Assets | | | | |
| Cash and cash equivalents | <u>\$ 24,191</u> | <u>\$ 203,189</u> | <u>\$ 104,992</u> | <u>\$ 332,372</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Due to component unit | <u>\$ -</u> | <u>\$ 184,007</u> | <u>\$ -</u> | <u>\$ 184,007</u> |
| Fund Balances | | | | |
| Unreserved, undesignated | <u>24,191</u> | <u>19,182</u> | <u>104,992</u> | <u>148,365</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 24,191</u></u> | <u><u>\$ 203,189</u></u> | <u><u>\$ 104,992</u></u> | <u><u>\$ 332,372</u></u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2006

| | Conservation Trust | Transportation Utility | Dory Hill Cemetery | Total Nonmajor Special Revenue Funds |
|--|-----------------------|---------------------------|-----------------------|---|
| Revenues | | | | |
| Intergovernmental | \$ 1,231 | \$ - | \$ - | \$ 1,231 |
| Charges for services - plot sales | - | - | 900 | 900 |
| Investment earnings | 544 | 6,538 | 3,375 | 10,457 |
| Total Revenues | 1,775 | 6,538 | 4,275 | 12,588 |
| Expenditures: | | | | |
| Current | | | | |
| General government | - | 59,676 | - | 59,676 |
| Net Change in Fund Balances | 1,775 | (53,138) | 4,275 | (47,088) |
| Fund Balances Beginning of Year | 22,416 | 72,320 | 100,717 | 195,453 |
| Fund Balances End of Year | \$ 24,191 | \$ 19,182 | \$ 104,992 | \$ 148,365 |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Conservation Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|---------------------------|-------------|-------------|
| Assets | | |
| Cash and cash equivalents | \$ 24,191 | \$ 22,416 |
| Fund Balances | | |
| Unreserved, undesignated | \$ 24,191 | \$ 22,416 |

See accompanying independent auditor's report

City of Black Hawk, Colorado
 Conservation Fund
 Schedule of Revenues and Changes in Fund Balances - Budget to Actual
 For the Year Ended December 31, 2006
 (With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|---|--------------------|-----------------|------------------|----------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Revenues | | | | | |
| Intergovernmental | \$ 1,000 | \$ 1,000 | \$ 1,231 | \$ 231 | \$ 4,868 |
| Investment earnings | 75 | 75 | 544 | 469 | 331 |
| Total Revenues | <u>1,075</u> | <u>1,075</u> | <u>1,775</u> | <u>700</u> | <u>5,199</u> |
| Excess of Revenues Over Expenditures | <u>\$ 1,075</u> | <u>\$ 1,075</u> | 1,775 | <u>\$ (700)</u> | 5,199 |
| Fund Balances Beginning of Year | | | <u>22,416</u> | | <u>17,217</u> |
| Fund Balances End of Year | | | <u>\$ 24,191</u> | | <u>\$ 22,416</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Transportation Utility Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | 2006 | 2005 |
|--|------------|------------|
| Assets | | |
| Cash and cash equivalents | \$ 203,189 | \$ 196,327 |
| Accounts receivable | - | 60,000 |
| Total Assets | \$ 203,189 | \$ 256,327 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Due to component unit | \$ 184,007 | \$ 184,007 |
| Fund Balances | | |
| Unreserved, undesignated | 19,182 | 72,320 |
| Total Liabilities and Fund Balances | \$ 203,189 | \$ 256,327 |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Transportation Utility Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | <u>2006</u> | <u>2005</u> |
|--|------------------|------------------|
| Revenues | | |
| Investment earnings | <u>\$ 6,538</u> | <u>\$ 24,784</u> |
| Expenditures: | | |
| Current: | | |
| General government | <u>59,676</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(53,138)</u> | <u>24,784</u> |
| Fund Balances Beginning of Year | <u>72,320</u> | <u>47,536</u> |
| Fund Balances End of Year | <u>\$ 19,182</u> | <u>\$ 72,320</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Dory Hill Cemetery Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|---------------------------|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | <u>\$ 104,992</u> | <u>\$ 100,717</u> |
| Fund Balances | | |
| Unreserved, undesignated | <u>\$ 104,992</u> | <u>\$ 100,717</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
 Dory Hill Cemetery Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006
 (With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|--|--------------------|-----------------|-------------------|----------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Revenues | | | | | |
| Charges for services | \$ 1,000 | \$ 1,000 | \$ 900 | \$ (100) | \$ 750 |
| Investment earnings | 100 | 100 | 3,375 | 3,275 | 1,711 |
| Total Revenues | <u>1,100</u> | <u>1,100</u> | <u>4,275</u> | <u>3,175</u> | <u>2,461</u> |
| Other Financing Sources | | | | | |
| Transfers in | - | - | - | - | 20,000 |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>4,275</u> | <u>\$ -</u> | <u>22,461</u> |
| Fund Balances Beginning of Year | | | <u>100,717</u> | | <u>78,256</u> |
| Fund Balances End of Year | | | <u>\$ 104,992</u> | | <u>\$ 100,717</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Debt Service Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 653,170 | \$ 26,177 |
| Cash and cash equivalents - restricted | 143,983 | 1,273,933 |
| Interfund receivable | <u>35,490</u> | <u>35,490</u> |
| Total Assets | <u>\$ 832,643</u> | <u>\$ 1,335,600</u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Interfund payable | <u>\$ 61,667</u> | <u>\$ 61,667</u> |
| Fund Balances | | |
| Reserved for debt service | <u>770,976</u> | <u>1,273,933</u> |
| Total Liabilities and Fund Balances | <u>\$ 832,643</u> | <u>\$ 1,335,600</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|--|--------------------|------------------|-------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Revenues | | | | | |
| Investment earnings | \$ 5,000 | \$ 5,000 | \$ 38,822 | \$ 33,822 | \$ 24,203 |
| Expenditures | | | | | |
| Debt Service: | | | | | |
| Principal retirement | 616,637 | 616,637 | 351,250 | 265,387 | 477,500 |
| Interest and fiscal charges | 159,446 | 159,446 | 134,761 | 24,685 | 171,420 |
| Bond issuance cost | - | - | 30,243 | (30,243) | - |
| Advance refunding | - | - | 41,621 | (41,621) | - |
| Total Expenditures | <u>776,083</u> | <u>776,083</u> | <u>557,875</u> | <u>218,208</u> | <u>648,920</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(771,083)</u> | <u>(771,083)</u> | <u>(519,053)</u> | <u>(184,386)</u> | <u>(624,717)</u> |
| Other Financing Sources (Uses) | | | | | |
| Issuance of device fee | | | | | |
| refunding revenue bonds | - | - | 1,327,000 | 1,327,000 | - |
| Bond premium | - | - | 31,346 | 31,346 | - |
| Payment to refunded bond escrow agent | - | - | (1,330,000) | (1,330,000) | - |
| Transfers in | 2,244,912 | 2,244,912 | 1,461,579 | (783,333) | 2,109,212 |
| Transfers out | (1,473,829) | (1,473,829) | (1,473,829) | - | (1,483,926) |
| Total Other Financing Sources (Uses) | <u>771,083</u> | <u>771,083</u> | <u>16,096</u> | <u>(754,987)</u> | <u>625,286</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | <u>(502,957)</u> | <u>\$ (939,373)</u> | <u>569</u> |
| Fund Balances Beginning of Year | | | <u>1,273,933</u> | | <u>1,273,364</u> |
| Fund Balances End of Year | | | <u>\$ 770,976</u> | | <u>\$ 1,273,933</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Impact Fee Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,157,550 | \$ 2,864,926 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ 3,285 | \$ - |
| Fund Balances | | |
| Unreserved, undesignated | <u>3,154,265</u> | <u>2,864,926</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,157,550</u> | <u>\$ 2,864,926</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Impact Fee Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|--|---------------------|---------------------|---------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Actual |
| Revenues | | | | | |
| Impact fees | \$ - | \$ - | \$ 212,216 | \$ 212,216 | \$ 125,086 |
| Investment earnings | 25,000 | 25,000 | 97,608 | 72,608 | 60,740 |
| Total Revenues | 25,000 | 25,000 | 309,824 | 284,824 | 185,826 |
| Expenditures | | | | | |
| Capital Outlay | 685,465 | 685,465 | 20,485 | 664,980 | 15,619.0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (660,465)</u> | <u>\$ (660,465)</u> | 289,339 | <u>\$ 949,804</u> | 170,207 |
| Fund Balances Beginning of Year | | | <u>2,864,926</u> | | <u>2,694,719</u> |
| Fund Balances End of Year | | | <u>\$ 3,154,265</u> | | <u>\$ 2,864,926</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Capital Projects Fund
Comparative Balance Sheet
December 31, 2006 and 2005

| | 2006 | Restated 2005 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,187,488 | \$ - |
| Receivables | | |
| Accounts receivable | - | 1,000,000 |
| Interfund receivable | 311,350 | 311,350 |
| Total Assets | \$ 2,498,838 | \$ 1,311,350 |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts payable | \$ - | \$ 4,123 |
| Interfund payable | 643,778 | 640,263 |
| Total Liabilities | 643,778 | 644,386 |
| Fund Balances | | |
| Unreserved, undesignated | 1,855,060 | 666,964 |
| Total Liabilities and Fund Balances | \$ 2,498,838 | \$ 1,311,350 |

See accompanying independent auditor's report

City of Black Hawk, Colorado
 Capital Projects Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2006
 (With Comparative Actual Amounts for the Year Ended December 31, 2005)

| | 2006 | | | | Restated 2005 |
|--|--------------------|--------------------|---------------------|----------------------------------|--------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | Restated Actual |
| Revenues | | | | | |
| Investment earnings | \$ 25,000 | \$ 25,000 | \$ 841,836 | \$ 816,836 | \$ 6,712 |
| Miscellaneous | - | - | 480,174 | 480,174 | 1,776,236 |
| Total Revenues | 25,000 | 25,000 | 1,322,010 | 1,297,010 | 1,782,948 |
| Expenditures | | | | | |
| Capital Outlay | 1,491,100 | 1,491,100 | 133,914 | 1,357,186 | 1,898,674 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,466,100) | (1,466,100) | 1,188,096 | 2,654,196 | (115,726) |
| Other Financing Sources | | | | | |
| Transfers in | 1,446,100 | 1,446,100 | - | (1,446,100) | - |
| Net Change in Fund Balances | <u>\$ (20,000)</u> | <u>\$ (20,000)</u> | 1,188,096 | <u>\$ 1,208,096</u> | (115,726) |
| Fund Balances Beginning of Year, Restated | | | 666,964 | | <u>667,765</u> |
| Fund Balances End of Year | | | <u>\$ 1,855,060</u> | | <u>\$ 666,964</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
Water Fund
Schedule of Revenues, Expenses and Changes
in Fund Net Assets - Budget and Actual (Non-GAAP) Budgetary Basis
For the Year Ended December 31, 2006
(With Comparative Actual Amounts For the Year Ended December 31, 2005)

| | 2006 | | | 2005 | |
|---|--------------------|--------------------|---------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance With Final Budget | Restated Actual |
| Operating Revenues | | | | | |
| Charges for services | \$ 756,000 | \$ 756,000 | \$ 699,648 | \$ (56,352) | \$ 536,025 |
| Miscellaneous | 250 | 250 | 30,991 | 30,741 | 23,956 |
| Total Operating Revenues | <u>756,250</u> | <u>756,250</u> | <u>730,639</u> | <u>(25,611)</u> | <u>559,981</u> |
| Operating Expenses | | | | | |
| Personal services | 722,519 | 722,519 | 778,535 | (56,016) | 677,236 |
| Professional services | 499,000 | 499,000 | 252,204 | 246,796 | 460,229 |
| General services | 196,000 | 196,000 | 174,910 | 21,090 | 193,737 |
| Program services | 48,700 | 48,700 | - | 48,700 | - |
| Purchased services | 16,000 | 16,000 | 12,097 | 3,903 | 15,315 |
| Supplies | 44,500 | 44,500 | 48,382 | (3,882) | 50,011 |
| Repairs and maintenance | 256,100 | 256,100 | 124,809 | 131,291 | 212,795 |
| Capital outlay | 1,003,500 | 1,003,500 | 615,776 | 387,724 | 689,290 |
| Debt service - principal | 628,750 | 628,750 | 378,750 | 250,000 | 602,500 |
| Contingency | - | - | - | - | - |
| Total Operating Expenses | <u>3,415,069</u> | <u>3,415,069</u> | <u>2,385,463</u> | <u>1,029,606</u> | <u>2,901,113</u> |
| Operating Income (Loss) | <u>(2,658,819)</u> | <u>(2,658,819)</u> | <u>(1,654,824)</u> | <u>1,003,995</u> | <u>(2,341,132)</u> |
| Non-Operating Revenues (Expenses) | | | | | |
| Interest and fiscal charges | (845,079) | (845,079) | (597,198) | 247,881 | (949,402) |
| Investment earnings | 10,000 | 10,000 | 9,071 | (929) | - |
| Total Non-Operating Revenues (Expenses) | <u>(835,079)</u> | <u>(835,079)</u> | <u>(588,127)</u> | <u>246,952</u> | <u>(949,402)</u> |
| (Loss) Before Contributions and Transfers In | <u>(3,493,898)</u> | <u>(3,493,898)</u> | <u>(2,242,951)</u> | <u>1,250,947</u> | <u>(3,290,534)</u> |
| Capital contributions | 59,900 | 59,900 | 27,356 | (32,544) | 118,856 |
| Transfers in | 3,347,378 | 3,347,378 | 3,104,995 | (242,383) | 2,683,926 |
| Change in Net Assets - Budgetary Basis | <u>\$ (86,620)</u> | <u>\$ (86,620)</u> | <u>889,400</u> | <u>\$ 976,020</u> | <u>(487,752)</u> |
| Reconciliation to GAAP Basis - | | | | | |
| Change in Net Assets | | | | | |
| Deduct: | | | | | |
| Depreciation | | | (746,585) | | (842,375) |
| Amortization | | | (122,879) | | (44,024) |
| Add: | | | | | |
| Capitalized capital outlay | | | 479,036 | | 632,670 |
| Debt principal | | | 378,750 | | 602,500 |
| Change in Net Assets - GAAP Basis | | | <u>877,722</u> | | <u>(138,981)</u> |
| Net Assets Beginning of Year, Restated | | | <u>7,413,585</u> | | <u>7,552,566</u> |
| Net Assets End of Year | | | <u>\$ 8,291,307</u> | | <u>\$ 7,413,585</u> |

See accompanying independent auditor's report

City of Black Hawk, Colorado
 Statement of Changes in Fiduciary Assets and Liabilities
 Agency Fund
 For the Fiscal Year Ended December 31, 2006

| | Balance | | | Balance |
|--------------------|------------------------|------------------|-------------------|--------------------------|
| | <u>January 1, 2006</u> | <u>Additions</u> | <u>Deductions</u> | <u>December 31, 2006</u> |
| Assets | | | | |
| Investments | \$ - | \$ 5,421,034 | \$ - | \$ 5,421,034 |
| Liabilities | \$ - | \$ 5,421,034 | \$ - | \$ 5,421,034 |

See accompanying independent auditor's report

City of Black Hawk, Colorado

Statistical Section

(Unaudited)

This part of the City of Black Hawk's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This section includes data for the City (i.e., the primary government) only and does not include the City's discretely presented component units. This information has not been audited by the independent auditor.

Contents

Exhibit

Financial Trends

I - XII

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical perspective. Since a significant funding source for the City is state aid relating to the City's share of state gaming taxes, a trend table presenting this revenue has been added.

Revenue Capacity

XIII - XVI

These tables contain information that may assist the reader in assessing the viability of the City's two most significant "own-source" revenue sources, gaming device taxes and sales taxes. Property taxes are not a major revenue for the City, therefore, the tables relating to the City's property taxes are not presented.

Debt Capacity

XVII - XX

These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

XXI - XXVII

These tables offer economic and demographic indicators that are commonly used for financial analysis and that can inform one's understanding the City's present and ongoing financial status. Since the gaming industry is competitive between three authorized gaming cities within the State of Colorado, selected comparison tables are presented for gaming information.

Operating Information

XXVIII - XXX

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.

Data Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in calendar year 2003, therefore, tables presenting government-wide financial data include only four years.

City of Black Hawk, Colorado
 Changes in Net Assets - Governmental Activities
 Last Four Calendar Years ¹
 (accrual basis of accounting)

| | For the Calendar Year Ended December 31, | | | |
|---|--|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses: | | | | |
| General government | \$ 3,860,525 | \$ 7,912,296 | \$ 6,178,636 | \$ 5,707,878 |
| Planning | 1,174,887 | 676,589 | 722,507 | 565,561 |
| Public safety | 5,170,503 | 5,512,157 | 5,538,941 | 6,319,260 |
| Public works | 3,648,385 | 2,744,570 | 3,598,032 | 3,991,812 |
| Interest and fiscal charges | 251,960 | 199,579 | 202,633 | 183,006 |
| Total Expenses | <u>14,106,260</u> | <u>17,045,191</u> | <u>16,240,749</u> | <u>16,767,517</u> |
| Program Revenues: | | | | |
| Charges for services: | | | | |
| Plan review fees | 356,253 | 258,201 | 318,357 | 32,757 |
| Building permits | 54,563 | 212,616 | 169,834 | 51,312 |
| Impact fees | 194,184 | 60,746 | 125,086 | 212,216 |
| Sales of houses - historical preservation | - | 829,163 | 291,760 | 189,107 |
| Other | 80,617 | 63,803 | 143,695 | 171,195 |
| Operating grants and contributions ² | 3,705,564 | 3,856,784 | 3,703,779 | 3,993,205 |
| Capital grants and contributions | 1,109 | 88,791 | 5,858 | - |
| Total Program Revenues | <u>4,392,290</u> | <u>5,370,104</u> | <u>4,758,369</u> | <u>4,649,792</u> |
| Net (Expense) Revenue | <u>(9,713,970)</u> | <u>(11,675,087)</u> | <u>(11,482,380)</u> | <u>(12,117,725)</u> |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property and specific ownership taxes | 8,336 | 9,979 | 9,466 | 9,756 |
| Sales and use taxes | 1,109,786 | 2,525,684 | 2,458,540 | 4,155,906 |
| Road and bridge taxes | 6,841 | 73,719 | 71,771 | 80,428 |
| Device taxes | 7,971,743 | 7,637,917 | 7,108,203 | 7,541,870 |
| Franchise taxes | 93,991 | 118,676 | 128,986 | 132,332 |
| Other | - | 17,297 | 13,835 | 12,971 |
| Gaming | 6,599,843 | 6,710,104 | 6,587,172 | 7,110,170 |
| Investment earnings | 249,841 | 239,637 | 506,585 | 1,316,836 |
| Miscellaneous | 68,464 | 368,622 | 2,053,147 | 621,263 |
| Total General Revenues | <u>16,108,845</u> | <u>17,701,635</u> | <u>18,937,705</u> | <u>20,981,532</u> |
| Transfers | <u>(2,494,424)</u> | <u>(1,480,915)</u> | <u>(2,683,926)</u> | <u>(3,104,995)</u> |
| Total General Revenues and Transfers | <u>13,614,421</u> | <u>16,220,720</u> | <u>16,253,779</u> | <u>17,876,537</u> |
| Special Item^{3,4} | <u>(1,614,558)</u> | <u>-</u> | <u>-</u> | <u>(5,323,543)</u> |
| Change in Net Assets | <u>\$ 2,285,893</u> | <u>\$ 4,545,633</u> | <u>\$ 4,771,399</u> | <u>\$ 435,269</u> |

Notes:

¹ The City implement GASB Statement No. 34 in calendar year 2003, therefore, only four years of government-wide financial data is presented.

² The majority of these revenues are the City's share of State gaming revenue set aside for historical preservation projects.

³ The 2003 amount was the write-down to fair value of the cost of historical preservation houses restored by the City and sold in 2004.

⁴ The 2006 amount was a payment for land relating to an eminent domain settlement.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Changes in Net Assets - Governmental Activities - Percentage of Total
Last Four Calendar Years ¹
(accrual basis of accounting)

| | For the Calendar Year Ended December 31, | | | |
|---|--|---------------|---------------|---------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses: | | | | |
| General government | 27.4% | 46.4% | 38.0% | 34.0% |
| Planning | 8.3% | 4.0% | 4.5% | 3.4% |
| Public safety | 36.6% | 32.3% | 34.1% | 37.7% |
| Public works | 25.9% | 16.1% | 22.2% | 23.8% |
| Interest and fiscal charges | 1.8% | 1.2% | 1.2% | 1.1% |
| Total Expenses | 100.0% | 100.0% | 100.0% | 100.0% |
| Program Revenues: | | | | |
| Charges for services: | | | | |
| Plan review fees | 8.1% | 4.8% | 6.7% | 0.7% |
| Building permits | 1.3% | 4.0% | 3.6% | 1.1% |
| Impact fees | 4.4% | 1.1% | 2.6% | 4.6% |
| Sales of houses - historical preservation | 0.0% | 15.4% | 6.1% | 4.1% |
| Other | 1.8% | 1.2% | 3.0% | 3.7% |
| Operating grants and contributions ² | 84.4% | 71.8% | 77.9% | 85.8% |
| Capital grants and contributions | 0.0% | 1.7% | 0.1% | 0.0% |
| Total Program Revenues | 100.0% | 100.0% | 100.0% | 100.0% |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property and specific ownership taxes | 0.1% | 0.1% | 0.0% | 0.0% |
| Sales and use taxes | 6.9% | 14.3% | 13.0% | 19.8% |
| Road and bridge taxes | 0.0% | 0.4% | 0.4% | 0.4% |
| Device taxes | 49.4% | 43.1% | 37.5% | 35.9% |
| Franchise taxes | 0.6% | 0.6% | 0.7% | 0.6% |
| Other | 0.0% | 0.1% | 0.1% | 0.1% |
| Gaming | 41.0% | 37.9% | 34.8% | 33.9% |
| Investment earnings | 1.6% | 1.4% | 2.7% | 6.3% |
| Miscellaneous | 0.4% | 2.1% | 10.8% | 3.0% |
| Total General Revenues | 100.0% | 100.0% | 100.0% | 100.0% |

Notes:

¹ The City implement GASB Statement No. 34 in calendar year 2003, therefore, only four years of government-wide financial data is presented.

² The majority of these revenues are the City's share of State gaming revenue set aside for historical preservation projects.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Changes in Net Assets - Business-type Activities
Last Four Calendar Years ¹
(accrual basis of accounting)

| | For the Calendar Year Ended December 31, | | | |
|---|--|--------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses: | | | | |
| Water | \$ 3,517,404 | \$ 3,390,240 | \$ 3,501,744 | \$ 2,994,339 |
| Program Revenues: | | | | |
| Charges for services - water | 523,141 | 523,369 | 536,025 | 699,648 |
| Operating grants and contributions | 77,180 | - | - | - |
| Capital grants and contributions | 15,378 | 632,342 | 118,856 | 27,356 |
| Total Program Revenues | 615,699 | 1,155,711 | 654,881 | 727,004 |
| Net (Expense) Revenue | (2,901,705) | (2,234,529) | \$ (2,846,863) | \$ (2,267,335) |
| General Revenues: | | | | |
| Investment earnings | - | 15,736 | - | 9,071 |
| Miscellaneous | - | 60,439 | 23,956 | 30,991 |
| Total General Revenues | - | 76,175 | 23,956 | 40,062 |
| Transfers In | 2,494,424 | 1,480,915 | 2,683,926 | 3,104,995 |
| Total General Revenues and Transfers | 2,494,424 | 1,557,090 | 2,707,882 | 3,145,057 |
| Change in Net Assets | \$ (407,281) | \$ (677,439) | \$ (138,981) | \$ 877,722 |

Notes:

¹ The City implemented GASB Statement No. 34 in calendar year 2003, therefore, only four years of government-wide financial data is presented.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Changes in Net Assets - Total
*Last Four Calendar Years*¹
(accrual basis of accounting)

| Source | For the Calendar Year Ended December 31, | | | |
|---|--|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses: | | | | |
| Governmental activities ² | \$ 14,106,260 | \$ 17,045,191 | \$ 16,240,749 | \$ 16,767,517 |
| Business-type activities ³ | 3,517,404 | 3,390,240 | 3,501,744 | 2,994,339 |
| Total Expenses | 17,623,664 | 20,435,431 | 19,742,493 | 19,761,856 |
| Program Revenues: | | | | |
| Governmental activities ² | 4,392,290 | 5,370,104 | 4,758,369 | 4,649,792 |
| Business-type activities ³ | 615,699 | 1,155,711 | 654,881 | 727,004 |
| Total Program Revenues | 5,007,989 | 6,525,815 | 5,413,250 | 5,376,796 |
| Net (Expense) Revenue | (12,615,675) | (13,909,616) | (14,329,243) | (14,385,060) |
| General Revenues and Transfers: | | | | |
| Governmental activities ² | 13,614,421 | 16,220,720 | 16,253,779 | 17,876,537 |
| Business-type activities ³ | 2,494,424 | 1,557,090 | 2,707,882 | 3,145,057 |
| Total General Revenues and Transfers | 16,108,845 | 17,777,810 | 18,961,661 | 21,021,594 |
| Change in Net Assets | \$ 3,493,170 | \$ 3,868,194 | \$ 4,632,418 | \$ 6,636,534 |

Notes:

¹ The City implemented GASB Statement No. 34 in calendar year 2003, therefore, only four years of government-wide data is presented.

Data Source:

² See Table I

³ See Table III

City of Black Hawk, Colorado
Government-wide Net Assets by Category²
Last Four Calendar Years¹
(accrual basis of accounting)

| | December 31, 2003 | December 31, 2004 | December 31, 2005 | December 31, 2006 |
|--|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | |
| Invested in capital assets, net of related debt ^{4,5} | \$ 6,731,922 | \$ 13,998,360 | \$ 30,536,621 | \$ 39,998,733 |
| Restricted | 12,208,422 | 13,625,132 | 7,843,324 | 6,709,556 |
| Unrestricted | 6,396,224 | 5,634,242 | 6,740,199 | 5,851,292 |
| Total Governmental Activities Net Assets | 25,336,568 | 33,257,734 | 45,120,144 | 52,559,581 |
| Business-type Activities | | | | |
| Invested in capital assets, net of related debt | 6,592,829 | 7,280,187 | 7,275,369 | 6,845,299 |
| Restricted | 1,321,969 | 711,669 | 544,240 | 1,295,851 |
| Unrestricted | 516,015 | (238,482) | (205,216) | 150,157 |
| Total Business-type Activities Net Assets | 8,430,813 | 7,753,374 | 7,614,393 | 8,291,307 |
| Primary Government | | | | |
| Invested in capital assets, net of related debt ¹ | 13,324,751 | 21,278,547 | 37,811,990 | 46,844,032 |
| Restricted | 13,530,391 | 14,336,801 | 8,387,564 | 8,005,407 |
| Unrestricted | 6,912,239 | 5,395,760 | 6,534,983 | 6,001,449 |
| Total Primary Government Net Assets | \$ 33,767,381 | \$ 41,011,108 | \$ 52,734,537 | \$ 60,850,888 |

Notes:

¹ The City implement GASB Statement No. 34 in calendar year 2003, therefore only four years of government-wide financial data is presented.

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Colorado or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation which is enacted by the City. There are no restrictions currently reported as a result of enabling legislation.

³ In 2004, includes additional costs for a maintenance facility (\$318,000), relocate CDOT (\$360,000), drainage at Bobtail (\$930,000) and lower main street (\$519,000) projects.

⁴ In 2005, includes additional costs for Clear Creek street (\$251,000), relocate CDOT (\$488,000), Church street guardrail (\$461,000), drainage at Bobtail (\$568,000), post office (\$1,040,000), Crooks Palace (\$1,528,000), BLM acquisition (\$1,400,000) and the bank (\$1,870,000) projects. Also, includes a \$7 million prior period adjustment to increase the estimated cost of the City owned land.

⁵ In 2006, includes additional costs for the post office (\$388,000), Crooks Palace (\$1,600,000) and the bank (\$1,127,000) projects. Also, includes a \$6.4 million prior period adjustment to report infrastructure retroactively to construction date.

Data Source:

Applicable years' annual financial report.

Black Hawk, Colorado
General Governmental Revenues by Source
Last Ten Calendar Years
(modified accrual basis of accounting)

For the Calendar Years Ended December 31,

| Revenue Source | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Amounts | | | | | | | | | |
| Taxes | \$ 5,765,951 | \$ 7,667,460 | \$ 7,439,071 | \$ 9,701,324 | \$ 9,506,679 | \$ 9,508,694 | \$ 9,195,399 | \$ 10,376,445 | \$ 9,785,011 | \$ 11,926,812 |
| Intergovernmental | 4,403,397 | 5,111,712 | 6,792,214 | 7,428,515 | 9,221,040 | 10,126,569 | 10,320,024 | 10,573,715 | 10,296,741 | 11,109,826 |
| Licenses and permits | 112,062 | 242,748 | 104,441 | 201,140 | 47,000 | 59,703 | 80,378 | 238,591 | 197,029 | 84,352 |
| Fines and forfeitures | 73,055 | 49,537 | 40,982 | 35,138 | 24,230 | 22,274 | 18,377 | 17,000 | 20,135 | 16,917 |
| Charges for services | 64,155 | 245,143 | 112,874 | 161,859 | 67,028 | 131,738 | 390,278 | 279,029 | 414,722 | 153,995 |
| Impact and development fees | 1,918,238 | 899,562 | 362,735 | 1,374,259 | - | 90,552 | 194,184 | 60,746 | 125,086 | 401,323 |
| Investment earnings | 624,131 | 760,610 | 493,369 | 1,058,926 | 947,656 | 474,139 | 249,841 | 239,637 | 506,585 | 1,316,836 |
| Miscellaneous | 487,763 | 497,763 | 691,150 | 73,038 | 32,240 | 25,789 | 52,654 | 1,197,785 | 2,323,097 | 621,263 |
| Total revenues | \$ 13,448,752 | \$ 15,474,535 | \$ 16,036,836 | \$ 20,034,199 | \$ 19,845,873 | \$ 20,439,458 | \$ 20,501,135 | \$ 22,982,948 | \$ 23,668,406 | \$ 25,631,324 |
| % change from prior year | 3.8% | 15.1% | 3.6% | 24.9% | -0.9% | 3.0% | 0.3% | 12.1% | 3.0% | 8.3% |
| | Percentage of Total | | | | | | | | | |
| Taxes | 42.9% | 49.5% | 46.4% | 48.4% | 47.9% | 46.5% | 44.9% | 45.1% | 41.3% | 46.5% |
| Intergovernmental | 32.7% | 33.0% | 42.4% | 37.1% | 46.5% | 49.5% | 50.3% | 46.0% | 43.5% | 43.3% |
| Licenses and permits | 0.8% | 1.6% | 0.7% | 1.0% | 0.2% | 0.3% | 0.4% | 1.0% | 0.8% | 0.3% |
| Fines and forfeitures | 0.5% | 0.3% | 0.3% | 0.2% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Charges for services | 0.5% | 1.6% | 0.7% | 0.8% | 0.3% | 0.6% | 1.9% | 1.2% | 1.8% | 0.6% |
| Impact and development fees | 14.3% | 5.8% | 2.3% | 6.9% | 0.0% | 0.4% | 0.9% | 0.3% | 0.5% | 1.6% |
| Investment earnings | 4.6% | 4.9% | 3.1% | 5.3% | 4.8% | 2.3% | 1.2% | 1.0% | 2.1% | 5.1% |
| Miscellaneous | 3.6% | 3.2% | 4.3% | 0.4% | 0.2% | 0.1% | 0.3% | 5.2% | 9.8% | 2.4% |
| Total revenues | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Notes:

- ¹ In 2003, the Dory Hill Cemetery Fund was reclassified from an expendable trust fund to a special revenue fund. The data is restated and included in all years presented.
- ² This amount includes \$829,163 for the sale of City owned restored houses.
- ³ This amount includes \$297,760 for the sale of City owned restored houses, \$328,061 for excavating, and \$1,448,175 from the sale of land.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Tax Revenues by Source - Governmental Funds
Last Four Calendar Years ¹
(modified accrual basis of accounting)

| Calendar Year | Amounts | | | | | | Total |
|---|------------------------|-----------------|----------------------------|-----------|-----------|--------------------|------------|
| | Property and Ownership | Road and Bridge | Sales and Use ² | Franchise | Device | Other ³ | |
| 2003 | 8,336 | 6,841 | 1,109,786 | 93,991 | 7,971,743 | 4,702 | 9,195,399 |
| 2004 | 9,979 | 73,719 | 2,525,684 | 118,676 | 7,637,917 | 10,470 | 10,376,445 |
| 2005 | 9,466 | 71,771 | 2,458,540 | 128,986 | 7,108,203 | 8,045 | 9,785,011 |
| 2006 | 9,756 | 80,428 | 4,155,906 | 132,332 | 7,541,870 | 6,520 | 11,926,812 |
| Percentage Change In Dollars Over 4 Years | 17.0% | 1075.7% | 274.5% | 40.8% | -5.4% | 38.7% | 29.7% |
| | Percentage of Total | | | | | | |
| 2003 | 0.1% | 0.1% | 12.1% | 1.0% | 86.7% | 0.1% | 100.0% |
| 2004 | 0.1% | 0.7% | 24.3% | 1.1% | 73.6% | 0.1% | 100.0% |
| 2005 | 0.1% | 0.7% | 25.1% | 1.3% | 72.6% | 0.1% | 100.0% |
| 2006 | 0.1% | 0.7% | 34.8% | 1.1% | 63.2% | 0.1% | 100.0% |

Notes:

¹ Only four years of detailed tax data is available.

² The significant increase in 2006 relates to a substantial increase in casino construction.

³ Includes occupational taxes, liquor taxes and other taxes.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
City's Share of State Gaming Taxes ¹
Last Ten Calendar Years
(modified accrual basis of accounting)

| Calendar Year | Unrestricted ² | Restricted For Historical Preservation ³ | Total | Total Percentage Change |
|---|---------------------------|---|---------------|-------------------------------|
| 1997 | \$ 2,788,369 | \$ 1,561,487 | \$ 4,349,856 | 21.86% |
| 1998 | 3,228,488 | 1,806,833 | 5,035,321 | 15.76% |
| 1999 | 4,308,662 | 2,412,851 | 6,721,513 | 33.49% |
| 2000 | 4,745,777 | 2,646,328 | 7,392,105 | 9.98% |
| 2001 | 5,871,402 | 3,287,985 | 9,159,387 | 23.91% |
| 2002 | 6,472,838 | 3,624,789 | 10,097,627 | 10.24% |
| 2003 | 6,599,843 | 3,695,913 | 10,295,756 | 1.96% |
| 2004 | 6,710,174 | 3,757,658 | 10,467,832 | 1.67% |
| 2005 | 6,587,172 | 3,689,180 | 10,276,352 | -1.83% |
| 2006 | 7,110,170 | 3,981,695 | 11,091,865 | 7.94% |
| Percentage Change in Dollars Over 10 Years | <u>155.0%</u> | <u>155.0%</u> | <u>155.0%</u> | |

Notes:

¹ The State Constitutional amendment that authorized limited gaming in three Colorado cities requires limited gaming establishments to pay up to 40% of their adjusted gross profits (the total amount of all wagers made by players less all payments to players) to the State of Colorado. A portion of these taxes is returned to the gaming cities.

² The State of Colorado must distribute 10% of their state gaming taxes to the three gaming cities in Colorado, in proportion to the gaming revenues generated in each respective city.

³ 20% of the state gaming taxes are distributed to the State of Colorado's state historical fund to be used for restoration and preservation of the three gaming cities in Colorado in proportion to the gaming revenues generated in the respective cities.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
 General Governmental Expenditures by Function¹
 Last Ten Calendar Years
 (modified accrual basis of accounting)

| Function | For the Calendar Years Ended December 31, | | | | | | | | | |
|--|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Current: | | | | | | | | | | |
| General government ² | \$ 1,520,926 | \$ 2,048,245 | \$ 1,928,563 | \$ 4,109,233 | \$ 5,046,972 | \$ 4,306,624 | \$ 3,739,799 | \$ 4,979,283 | \$ 5,330,439 | \$ 5,347,801 |
| Planning | 276,325 | 279,496 | 471,136 | 664,577 | 454,512 | 523,589 | 1,159,281 | 668,311 | 700,510 | 566,361 |
| Public safety | 2,181,387 | 2,679,631 | 2,865,453 | 3,285,768 | 4,040,078 | 4,703,019 | 5,034,439 | 5,256,946 | 5,366,116 | 6,018,337 |
| Public works | 908,771 | 980,899 | 1,422,515 | 1,583,518 | 1,547,911 | 2,080,349 | 2,306,217 | 3,053,618 | 3,631,126 | 2,850,987 |
| Parks and recreation | 91,536 | 22,500 | - | 24,564 | 35,221 | - | - | - | - | - |
| Total Current | 4,978,945 | 6,010,771 | 6,687,667 | 9,667,660 | 11,124,694 | 11,613,581 | 12,239,736 | 13,958,158 | 15,028,191 | 14,783,486 |
| % Change From Prior Year | 3.8% | 20.7% | 11.3% | 44.6% | 15.1% | 4.4% | 5.4% | 14.0% | 7.7% | -1.6% |
| Capital Outlay⁴ | 6,969,594 | 3,097,275 | 3,562,438 | 2,597,675 | 3,369,370 | 4,210,590 | 3,419,925 | 6,579,654 | 10,396,919 | 4,389,185 |
| % Change From Prior Year | 17.8% | -55.6% | 15.0% | -27.1% | 29.7% | 25.0% | -18.8% | 92.4% | 58.0% | -57.8% |
| Debt Service | | | | | | | | | | |
| Principal | 410,416 | 446,200 | 1,478,439 | 360,145 | 376,250 | 391,250 | 415,000 | 518,840 | 618,132 | 543,223 |
| Interest and fees | 546,397 | 437,656 | 399,332 | 307,346 | 297,255 | 271,398 | 253,934 | 307,107 | 198,356 | 237,700 |
| Total Debt Service | 956,813 | 883,856 | 1,877,771 | 667,491 | 673,505 | 662,648 | 668,934 | 825,947 | 816,488 | 780,923 |
| % Change From Prior Year | 117.9% | -7.6% | 112.5% | -64.5% | 0.9% | -1.6% | 0.9% | 23.5% | -1.1% | -4.4% |
| Total Expenditures | \$ 12,905,352 | \$ 9,991,902 | \$ 12,127,876 | \$ 12,932,826 | \$ 15,167,569 | \$ 16,486,819 | \$ 16,328,595 | \$ 21,363,759 | \$ 26,241,598 | \$ 19,953,594 |
| % Change From Prior Year | 15.7% | -22.6% | 21.4% | 6.6% | 17.3% | 8.7% | -1.0% | 30.8% | 22.8% | -24.0% |
| Debt Service as a Percentage of Noncapital Expenditures | 16.1% | 12.8% | 21.9% | 6.5% | 5.7% | 5.4% | 5.2% | 5.6% | 5.2% | 5.0% |

Notes:

¹ In 2003, the Dory Hill Cemetery Fund was reclassified from an expendable trust fund to a special revenue fund. This fund is restated and included as a special revenue fund for all years presented.

² In 2001, the general government function includes a \$581,392 sales tax refund paid to taxpayers for over payments.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
 General Governmental Current Expenditures by Function (Unaudited) ¹
 Last Ten Calendar Years
 (modified accrual basis of accounting)

| Function | For the Calendar Years Ended December 31, | | | | | | | | | |
|----------------------|---|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| | Amounts | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | \$ 1,520,926 | \$ 2,048,245 | \$ 1,928,563 | \$ 4,109,233 | \$ 5,046,972 | \$ 4,306,624 | \$ 3,739,799 | \$ 4,979,283 | \$ 5,330,439 | \$ 5,347,801 |
| Planning | 276,325 | 279,496 | 471,136 | 664,577 | 454,512 | 523,589 | 1,159,281 | 668,311 | 700,510 | 566,361 |
| Public safety | 2,181,387 | 2,679,631 | 2,865,453 | 3,285,768 | 4,040,078 | 4,703,019 | 5,034,439 | 5,256,946 | 5,366,116 | 6,018,337 |
| Public works | 908,771 | 980,899 | 1,422,515 | 1,583,518 | 1,547,911 | 2,080,349 | 2,306,217 | 3,053,618 | 3,631,126 | 2,850,987 |
| Parks and recreation | 91,536 | 22,500 | - | 24,564 | 35,221 | - | - | - | - | - |
| Total Current | \$ 4,978,945 | \$ 6,010,771 | \$ 6,687,667 | \$ 9,667,660 | \$ 11,124,694 | \$ 11,613,581 | \$ 12,239,736 | \$ 13,958,158 | \$ 15,028,191 | \$ 14,783,486 |
| | Percentage of Total | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 30.5% | 34.1% | 28.8% | 42.5% | 45.4% | 37.1% | 30.6% | 35.7% | 35.5% | 36.2% |
| Planning | 5.5% | 4.6% | 7.0% | 6.9% | 4.1% | 4.5% | 9.5% | 4.8% | 4.7% | 3.8% |
| Public safety | 43.8% | 44.6% | 42.8% | 34.0% | 36.3% | 40.5% | 41.1% | 37.7% | 35.7% | 40.7% |
| Public works | 18.3% | 16.3% | 21.3% | 16.4% | 13.9% | 17.9% | 18.8% | 21.9% | 24.2% | 19.3% |
| Parks and recreation | 1.8% | 0.4% | 0.0% | 0.3% | 0.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total Current | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Summary of Changes in Fund Balances - Governmental Funds
Last Ten Calendar Years
(modified accrual basis of accounting)

| | For The Calendar Year Ended December 31, | | | | | | | | | |
|--|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Source | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Total Revenues | \$ 13,448,752 | \$ 15,474,535 | \$ 16,036,836 | \$ 20,034,199 | \$ 19,845,873 | \$ 20,439,458 | \$ 20,501,135 | \$ 22,982,948 | \$ 23,668,406 | \$ 25,631,324 |
| Total Expenditures | 12,905,352 | 9,991,902 | 12,127,876 | 12,932,826 | 15,167,569 | 16,486,819 | 16,328,595 | 21,363,759 | 26,241,598 | 19,953,594 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 543,400 | 5,482,633 | 3,908,960 | 7,101,373 | 4,678,304 | 3,952,639 | 4,172,540 | 1,619,189 | (2,573,192) | 5,677,730 |
| Other Financing Sources | | | | | | | | | | |
| Inception of capital lease obligation | - | - | - | - | - | - | - | 524,075 | 232,055 | 265,400 |
| Issuance of bonds | 3,445,490 | - | 1,035,000 | - | - | - | - | 1,031,250 | - | 1,327,000 |
| Bond premium | - | - | - | - | - | - | - | - | - | 31,346 |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | (991,626) | - | (1,330,000) |
| Transfers in | 1,608,001 | 4,089,419 | 4,273,810 | 2,834,000 | 5,023,340 | 4,514,625 | 1,793,094 | 3,394,872 | 2,383,522 | 1,661,579 |
| Transfers out | (4,237,001) | (7,018,419) | (5,073,810) | (7,332,469) | (8,409,440) | (8,430,838) | (4,287,518) | (4,875,787) | (5,045,638) | (4,766,574) |
| Total Other Financing Sources | 816,490 | (2,929,000) | 235,000 | (4,498,469) | (3,386,100) | (3,916,213) | (2,494,424) | (917,216) | (2,430,061) | (2,811,249) |
| Net Change in Fund Balances | 1,359,890 | 2,553,633 | 4,143,960 | 2,602,904 | 1,292,204 | 36,426 | 1,678,116 | 701,973 | (5,003,253) | 2,866,481 |
| Fund Balances, Beginning of Year | 7,924,457 | 9,284,347 | 11,837,980 | 15,981,940 | 17,465,476 | 18,757,680 | 18,794,106 | 18,857,664 | 19,559,637 | 14,556,384 |
| Other Changes ¹ | - | - | - | (1,119,368) | - | - | (1,614,558) | - | - | (4,538,009) |
| Fund Balances, End of Year | \$ 9,284,347 | \$ 11,837,980 | \$ 15,981,940 | \$ 17,465,476 | \$ 18,757,680 | \$ 18,794,106 | \$ 18,857,664 | \$ 19,559,637 | \$ 14,556,384 | \$ 12,884,856 |

Notes:

¹ Consists primarily of restatements and special items. The 2006 special item of \$5,323,543 relates to an eminent domain settlement.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Fund Balances - Governmental Funds
Last Ten Calendar Years
(modified accrual basis of accounting)

December 31,

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ 285,594 | \$ 367,043 | \$ 818,000 | \$ 684,000 | \$ 581,000 | \$ 475,000 | \$ 467,364 | \$ 511,906 | \$ 474,780 |
| Unreserved | 3,595,162 | 4,527,178 | 4,290,418 | 2,992,258 | 2,429,503 | 331,718 | 2,065,894 | 4,799,376 | 6,275,828 | 6,073,465 |
| Subtotal General Fund | 3,595,162 | 4,812,772 | 4,657,461 | 3,810,258 | 3,113,503 | 912,718 | 2,540,894 | 5,266,740 | 6,787,734 | 6,548,245 |
| General Fund Percentage Change From Prior Year | -1.6% | 33.9% | -3.2% | -18.2% | -18.3% | -70.7% | 178.4% | 107.3% | 28.9% | -3.5% |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved ¹ | 4,859,077 | 5,380,772 | 9,375,055 | 10,875,610 | 10,448,832 | 11,961,081 | 11,733,422 | 10,787,404 | 4,389,565 | 1,178,921 |
| Unreserved | 830,108 | 1,644,436 | 1,949,424 | 2,779,608 | 1,994,944 | 2,476,242 | 106,565 | 143,009 | 195,453 | 148,365 |
| Special Revenue Funds | - | - | - | - | 3,200,401 | 3,444,065 | 4,476,783 | 3,362,484 | 3,416,965 | 5,009,325 |
| Capital Projects Fund | - | - | - | - | - | - | - | - | - | - |
| Subtotal All Other Governmental Funds | 5,689,185 | 7,025,208 | 11,324,479 | 13,655,218 | 15,644,177 | 17,881,388 | 16,316,770 | 14,292,897 | 8,001,983 | 6,336,611 |
| Total Governmental Funds | 9,284,347 | 11,837,980 | 15,981,940 | 12,250,034 | 18,757,680 | 18,794,106 | 18,857,664 | 19,559,637 | 14,789,717 | 12,884,856 |
| All Governmental Funds Percentage Change | 17.2% | 27.5% | 35.0% | -23.4% | 53.1% | 0.2% | 0.3% | 3.7% | -24.4% | -12.9% |

Notes:

¹ For consistency, the fund balance in the debt service fund was reclassified from unreserved to reserved for years 2001 - 2004.

² The 2000 - 2003 fund balance for the historical preservation fund have been reclassified from Unreserved to reserved to be consistent with the 2004 - 2006 reporting.

Data Source:

Applicable years' annual financial report.

Black Hawk, Colorado
Number of Devices - By Casino ^{1,2}
Last Three Calendar Years ³

| Major Casino | For the Calendar Years December 31, | | | | | |
|--|-------------------------------------|------------|--------|------------|--------|------------|
| | 2004 | | 2005 | | 2006 | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Isle of Capri | 1,099 | 11.7% | 1,408 | 14.5% | 1,424 | 14.1% |
| Ameristar (formerly Mountain High) Lodge | 1,030 | 11.0% | 902 | 9.3% | 1,662 | 16.4% |
| Riviera | 949 | 10.1% | 721 | 7.4% | 943 | 9.3% |
| Mardi Gras | 1,012 | 10.8% | 960 | 9.9% | 842 | 8.3% |
| Colorado Central | 703 | 7.5% | 721 | 7.4% | 743 | 7.3% |
| Bullwhackers | 662 | 7.1% | 810 | 8.3% | 685 | 6.8% |
| Fitzgeralds | 688 | 7.3% | 687 | 7.1% | 692 | 6.8% |
| Canyon/Grand Plateau | 599 | 6.4% | 605 | 6.2% | 600 | 5.9% |
| Gilpin | 589 | 6.3% | 559 | 5.8% | 433 | 4.3% |
| | 448 | 4.8% | 457 | 4.7% | 457 | 4.5% |
| Total Major Casinos ⁴ | 7,779 | 82.9% | 7,830 | 80.7% | 8,481 | 83.7% |
| All Other Casinos | 1,609 | 17.1% | 1,872 | 19.3% | 1,649 | 16.3% |
| Total All Casinos ⁵ | 9,388 | 100.0% | 9,702 | 100.0% | 10,130 | 100.0% |

Notes:

¹ The City adopted an ordinance imposing an occupational tax (i.e., a device fee) on gaming devices used within the City. The fee is paid on all gaming devices for which the State of Colorado has issued a device tax stamp.

² Based upon the number of devices at December 31 of each year.

³ Detailed data only available from 2004-2006.

Data Source:

⁴ City Finance Department

⁵ Colorado Department of Revenue, Gaming Division, <http://www.revenue.state.co.us/Gaming/wrap.asp?incl=abstract>

City of Black Hawk, Colorado
Annual Device Fee Rates
Last Ten Calendar Years

| Year | City | | | Transportation Authority ³ | Grand Total |
|------|----------------------|--|---------------|--|----------------|
| | Regular ¹ | Business Improvement District ² | City Total | | |
| 1997 | \$ 750 | \$ 89 | \$ 839 | \$ 154 | \$ 993 |
| 1998 | 750 | 89 | 839 | 154 | 993 |
| 1999 | 750 | 89 | 839 | 154 | 993 |
| 2000 | 750 | 89 | 839 | 77 | 916 |
| 2001 | 750 | 89 | 839 | 77 | 916 |
| 2002 | 750 | 89 | 839 | 77 | 916 |
| 2003 | 750 | 89 | 839 | 77 | 916 |
| 2004 | 750 | 89 | 839 | 77 | 916 |
| 2005 | 750 | 89 | 839 | 77 | 916 |
| 2006 | 750 | 89 | 839 | 77 | 916 |

Notes:

¹ From 2001 - 2006, the City waved the regular device fee for the first 50 machines within each casino.

² The City collects the device fee for the Business Improvement District, a component unit of the City. In addition, the City maintains the device fees and is able to spend these fees on public improvements.

³ The City collects the device fee for the Transportation Authority, a component unit of the City.

Data Source :

City Finance Department

City of Black Hawk, Colorado
Principal Device Fee Payers
For the Calendar Years Ended December 31, 2006 and 2004 ¹

| 2006 | | | |
|---|----------------------------|------|--------------------------------|
| <u>Principal Device Fee Payers - Casino</u> | Total Fees ² | Rank | Percentage of Total Fees |
| Isle of Capri | \$ 1,149,532 | 1 | 15.24% |
| Ameristar (formerly Mountain High) | 1,105,813 | 2 | 14.66% |
| Lodge | 773,363 | 3 | 10.25% |
| Riviera | 746,512 | 4 | 9.90% |
| Mardi Gras | 579,614 | 5 | 7.69% |
| Colorado Central | 579,265 | 6 | 7.68% |
| Bullwhackers | 477,750 | 7 | 6.33% |
| Fitzgeralds | 467,882 | 8 | 6.20% |
| Canyon/Grand Plateau | 349,787 | 9 | 4.64% |
| Gilpin | 346,361 | 10 | 4.59% |
| Total Principal Fee Payers | 6,575,879 | | 87.19% |
| All Other Fee Payers | 965,991 | | 12.81% |
| Total | \$ 7,541,870 | | 100.00% |

2004

| <u>Principal Device Fee Payers - Casino</u> | Total Fees ² | Rank | Percentage of Total Fees |
|---|----------------------------|------|--------------------------------|
| Isle of Capri | \$ 888,459 | 1 | 12.79% |
| Riviera | 797,834 | 2 | 11.48% |
| Lodge | 756,443 | 3 | 10.89% |
| Ameristar (formerly Mountain High) | 737,751 | 4 | 10.62% |
| Mardi Gras | 554,583 | 5 | 7.98% |
| Colorado Central | 542,207 | 6 | 7.80% |
| Bullwhackers | 473,188 | 7 | 6.81% |
| Fitzgeralds | 467,044 | 8 | 6.72% |
| Canyon/Grand Plateau | 460,820 | 9 | 6.63% |
| Gilpin | 332,237 | 10 | 4.78% |
| Total Principal Fee Payers | 6,010,566 | | 86.52% |
| All Other Fee Payers | 936,758 | | 13.48% |
| Total | \$ 6,947,324 | | 100.00% |

Notes:

¹ The City began accumulating this level of detailed information in 2004.

² Total fees based upon the amount of billings for each calendar year for regular and business improvement district device fees. Ameristar and Bullwhackers casinos are not charged the Business Improvement District fee.

Data Source:

City Finance Department.

City of Black Hawk, Colorado
Direct and Overlapping Sales Tax Rates
Last Ten Calendar Years

| Calendar Year | Direct City ¹ | Overlapping State of Colorado | Total Direct and Overlapping |
|-------------------|-----------------------------|-------------------------------------|------------------------------------|
| 1997 | 0.00% | 2.90% | 2.90% |
| 1998 | 0.00% | 2.90% | 2.90% |
| 1999 | 0.00% | 2.90% | 2.90% |
| 2000 | 0.00% | 2.90% | 2.90% |
| 2001 | 0.00% | 2.90% | 2.90% |
| 2002 | 0.00% | 2.90% | 2.90% |
| 2003 ¹ | 4.00% | 2.90% | 6.90% |
| 2004 | 4.00% | 2.90% | 6.90% |
| 2005 | 4.00% | 2.90% | 6.90% |
| 2006 | 4.00% | 2.90% | 6.90% |

Notes:

¹ The City began levying a sales and use tax in 2003.

Data Source: Colorado Department of Revenue, Sales Tax Information Division,
<http://www.taxview.state.co.us/>

City of Black Hawk, Colorado
Ratios of Total Debt Outstanding by Type
Last Ten Calendar Years

| Calendar Year | Governmental Activities | | | | Business-type Activities | | | | Total Primary Government ¹ | Estimated Population ² | Total Debt Per Capita ³ | Total Debt Per Gaming Device ^{4, 5} |
|---------------|--------------------------|--------------------------|----------------|--------------|--------------------------|--------------|--------------------------|---------------|---------------------------------------|-----------------------------------|------------------------------------|--|
| | Device Tax Revenue Bonds | Excise Tax Revenue Bonds | Capital Leases | Total | Revenue Bonds | Device Tax | General Obligation Bonds | Total | | | | |
| 1997 | \$ 6,900,000 | \$ 255,000 | \$ 317,090 | \$ 7,472,090 | \$ 450,000 | \$ 5,195,000 | \$ 5,645,000 | \$ 13,117,090 | 120 | \$ 109,309 | \$ 2,409 | |
| 1998 | 6,585,000 | - | 192,084 | 6,777,084 | 13,935,000 | 4,945,000 | 18,880,000 | 25,657,084 | 120 | 213,809 | 3,512 | |
| 1999 | 1,258,895 | - | 84,750 | 1,343,645 | 13,766,105 | 4,695,000 | 18,461,105 | 19,804,750 | 118 | 167,837 | 2,779 | |
| 2000 | 3,960,000 | - | - | 3,960,000 | 13,576,250 | 4,420,000 | 17,996,250 | 21,956,250 | 118 | 186,070 | 2,559 | |
| 2001 | 4,482,500 | - | - | 4,482,500 | 13,357,500 | 4,150,000 | 17,507,500 | 21,990,000 | 118 | 186,356 | 2,091 | |
| 2002 | 4,091,250 | - | - | 4,091,250 | 13,133,750 | 3,855,000 | 16,988,750 | 21,080,000 | 117 | 180,171 | 2,242 | |
| 2003 | 3,676,250 | - | - | 3,676,250 | 12,913,750 | 3,535,000 | 16,448,750 | 20,125,000 | 116 | 173,491 | 2,116 | |
| 2004 | 3,230,000 | - | 451,485 | 3,681,485 | 12,660,000 | 3,220,000 | 15,880,000 | 19,561,485 | 111 | 176,230 | 2,084 | |
| 2005 | 2,752,500 | - | 542,908 | 3,295,408 | 12,387,500 | 2,890,000 | 15,277,500 | 18,572,908 | 111 | 167,323 | 1,914 | |
| 2006 | 2,398,250 | - | 616,335 | 3,014,585 | 13,021,750 | 2,540,000 | 15,561,750 | 18,576,335 | 111 | 167,354 | 1,834 | |

Notes:

³ Because of the City's small population, the debt per capita is extremely high. However, because of gaming, the City's daily population is in the range of 10,000 - 15,000.

⁴ Using percentage of personal income or percentage of actual taxable value of property would not be meaningful since the City receives an immaterial amount of property taxes. A better measure for the City is the debt per gaming device within the City.

Data Source:

¹ Applicable years' annual financial report.

² 1997 - 1999 and 2001 - 2006 are estimated counts by City management and the Colorado Department of Local Affairs, Division of Local Government. The 2000 count is based upon the United States Department of Commerce, Bureau of Census.

⁵ Number of gaming devices Colorado Department of Revenue, Gaming Division, <http://www.revenue.state.co.us/Gaming/wrap.asp?incl=abstract>

City of Black Hawk, Colorado
*Ratios of General Bonded Debt Outstanding*¹
Last Ten Calendar Years

| Calendar Year | General Obligation Bonds ¹ | Estimated Population | Debt Per Capita | Total Debt Per Gaming Device Per Major Casino ^{2,3} |
|------------------|---|-------------------------|-----------------------|---|
| 1997 | \$ 5,195,000 | 120 | \$ 43,292 | \$ 954 |
| 1998 | 4,945,000 | 120 | 41,208 | 677 |
| 1999 | 4,695,000 | 118 | 39,788 | 659 |
| 2000 | 4,420,000 | 118 | 37,458 | 515 |
| 2001 | 4,150,000 | 118 | 35,169 | 395 |
| 2002 | 3,855,000 | 117 | 32,949 | 410 |
| 2003 | 3,535,000 | 116 | 30,474 | 372 |
| 2004 | 3,220,000 | 111 | 29,009 | 343 |
| 2005 | 2,890,000 | 111 | 26,036 | 298 |
| 2006 | 2,540,000 | 111 | 22,883 | 251 |

Notes:

² Using percentage of personal income or percentage of actual taxable value of property would not be meaningful since the City receives an immaterial amount of property taxes. A better measure for the City is debt per gaming device within the City.

Data Source:

¹ Applicable years' annual financial report.

³ Number of gaming devices. Colorado Department of Revenue, Gaming, Division, <http://www.revenue.state.co.us/Gaming/wrap.asp?incl=abstract>

City of Black Hawk, Colorado
Direct and Overlapping Governmental Activities Debt
 December 31, 2006

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable³</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-----------------------------|--|--|
| City Direct Debt: | | | |
| Device tax revenue bonds | \$ 2,398,250 | | |
| Capital leases | <u>616,335</u> | | |
| Total direct debt | <u>\$ 3,014,585</u> | 100.00% | <u>\$ 3,014,585</u> |
| Overlapping Debt^{1,2} | | | |
| <i>General Obligation Bonds:</i> | | | |
| Black Hawk Business Improvement District | \$ 1,625,000 | 100.00% | \$ 1,625,000 |
| Gilpin County RE-1 School District ⁴ | 13,300,000 | 75.38% | 10,025,540 |
| Miners Mesa Commercial Metropolitan District | 4,281,118 | 100.00% | 4,281,118 |
| Silver Dollar Metropolitan District | 22,198,787 | 100.00% | 22,198,787 |
| <i>Special Assessment Refunding Bonds:</i> | | | |
| Black Hawk Business Improvement District | \$ 6,480,000 | 100.00% | <u>6,480,000</u> |
| Total Overlapping Debt | | | <u>44,610,445</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 47,625,030</u> |

Notes:

² Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

³ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

⁴ Debt as of June 30, 2006.

Data Source:

¹ Each specific government. Although overlapping, Gilpin County does not have any outstanding governmental activities debt.

City of Black Hawk, Colorado
 Legal Debt Margin
 Last Ten Calendar Years

| | Calendar Year | | | | | | | | | |
|--|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Assessed Value | \$ 72,922,410 | \$ 78,489,080 | \$ 104,928,390 | \$ 126,342,900 | \$ 150,651,240 | \$ 173,497,740 | \$ 176,547,400 | \$ 174,912,530 | \$ 190,933,200 | \$ 204,515,190 |
| Legal Debt Margin | | | | | | | | | | |
| Debt limit (10% of assessed value) | \$ 7,292,241 | \$ 7,848,908 | \$ 10,492,839 | \$ 12,634,290 | \$ 15,065,124 | \$ 17,349,774 | \$ 17,654,740 | \$ 17,491,253 | \$ 19,093,320 | \$ 20,451,519 |
| Debt applicable to limit: | | | | | | | | | | |
| General obligation bonds | 5,195,000 | 4,945,000 | 4,695,000 | 4,420,000 | 4,150,000 | 3,855,000 | 3,535,000 | 3,220,000 | 2,890,000 | 2,540,000 |
| Less: Amount reserved for repayment of general obligation debt | - | - | - | - | - | - | - | - | - | - |
| Total debt applicable to limit | 5,195,000 | 4,945,000 | 4,695,000 | 4,420,000 | 4,150,000 | 3,855,000 | 3,535,000 | 3,220,000 | 2,890,000 | 2,540,000 |
| Legal debt margin | \$ 2,097,241 | \$ 2,903,908 | \$ 5,797,839 | \$ 8,214,290 | \$ 10,915,124 | \$ 13,494,774 | \$ 14,119,740 | \$ 14,271,253 | \$ 16,203,320 | \$ 17,911,519 |
| As a percentage of debt limit | 28.76% | 37.00% | 55.26% | 65.02% | 72.45% | 77.78% | 79.98% | 81.59% | 84.86% | 87.58% |

City of Black Hawk, Colorado
Demographic and Economic Statistics
Last Ten Calendar Years

| Calendar Year | County Population | County Personal Income | County Per Capita Income | County Personal Income % of U.S. ³ | County Median Age ³ | Unemployment Rate | | |
|---------------|-------------------|------------------------|--------------------------|--|--------------------------------|----------------------------|--------------------------------|---------------|
| | | | | | | Gilpin County ⁴ | State of Colorado ⁴ | United States |
| 1997 | 4,101 | \$ 118,847 | \$ 28,980 | 114% | N/A | 2.2% | 3.3% | 4.9% |
| 1998 | 4,337 | 131,855 | 31,325 | 113% | N/A | 3.6% | 3.8% | 4.5% |
| 1999 | 4,658 | 149,155 | 32,021 | 115% | N/A | 2.2% | 2.9% | 4.2% |
| 2000 | 4,799 | 164,233 | 34,222 | 115% | 38.3 | 2.3% | 2.7% | 4.0% |
| 2001 | 4,809 | 171,232 | 35,607 | 116% | N/A | 3.2% | 3.8% | 4.7% |
| 2002 | 4,862 | 174,415 | 35,873 | 116% | N/A | 5.0% | 5.7% | 5.8% |
| 2003 | 4,866 | 176,689 | 36,311 | 115% | N/A | 5.3% | 6.1% | 6.0% |
| 2004 | 4,866 | 186,168 | 38,259 | 116% | N/A | 4.6% | 5.6% | 5.5% |
| 2005 | 4,866 | 196,221 | 40,325 | N/A | N/A | 4.2% | 5.0% | 5.1% |
| 2006 | 4,866 | 206,817 | 42,502 | N/A | N/A | 4.0% | 4.3% | 4.6% |

Data Source:

- ¹ Gilpin County - 1997 - 2004 - U.S. Bureau of Economic Analysis - <http://www.bea.gov/bea/regional/reis/drill.cfm>, 2005 and 2006 estimated by management.
- ² U.S. Census Bureau - <http://censtats.census.gov/data/CO/1600816495.pdf>.
- ³ Gilpin County - U.S. Census Bureau - http://factfinder.census.gov/servlet/GCTTable?_bm=y&-geo_id=04000US08&-ds_name=DEC_2000_SF1_U&-lang=en&-redoLog=false&-format=ST-2&-mt_name=DEC_2000_SF1_U_GCTP5_ST2&-CONTEXT=get
- ⁴ Colorado Department of Labor and Employment, <http://www.coworkforce.com/lmi/ali/lfpag.asp>.

City of Black Hawk, Colorado¹
Principal Employers
For the Calendar Year 2005²

| Employer | 2005 | | | |
|----------------------------------|--------------------------|------------------------|------|------------------------|
| | Product or Service | Number of Employees | Rank | Percentage of Total |
| Isle of Capri | Casino/Hotel | 650 | 1 | 20.24% |
| The Lodge | Casino/Hotel | 520 | 2 | 16.19% |
| Rivera | Casino/Hotel | 357 | 3 | 11.12% |
| Mardi Gras | Casino | 350 | 4 | 10.90% |
| Fitzgerald's | Casino | 319 | 5 | 9.93% |
| Colorado Central Station | Casino | 315 | 6 | 9.81% |
| Bullwhackers | Casino | 240 | 7 | 7.47% |
| The Canyon | Casino | 160 | 8 | 4.98% |
| Gilpin County | Government | 160 | 9 | 4.98% |
| The Gilpin | Casino | 140 | 10 | 4.36% |
| Total Principal Employers | | <u>3,211</u> | | <u>100.00%</u> |

Notes:

¹ Total number of employees with the City not available, therefore County information is presented.

² 2005 is the only information available for the City.

Data Source :

Individual employers

City of Black Hawk, Colorado¹
Average Number of Employees - By Industry²
Calendar Years 1998 - 2003

| Industry | Calendar Year | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| Construction | 122 | 162 | 121 | 96 | 100 | 83 |
| Manufacturing | 19 | 16 | 16 | N/A | N/A | N/A |
| Transportation, Communications and Public Utilities | 9 | 16 | 35 | 13 | 16 | 24 |
| Wholesale Trade | 11 | N/A | N/A | N/A | N/A | 4 |
| Retail Trade | 144 | 122 | 123 | 27 | 26 | 26 |
| Finance, Insurance and Real Estate | 11 | 2 | 3 | 8 | 10 | N/A |
| Services (includes casinos) | 3,894 | 4,251 | 4,843 | 4,991 | 5,260 | 4,808 |
| Government | 321 | 340 | 304 | 324 | 362 | 371 |
| Total | 4,531 | 4,909 | 5,445 | 5,459 | 5,774 | 5,316 |

Notes:

¹ Information is only available for Gilpin County

Data Source:

² State of Colorado, Division of Employment and Training, *Colorado Employment and Wages Collected by Unemployment Insurance.*

City of Black Hawk, Colorado
Comparison of the Average Number of Casinos by Gaming City
Last Ten Calendar Years

| Calendar Year | Black Hawk, Colorado | | Cripple Creek, Colorado | | Central City, Colorado | | Total | |
|---------------|----------------------|---------------------|-------------------------|---------------------|------------------------|---------------------|-------------------|---------------------|
| | Number of Casinos | Percentage of Total | Number of Casinos | Percentage of Total | Number of Casinos | Percentage of Total | Number of Casinos | Percentage of Total |
| 1997 | 19 | 35.2% | 23 | 42.6% | 12 | 22.2% | 54 | 100.0% |
| 1998 | 18 | 36.7% | 20 | 40.8% | 11 | 22.4% | 49 | 100.0% |
| 1999 | 19 | 39.6% | 18 | 37.5% | 11 | 22.9% | 48 | 100.0% |
| 2000 | 19 | 41.3% | 19 | 41.3% | 8 | 17.4% | 46 | 100.0% |
| 2001 | 20 | 46.5% | 18 | 41.9% | 5 | 11.6% | 43 | 100.0% |
| 2002 | 20 | 47.6% | 17 | 40.5% | 5 | 11.9% | 42 | 100.0% |
| 2003 | 22 | 50.0% | 17 | 38.6% | 5 | 11.4% | 44 | 100.0% |
| 2004 | 21 | 46.7% | 19 | 42.2% | 5 | 11.1% | 45 | 100.0% |
| 2005 | 21 | 45.7% | 19 | 41.3% | 6 | 13.0% | 46 | 100.0% |
| 2006 | 19 | 43.2% | 19 | 43.2% | 6 | 13.6% | 44 | 100.0% |

Data Source:

Colorado Department of Revenue, www.revenue.state.co.us/Gaming/wrap.asp?publications.

City of Black Hawk, Colorado
*Comparison of the Average Number of Casino Employees by Gaming City*¹
Last Ten Calendar Years

| Calendar Year | Black Hawk, Colorado | | Cripple Creek, Colorado | | Central City, Colorado | | Total | |
|---------------|----------------------|---------------------|-------------------------|---------------------|------------------------|---------------------|---------------------|---------------------|
| | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| 1997 | 2,691 | 44.7% | 2,079 | 34.5% | 1,253 | 20.8% | 6,023 | 100.0% |
| 1998 | 3,054 | 48.9% | 2,153 | 34.5% | 1,033 | 16.6% | 6,240 | 100.0% |
| 1999 | 3,358 | 51.1% | 2,369 | 36.1% | 840 | 12.8% | 6,567 | 100.0% |
| 2000 | 4,105 | 53.5% | 2,766 | 36.1% | 798 | 10.4% | 7,669 | 100.0% |
| 2001 | 4,259 | 59.7% | 2,272 | 31.9% | 601 | 8.4% | 7,132 | 100.0% |
| 2002 | 4,863 | 63.4% | 2,230 | 29.1% | 582 | 7.6% | 7,675 | 100.0% |
| 2003 | 4,541 | 61.7% | 2,274 | 30.9% | 549 | 7.5% | 7,364 | 100.0% |
| 2004 | 4,368 | 56.7% | 2,812 | 36.5% | 523 | 6.8% | 7,703 | 100.0% |
| 2005 | 4,449 | 55.4% | 2,787 | 34.7% | 793 | 9.9% | 8,029 | 100.0% |
| 2006 | 4,379 | 55.9% | 2,702 | 34.5% | 748 | 9.6% | 7,829 | 100.0% |

Percentage Change
 In Dollars Over
 10 Years

| | | | |
|-----|-----|------|-----|
| 63% | 30% | -40% | 30% |
|-----|-----|------|-----|

Notes:

¹ Includes licensed and not licensed employees.

Data Source:

Colorado Department of Revenue, www.revenue.state.co.us/Gaming/wrap.asp?publications.

City of Black Hawk, Colorado
Comparison of Adjusted Gross Proceeds (AGP) by Gaming City¹
Last Ten Calendar Years

| Calendar Year | Black Hawk, Colorado | | Cripple Creek, Colorado | | Central City, Colorado | | Total | |
|--|----------------------|---------------------|-------------------------|---------------------|------------------------|---------------------|----------------|---------------------|
| | Annual AGP | Percentage of Total | Annual AGP | Percentage of Total | Annual AGP | Percentage of Total | Annual AGP | Percentage of Total |
| 1997 | \$ 234,631,114 | 54.5% | \$ 108,628,350 | 25.2% | \$ 87,390,762 | 20.3% | \$ 430,650,226 | 100.0% |
| 1998 | 272,007,738 | 56.8% | 113,230,208 | 23.6% | 93,979,630 | 19.6% | 479,217,576 | 100.0% |
| 1999 | 354,913,835 | 64.4% | 122,611,399 | 22.2% | 73,793,917 | 13.4% | 551,319,151 | 100.0% |
| 2000 | 433,768,947 | 68.7% | 134,630,256 | 21.3% | 63,452,946 | 10.0% | 631,852,149 | 100.0% |
| 2001 | 478,326,427 | 70.7% | 138,617,688 | 20.5% | 59,730,077 | 8.8% | 676,674,192 | 100.0% |
| 2002 | 524,464,856 | 72.9% | 142,436,212 | 19.8% | 52,800,335 | 7.3% | 719,701,403 | 100.0% |
| 2003 | 505,851,055 | 72.4% | 142,525,101 | 20.4% | 49,908,926 | 7.1% | 698,285,082 | 100.0% |
| 2004 | 524,035,343 | 72.2% | 148,689,335 | 20.5% | 53,178,879 | 7.3% | 725,903,557 | 100.0% |
| 2005 | 531,878,276 | 70.4% | 151,011,042 | 20.0% | 72,610,402 | 9.6% | 755,499,720 | 100.0% |
| 2006 | 554,484,627 | 70.9% | 153,075,257 | 19.6% | 74,538,934 | 9.5% | 782,098,818 | 100.0% |
| Percentage Change In Dollars Over 10 Years | 136% | | 41% | | -15% | | 82% | |

Notes:

¹ AGP is the amount of money wagered minus the amount paid out in prizes. It is the tax based used by the State of Colorado for taxing gaming casinos.

Data Source:

Colorado Department of Revenue, www.revenue.state.co.us/Gaming/wrap.asp?publications.

City of Black Hawk, Colorado
City Employees by Function/Program
Last Ten Calendar Years

| <u>Function/program</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| City Manager's Office | 4 | 4 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| City Clerk's Office | 0 | 0 | 2 | 2 | 2.5 | 2.75 | 3 | 3 | 2.75 | 1.75 |
| Community Planning & Development | 2.25 | 3.5 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Finance | 3 | 3 | 2.5 | 2.5 | 2.5 | 2.75 | 2.75 | 2.75 | 2.5 | 2 |
| Human Resources | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1.5 | 0 |
| Municipal Court Fund | 0.53 | 0.53 | 0.5 | 0.5 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Police | 30 | 33 | 32 | 32 | 32 | 38 | 38 | 38 | 38 | 38 |
| Facilities Maintenance | 1 | 2 | 2 | 2 | 2 | 1 | 3 | 3 | 3 | 3 |
| Fire Department | 11.25 | 14 | 14 | 17 | 21 | 24 | 24 | 24 | 24 | 24 |
| Fleet | 0 | 2 | 3 | 3.5 | 4 | 4 | 4 | 5 | 5 | 5 |
| Parks | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 0 | 0 |
| Public Works Administration | 2 | 3 | 4.3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Streets | 4.5 | 5 | 5 | 5 | 5 | 8 | 8 | 8 | 8 | 8 |
| Water | 4.7 | 5.7 | 5.7 | 10 | 10 | 8 | 9 | 9 | 9 | 9 |
| Total | 63.23 | 75.73 | 79.00 | 85.50 | 92.25 | 102.75 | 104.00 | 105.00 | 106.00 | 103.00 |

Data Source:
 City Employees Services Division

City of Black Hawk, Colorado
Operating Statistics by Function/Program
1999 - 2005

| <u>Function/program</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire | | | | | | |
| Inspections | 62 | 49 | 47 | 31 | 55 | 45 |

Notes:

¹ The City has not been collecting operating statistics but will begin to expand this table in 2007.

Data Source :

Fire Department

City of Black Hawk, Colorado
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Calendar Years ¹

| Capital Assets | Calendar Year | | | | | | | | | |
|---------------------------------------|---------------|------|------|------|------|------|------|------|------|------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| City Buildings and related structures | - | - | - | - | - | - | - | - | 35 | 38 |
| Number of vehicles | - | - | - | - | - | - | - | - | 97 | 101 |
| Works of art | - | - | - | - | - | - | - | - | 12 | 12 |
| Street lights | - | - | - | - | - | - | 19 | 19 | 19 | 19 |
| Streets: | | | | | | | | | | |
| Asphalt | 12 | 12 | 12 | 12 | 12 | 14 | 14 | 14 | 14 | 14 |
| Aggregate | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Concrete | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Gravel | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Dirt | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Bridges | 4 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Traffic signals | 20 | 20 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |

Notes:

¹ If the number is blank, this information is not available.

Data Source :

City capital asset records.

LOCAL HIGHWAY FINANCE REPORT

City or County:
City of Black Hawk
YEAR ENDING :
December 2006

This Information From The Records Of (example - City of _ or County of _) Prepared By:
Phone:

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---------|---|---------|
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 3,698 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 94,345 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | |
| 2. General fund appropriations | 370,386 | b. Snow and ice removal | 43,763 |
| 3. Other local imposts (from page 2) | 0 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 13,864 | d. Total (a. through c.) | 43,763 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 253,310 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 395,116 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | |
| 7. Total (1 through 6) | 384,250 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 10,866 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 395,116 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 395,116 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | | 395,116 | 395,116 | | 0 |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2006

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT |
|-----------------------------------|--------|
| A.3. Other local imposts: | |
| a. Property Taxes and Assessments | |
| b. Other local imposts: | |
| 1. Sales Taxes | |
| 2. Infrastructure & Impact Fees | |
| 3. Liens | |
| 4. Licenses | |
| 5. Specific Ownership &/or Other | |
| 6. Total (1. through 5.) | 0 |
| c. Total (a. + b.) | 0 |
| (Carry forward to page 1) | |

| ITEM | AMOUNT |
|---|--------|
| A.4. Miscellaneous local receipts: | |
| a. Interest on investments | |
| b. Traffic Fines & Penalties | 13,864 |
| c. Parking Garage Fees | |
| d. Parking Meter Fees | |
| e. Sale of Surplus Property | |
| f. Charges for Services | |
| g. Other Misc. Receipts | |
| h. Other | |
| i. Total (a. through h.) | 13,864 |
| (Carry forward to page 1) | |

| ITEM | AMOUNT |
|--|--------|
| C. Receipts from State Government | |
| 1. Highway-user taxes | 10,279 |
| 2. State general funds | |
| 3. Other State funds: | |
| a. State bond proceeds | |
| b. Project Match | |
| c. Motor Vehicle Registrations | 587 |
| d. Other (Specify) | |
| e. Other (Specify) | |
| f. Total (a. through e.) | 587 |
| 4. Total (1. + 2. + 3.f) | 10,866 |

| ITEM | AMOUNT |
|--|--------|
| D. Receipts from Federal Government | |
| 1. FHWA (from Item I.D.5.) | |
| 2. Other Federal agencies: | |
| a. Forest Service | |
| b. FEMA | |
| c. HUD | |
| d. Federal Transit Admin | |
| e. U.S. Corps of Engineers | |
| f. Other Federal | |
| g. Total (a. through f.) | 0 |
| 3. Total (1. + 2.g) | |
| (Carry forward to page 1) | |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

| |
|---|
| A.1. Capital outlay: |
| a. Right-Of-Way Costs |
| b. Engineering Costs |
| c. Construction: |
| (1). New Facilities |
| (2). Capacity Improvements |
| (3). System Preservation |
| (4). System Enhancement & Operation |
| (5). Total Construction (1) + (2) + (3) + (4) |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) |

| ON NATIONAL HIGHWAY SYSTEM (a) | OFF NATIONAL HIGHWAY SYSTEM (b) | TOTAL (c) |
|---|--|--------------|
| | 2,994 | 2,994 |
| | 704 | 704 |
| | | 0 |
| | | 0 |
| | | 0 |
| 0 | 0 | 0 |
| 0 | 3,698 | 3,698 |
| (Carry forward to page 1) | | |

Notes and Comments: