

City of Black Hawk, Colorado



*Comprehensive Annual Financial Report
For The Year
Ended December 31, 2011*

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For The Year
Ended December 31, 2011*

Prepared By

Finance Department

*Lance Hillis
Finance Director*

Black Hawk, Colorado
Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

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201 Selak Street
P.O. Box 68
Black Hawk, CO 80422
www.cityofblackhawk.org

303-582-2219 Office
303-582-0429 Fax

Mayor
David D. Spellman

Aldermen
Linda Armbright
Paul G. Bennett
Diane Cales
Jim Johnson
Tom Kerr
Greg Moates

City Manager
Jack D. Lewis

City Attorney
Corey Y. Hoffmann

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

City Clerk
Jeanie M. Magno

**Community Planning &
Development Administrator**
Cynthia L. Linker

Finance Director
Lance R. Hillis

Fire Chief
Robert Norris

IT Director
Jeffrey L. Young

Police Chief
Stephen N. Cole

Public Works Director
Thomas Isbester

June 29, 2012

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, 2011. 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, 2011, 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 John Cutler & Associates, 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 blended 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 municipality. 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 17 operating casinos with the largest ten accounting for 87% of device fee revenues for the City. The four largest casinos generate about 52% 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 over 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.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund at year-end was 77.30 percent of total general fund revenues and 92.02 percent of total general fund expenditures. Furthermore, the City has been able continued to pay for operations and modest capital improvements without the need for additional debt.

The Board of Alderman of the City of Black Hawk have always made decisions and implemented policies that create long-term financial, economic and competitive incentives that benefit businesses within the City. These policies and incentives, many in the form of lower taxes and fees, have attracted and retained significant private investment in the Black Hawk casino market.

RELEVANT FINANCIAL POLICIES

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.

MAJOR INITIATIVES

The City of Black Hawk has plans to make significant investments in facilities and infrastructure over the next 12-24 months. A new Public Works facility will begin construction in the spring of 2012. Additionally, the City is looking at options and opportunities to expand and upgrade our water system for accommodate expected new demand.

Recently, the City has received multiple inquiries from the private sector related to the expansion of existing casino properties.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Black Hawk for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the 5th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Jack D. Lewis
City Manager



Lance Hillis, CPA
Finance Director

City of Black Hawk, Colorado

Elected Officials

(In Office as of December 31, 2011)

Mayor and Alderman

David Spellman

*In office since July 2006
Current term expires April 2012*

Diane Cales

*In office since April 2006
Current term expires April
2014*

Jim Johnson

*In office since April 2010
Current term expires April
2014*

Tom Kerr

*In office since April 1994
Current term expires April
2012*

Greg Moates

*In office since April 2008
Current term expires April
2012*

Paul Bennett

*In office since April 2004
Current term expires April
2012*

Linda Armbright

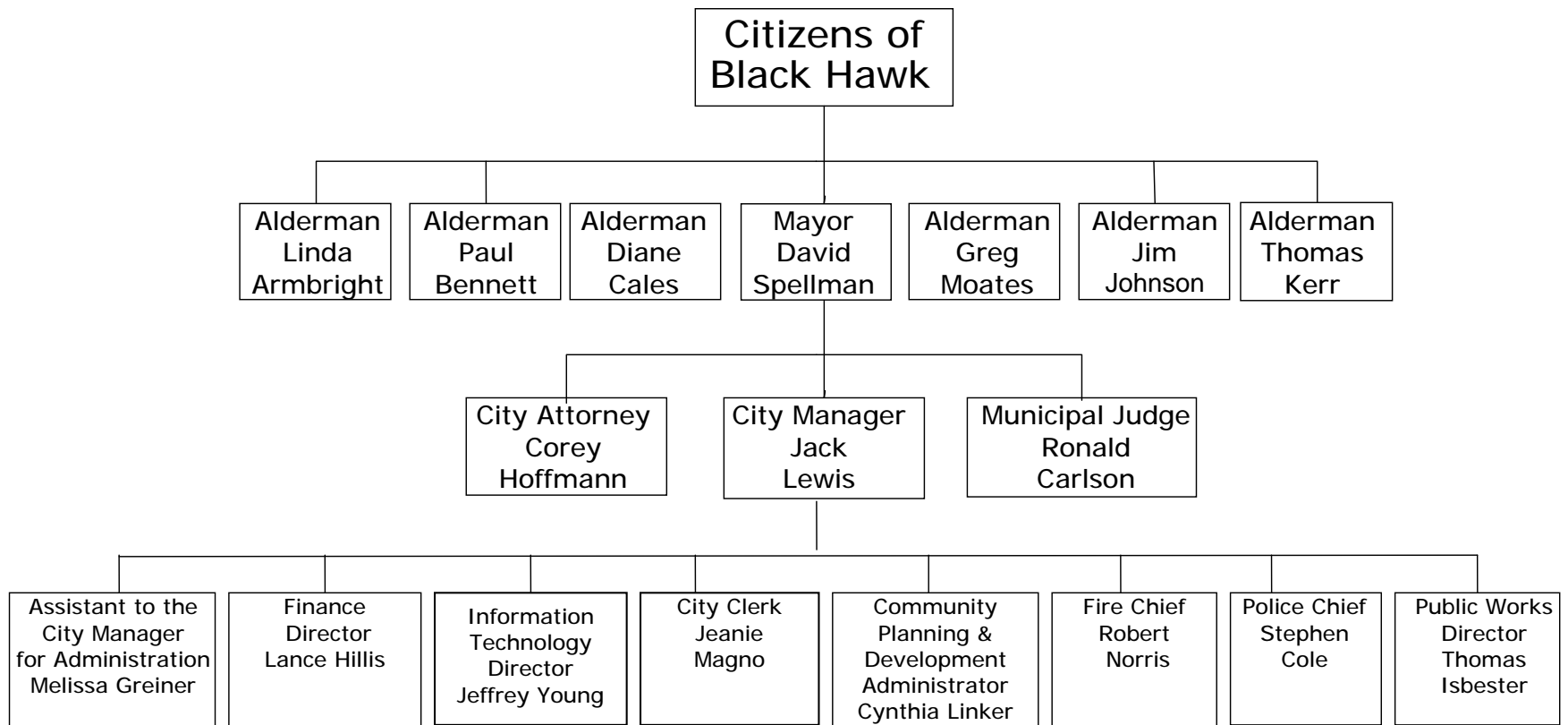
*In office since April 2006
Current term expires April
2014*

City of Black Hawk, Colorado

Appointed Principal Officials

December 31, 2011

<u>Name</u>	<u>Position</u>
Jack D. Lewis	City Manager
Melissa A. Greiner	Assistant to the City Manager For Administration
Lance R. Hillis	Finance Director
Jeanie M. Magno	City Clerk
Jeffrey L. Young	Information Technology Director
Robert Norris	Fire Chief
Stephen N. Cole	Police Chief
Cynthia L. Linker	Community Planning and Development Administrator
Thomas Isbester	Public Works Director
Ronald Carlson	Judge, Municipal Court



As of December 31, 2011

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Black Hawk
Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



JOHN CUTLER
& ASSOCIATES

To the City Council
City of Black Hawk, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2011, which collectively comprise the basic financial statements of the City, as listed in the table of contents. These financial statements are the responsibility of City of Black Hawk, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Black Hawk Business Improvement District, which represent 2.6% percent, 2.8% percent, respectively, of the assets, and revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Black Hawk Business Improvement District, is based on the report of the other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Black Hawk, Colorado, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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, Colorado's basic financial statements. The budgetary comparison schedules and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules and combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

John Luttler & Associates, LLC

July 2, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Black Hawk, Colorado (the City) 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, 2011. 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 \$110,219,678 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$87,944,072 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 \$9,665,887 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) There is unrestricted net assets of \$12,609,719.
- The City's governmental funds reported total ending fund balance of \$26,680,659 this year. This compares to the prior year ending fund balance of \$23,963,887 showing an increase of \$2,716,772 during the current year. Unassigned fund balance is \$14,533,974 at December 31, 2011.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$14,523,564, or 92.02% of total general fund expenditures, including transfers.
- Overall, the City continues to maintain a strong financial position, in spite of a less than stable 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 17 & 18 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 two 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 19 - 22 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 reports 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 23 - 26 of this report.

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 major special revenue funds. 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 49 - 53.

Supplementary Information

Combining and comparative individual statements and schedules for nonmajor funds are presented as supplementary information in this report beginning on page 54.

Financial Analysis of the City as a Whole

The City's net assets at calendar year-end are \$110,219,678. The following table provides a summary of the City's net assets:

Summary of Net Assets

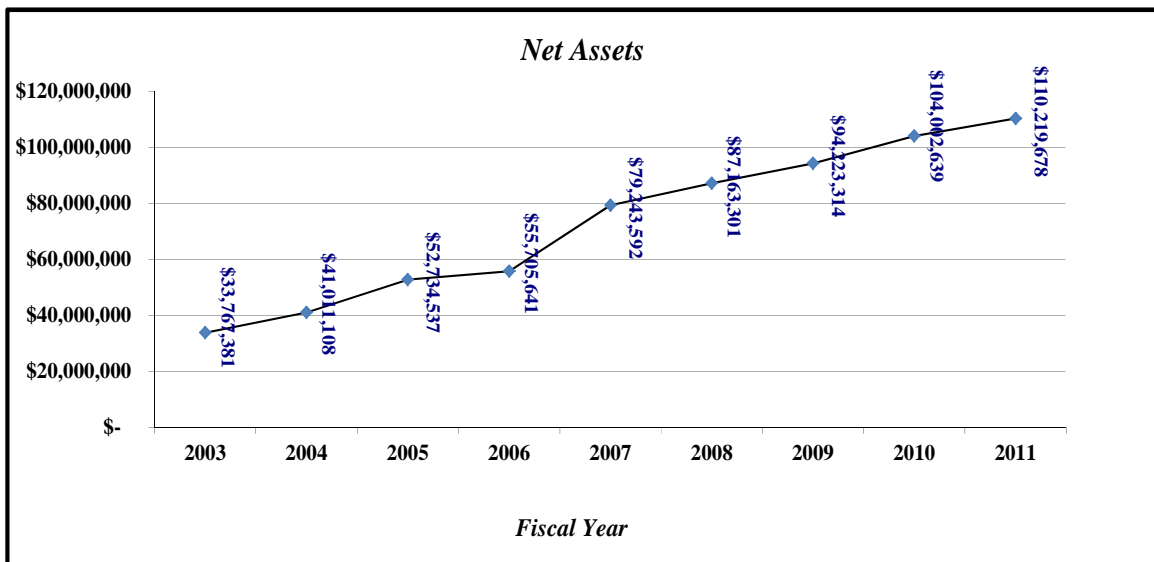
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	\$ 28,486,451	\$ 25,551,422	\$ 5,540,674	\$ 4,718,197	\$ 34,027,125	\$ 30,269,619
Other assets	637,505	917,974	-	-	637,505	917,974
Capital assets	62,096,653	60,795,558	27,399,977	27,674,445	89,496,630	88,470,003
Total assets	91,220,609	87,264,954	32,940,651	32,392,642	124,161,260	119,657,596
Liabilities:						
Current liabilities	3,688,753	3,411,330	147,960	219,248	3,836,713	3,630,578
Long-term liabilities	10,051,336	11,982,377	53,533	42,001	10,104,869	12,024,378
Total liabilities	13,740,089	15,393,707	201,493	261,249	13,941,582	15,654,956
Net assets:						
Invested in capital assets, net of debt	60,544,095	58,845,435	27,399,977	27,674,445	87,944,072	86,519,880
Restricted	9,665,887	11,573,437	-	-	9,665,887	11,573,437
Unrestricted	7,270,538	1,452,374	5,339,181	4,456,948	12,609,719	5,909,322
Total net assets	\$ 77,480,520	\$ 71,871,246	\$ 32,739,158	\$ 32,131,393	\$ 110,219,678	\$ 104,002,639

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 for 2011 is 7.7 to 1 as compared to a 7.5 to 1 at December 31, 2010. The current ratio for the business type activities at December 31, 2011 is 37.5 to 1. At December 31, 2010 the current ratio was 21.5 to 1. For the City overall, the current ratio is 8.9 to 1 as compared to 8.3 to 1 at December 31, 2010. These ratios are strong.

The City reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$5,609,274 for governmental activities and increased by \$607,765 for business-type activities. The City's overall financial position improved during calendar year 2011.

Note that approximately 78.1% of the governmental activities' net assets are tied up in capital. This compares to 81.9% at December 31, 2010. The City uses these capital assets to provide services to its citizens. However, with business type activities, the City has spent approximately 83.7% of its net assets on capital as compared to 86.1% at December 31, 2010. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 79.8% of the City's total net assets are included in capital assets as compared to 83.2% at December 31, 2010.

The following chart reports the total net asset balances from calendar year 2003 - 2011.



Note that in calendar year 2007, the City began reporting its infrastructure retroactively.

(This page continued on the subsequent page)

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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for services	\$ 533,342	\$ 1,307,860	\$ 2,981,338	\$ 3,047,644	\$ 3,514,680	\$ 4,355,504
Operating grants	3,740,755	5,377,120	-	-	3,740,755	5,377,120
Capital grants & contributions	-	-	-	-	-	-
General:						
Taxes	11,266,902	11,111,053	-	-	11,266,902	11,111,053
Intergovernmental	7,112,195	7,180,228	-	-	7,112,195	7,180,228
Other	464,993	396,613	60,039	1,804,580	525,032	2,201,193
Total revenues	23,118,187	25,372,874	3,041,377	4,852,224	26,159,564	30,225,098
Program Expenses:						
General government	5,340,343	5,072,444	-	-	5,340,343	5,072,444
Planning	277,088	360,064	-	-	277,088	360,064
Public safety	5,728,980	5,382,877	-	-	5,728,980	5,382,877
Public works	4,859,138	5,440,673	-	-	4,859,138	5,440,673
Culture and recreation	-	-	-	-	-	-
Interest	803,364	1,053,198	-	-	803,364	1,053,198
Water	-	-	2,933,612	3,136,516	2,933,612	3,136,516
Total expenses	17,008,913	17,309,256	2,933,612	3,136,516	19,942,525	20,445,772
Excess (deficiency)	6,109,274	8,063,618	107,765	1,715,708	6,217,039	9,779,326
Transfers	(500,000)	(500,000)	500,000	500,000	-	-
Net changes in net assets	5,609,274	7,563,618	607,765	2,215,708	6,217,039	9,779,326
Beginning net assets	71,871,246	64,307,628	32,131,393	29,915,685	104,002,639	94,223,313
Ending net assets	\$ 77,480,520	\$ 71,871,246	\$ 32,739,158	\$ 32,131,393	\$ 110,219,678	\$ 104,002,639

GOVERNMENTAL REVENUES

Gaming revenues provide the City's largest revenue stream. In 2011, the City recognized \$7,673,775 in device taxes levied on gaming devices located within the City's casinos. This amount compares to \$8,015,456 in 2010, or a decrease of 4.3%. The City also received \$7,112,195 from the State of Colorado for their share of the state gaming tax. This amount compares to \$7,180,228 in 2010. The 2011 amount is down 0.9% compared to 2010. Finally, the City received \$3,557,150 from the State of Colorado Historical Society for preservation and restoration. This amount was paid to the City, through the State of Colorado, from casino gaming taxes paid to the State of Colorado. This amount compares to \$3,649,036 in 2010 or a 2.5% decrease.

In addition, the City relies on sales and use taxes to support governmental operations and capital. Sales and use taxes provided 12.2% of the City's total governmental revenues for 2011 as compared to 9.2% in 2010. The 2011 amount is \$470,754 more than the 2010 amount. Even with the City's healthy financial position improving, we have only been able to earn \$71,048 in interest earnings to support governmental activities as compared to \$104,440 in 2010. This reduction relates primarily to lower investment rates. In 2011, program revenues covered just 25.1% of operating costs. This means that the government's taxpayers and the City's other general governmental revenues (e.g., device taxes) fund 74.9% of the governmental activities. 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

62.25% of the total costs relates to public safety and public works. Note that general government reported more program revenues in 2010 than program costs. This revenue includes both preservation and restoration state funding and special assessments.

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 has been placed on the City's taxpayers by each of these functions.

	Governmental Activities			
	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 5,340,343	\$ 1,572,787	\$ 5,072,444	\$ (1,125,859)
Planning	277,088	249,690	360,064	282,051
Public safety	5,728,980	5,514,802	5,382,877	5,238,725
Public works	4,859,138	4,594,173	5,440,673	5,176,161
Culture and recreation	-	-	-	-
Interest	803,364	803,364	1,053,198	1,053,198
Total	\$ 17,008,913	\$ 12,734,816	\$ 17,309,256	\$ 10,624,276

BUSINESS-TYPE ACTIVITIES

The City's only enterprise fund is the water fund. The Water Fund's net assets are \$32,739,158 at December 31, 2011 and \$32,131,393 at December 31, 2010 and were \$29,915,685 at December 31, 2009.

(This section is continued on the subsequent page)

The following table compares the water fund's statements of net assets for the last three years:

Summary of Net Assets

	December 31, 2011		December 31, 2010		December 31, 2009	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Assets:						
Current assets	\$ 5,540,674	17%	\$ 4,718,197	15%	\$ 1,512,003	5%
Other noncurrent assets	-	0%	-	0%	-	0%
Capital assets	27,399,977	83%	27,674,445	85%	28,891,370	95%
Total assets	32,940,651	100%	32,392,642	100%	30,403,373	100%
Liabilities:						
Current liabilities	147,960	73%	219,248	84%	471,414	97%
Noncurrent liabilities	53,533	27%	42,001	16%	16,274	3%
Total liabilities	201,493	100%	261,249	100%	487,688	100%
Net assets:						
Invested in capital assets, net of debt	27,399,977	84%	27,674,445	86%	28,891,370	97%
Restricted	-	0%	-	0%	-	0%
Unrestricted	5,339,181	16%	4,456,948	14%	1,024,315	1%
Total net assets	\$ 32,739,158	100%	\$ 32,131,393	100%	\$ 29,915,685	100%

As referenced in the next table, the City decided to begin the repayment of all long-term bonds, from governmental activities, rather than from the water fund, since the general fund has been funding this debt through interfund transfers from the general fund to the water fund. As a result, the water fund reported contributed capital totaling \$12,066,203 in 2009.

(This section is continued on the subsequent page)

The following table compares the water fund operations for the last three years:

Summary of Changes in Net Assets

	2011		2010		2009	
	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total	Business-type Activities	Percentage of Total
Revenues:						
Charges for services:	\$ 2,981,338	98.0%	\$ 3,047,644	62.8%	\$ 2,782,031	18.6%
Capital contributions	-	0.0%	-	0.0%	12,115,222	80.9%
Investment earnings	15,036	0.5%	14,215	0.3%	21,571	0.1%
Other	45,003	1.5%	1,790,365	36.9%	64,462	0.4%
Total revenues	<u>3,041,377</u>	<u>100.0%</u>	<u>4,852,224</u>	<u>100.0%</u>	<u>14,983,286</u>	<u>100.0%</u>
Expenses:						
Personal services	755,213	25.7%	708,990	22.6%	705,750	22.2%
Professional services	691,418	23.6%	792,192	25.3%	415,328	13.1%
General services	262,771	9.0%	244,047	7.8%	353,695	11.1%
Purchased services	13,510	0.5%	8,373	0.3%	8,436	0.3%
Program services	3,125	0.1%	921	0.0%	4,213	0.0%
Supplies	59,116	2.0%	44,756	1.4%	42,511	1.3%
Repairs and maintenance	163,880	5.6%	344,469	11.0%	33,395	1.1%
Capital outlay - non-capitalized	10,266	0.3%	16,398	0.5%	8,954	0.3%
Depreciation	974,313	33.2%	976,370	31.1%	819,430	25.8%
Amortization	-	0.0%	-	0.0%	66,570	2.1%
Interest	-	0.0%	-	0.0%	718,857	22.6%
Total expenses	<u>2,933,612</u>	<u>100.0%</u>	<u>3,136,516</u>	<u>100.0%</u>	<u>3,177,139</u>	<u>99.9%</u>
Excess (deficiency)	107,765		1,715,708		11,806,147	
Transfers	<u>500,000</u>		<u>500,000</u>		<u>3,482,237</u>	
Net change	607,765		2,215,708		15,288,384	
Beginning net assets	<u>32,131,393</u>		<u>29,915,685</u>		<u>14,627,301</u>	
Ending net assets	<u>\$ 32,739,158</u>		<u>\$ 32,131,393</u>		<u>\$ 29,915,685</u>	

BUSINESS-TYPE ACTIVITIES

2011 Analysis – The other revenue decreased \$1,745,362 as compared to 2010. This decrease is related to the following:

- During 2010 the City sold water rights for \$2,322,000 which were originally purchased for \$539,310 to produce a gain of \$1,782,690.
- Base fees and tiered rates on consumption did not change from 2009 to 2011. The decrease in Charges for services for 2011 is due to conservation efforts by the City's largest water consumer.

Total operating expenses decreased approximately \$202,904 or 6.47% compared to 2010. Professional services continue to be high in 2011 due to the exploration of additional water supplies and storage, as well as defending the City's current water rights. Repairs and maintenance expenses experienced a reduction from the previous year due to less planned and unplanned maintenance.

With the reductions in expenses in 2011, this fund reported an operating gain of \$92,729 as compared to an operating loss in 2010 of \$81,197. In total, net assets increased \$607,765 in 2011, primarily due to reduced expenses and a transfer from the General fund.

2010 Analysis – Total operating expenses decreased \$40,623 or 1.28% compared to 2009. With the transfer of all debt to the Debt Service Fund in 2009, the Water Fund no longer is incurring an expense for interest or amortization saving nearly \$785,000 annually in expenses. Other expenses have increased significantly offsetting most of the savings from the transfer of the debt. As mentioned above in the 2011 Analysis, Professional services make up nearly a quarter of total expenses for 2010, a significant jump from the previous year, due to a pressing need to expand the system and its water rights. Repairs and maintenance also saw a significant increase due to the aging of some facilities and the increased production needed to keep up with demand.

Because of the increased expenses in 2010, this fund reported an operating loss of \$81,197 as compared to an operating gain in 2009 of \$454,781. In total net assets increased \$2,215,708, primarily due to the sale of water rights.

This fund also received the following transfers;

- General fund - \$500,000 to cover operations and capital

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 \$26,680,659 as compared to \$23,963,887 at December 31, 2010. The majority of this increase relates to:

- The general fund reported an increase of \$3,005,022 in fund balance due to minimal increases in operating expenditures by all departments and a reduction in transfers to other funds.
- The capital projects fund's fund balance increased \$1,697,204 primarily due to slow progress on multiple projects.

Of this year-end total fund balance, \$8,132,412 is restricted (including \$4,966,982 for the preservation & restoration fund and \$2,274,609 for the impact fee fund), \$7,903 is nonspendable, \$4,006,370 is assigned (including \$1,588,738 for the debt service fund and \$2,417,632 for the capital projects fund) and \$14,533,974 is unassigned.

The total ending fund balances of governmental funds show an increase of \$2,716,772 or 11.3% from the prior year. This compares to an increase of \$3,893,010 at December 31, 2010.

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 increased by \$3,005,022 or 24.98% in 2011. In calendar year 2010, the fund balance increased \$2,261,470.

Total revenues decreased about \$67,000 or 0.4% in 2011 as compared to a \$2.2 million or 13.8% increase in 2010. Total taxes increased \$183,652 or 1.8%. Device fees were down \$308,237 or 4.2% and sales, lodging and use tax was up 470,754 or 20.1%.

The majority of the City's revenues relates to the gaming industry. On November 4, 2008, Colorado voters approved Amendment 50, giving the electorate in the state's three gaming cities the option to approve raising the maximum wager limit up to \$100, add the games of craps and/or roulette, and allow 24-hour gaming effective July 2, 2009. The City's casinos have implemented these changes.

However, as the economy continues sputter, the population has less spendable income, which converts to less gaming activity. From 2010 to 2011, the average number of devices in the City was reduced from 8,644 to 8,598. Part of this decrease relates to the inclusion of the games of craps and roulette, which require more space, although only charged a single fee for each table. The decrease in devices would have been more significant if not for the addition of one new casino during 2011. Additionally, the amount of money wagered minus the amount paid out in prizes decreased 1.53% in 2011 as compared to 2010. The 2011 amount is 5.25% below the record year set in 2007.

The City's share of the gaming tax on casinos is 10% of the total taxes paid to the State of Colorado, split between the three Colorado gaming cities, in proportion to the respective gaming revenue. The amount recognized in 2011 was \$7,112,195 or a 0.95% decrease from 2010

Investment earnings were down \$10,727 from 2010 due to lower interest rates.

Most other revenue streams were consistent with that of 2010.

Expenditures in total increased \$321,808 or 2.60%.

In the City Manager's office, purchased services increased due to increased insurance premiums

In the finance department, personal costs were up \$40,729 due to a fully staffed department.

Planning expenditures for personal costs were up \$31,330 due to converting a part-time position to full time, but professional fees decreased \$106,154 due to the timing of building projects.

Police expenditures for personal services increased \$264,807 due to the addition of two new positions and officer pay grade increases. Capital expenditures decreased due to reporting all capital expenditures in the Capital Fund for 2011.

Fire expenditures increased due to the addition of one new firefighter and an increase in the acquisition of small tools and equipment, partially funded by grants.

Public Works expenditures did not change much from the previous year in total. General services decreased \$476,460 due to a significant reduction in street repairs and maintenance while multiple non-City projects along State Highway 119 create significant interruptions for the Black Hawk visitor. Program services experienced a significant increase due to reporting all public transportation costs within the General fund that were previously included in the Transportation Authority fund.

The general fund transferred \$500,000 to the water fund for capital projects. In 2011, the general fund did not make a transfer to the debt service fund, as compared to \$2,286,913 transfer in 2010.

After transfers out to other funds, the fund balance increased approximately \$3.005 million over 2010. The ending fund balance is considered very adequate, representing the equivalent of 95.27% of annual expenditures, including transfers.

Preservation and Restoration Fund – During 2011, the City awarded preservation and restoration grants to City property owners totaling \$647,200, as compared to \$303,467 in 2010. The City expended approximately \$2.5 million on City owned preservation projects as compared to approximately \$1.4 million in 2010. The City received preservation and restoration funding from the state totaling approximately \$3.56 million as compared to \$3.65 million in 2010.

Transportation Device Fee Fund – This fund received device fees of \$653,263 and transfers out of \$598,000 to the general fund resulting in an excess of revenues over expenditures of \$55,263.

Business Improvement District Fund – This fund reported property tax revenue of approximately \$447,198. At December 31, 2011, this fund reported a fund balance of \$316,253.

Capital Projects Fund – This fund reported investment earnings of \$1,830, grant revenue of \$10,000 and a transfer from the general fund of \$2,600,000. The fund spent \$914,626 on capital outlay, resulting in a year-end fund balance of \$2,422,632.

Impact Fees Fund – In 2011, there were no impact fees recognized as revenue. This fund incurred capital expenditures in the amount of \$304,224 for parking. At year-end, the December 31, 2011 fund balance was \$2,274,609.

Budgetary Highlights

The General Fund – The general fund's budget was amended twice during 2011. 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.

Actual revenues exceeded budget by \$729,613. Sales tax and gaming tax distributed by the State exceeded budget by \$498,100 and \$312,195 respectively. On the negative side, the City's device fees were under budget by \$296,288 for 2011.

The total general government function was under spent by \$1,031,965. The majority of this savings was in the mayor and council's budget, specifically program services which was under spent by \$816,896 and professional services in the City manager's budget which was under by \$161,421. This under spending related to the mayor and council preservation and restoration budget and to a lesser degree the council discretionary line item. Professional services within the city manager's budget were below budget due to savings related to legal services and public relations.

The municipal court budget exceeded authorization due to translator services.

The police department was able to stay within budget, despite having to fund professional services related to multiple complex criminal investigations.

The fire department exceeded budget due to significant overtime in personal services. Additionally, the supplies and capital outlay accounts exceeded budget due to unplanned, partially grant funded equipment purchases.

The public works department was under spent by \$565,408 due to savings in personal services, professional services, general services and program services.

The City spent just 88.759% of the appropriated final budget, not including transfers.

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, 2011, was \$62,096,654 and \$27,399,977 respectively. The total increase in this net investment was 2.1% for governmental activities and a 1.0% decrease for business-type activities. The overall increase was 1.2% 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. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	\$ 16,286,630	\$ 16,098,590	\$ 675,299	\$ 230,786	\$ 16,961,929	\$ 16,329,376
Works of art & historic treasures	1,099,310	1,087,310	-	-	1,099,310	1,087,310
Intangible assets	935,173	452,719	4,269,387	4,269,387	5,204,560	4,722,106
Construction in progress	2,723,430	1,529,119	333,002	77,670	3,056,432	1,606,789
Total non-depreciable	21,044,543	19,167,738	5,277,688	4,577,843	26,322,231	23,745,581
Depreciable assets:						
Buildings and improvements	19,780,495	19,647,125	-	-	19,780,495	19,647,125
Plant and equipment	-	-	26,621,782	26,621,782	26,621,782	26,621,782
Distribution system	-	-	5,849,886	5,849,886	5,849,886	5,849,886
Vehicles and equipment	5,296,820	5,040,868	400,749	400,749	5,697,569	5,441,617
Infrastructure	36,773,681	35,609,863	-	-	36,773,681	35,609,863
Total depreciable assets	61,850,996	60,297,856	32,872,417	32,872,417	94,723,413	93,170,273
Less accumulated depreciation	20,798,886	18,670,034	10,750,128	9,775,815	31,549,014	28,445,849
Book value - depreciable assets	41,052,110	41,627,822	22,122,289	23,096,602	63,174,399	64,724,424
Percentage depreciated	34%	31%	33%	30%	33%	31%
Book value - all assets	\$ 62,096,653	\$ 60,795,560	\$ 27,399,977	\$ 27,674,445	\$ 89,496,630	\$ 88,470,005

At December 31, 2011, the depreciable capital assets for governmental activities were 34% depreciated. This compares slightly up from the December 31, 2010 percentage of 31%. 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 33% of the asset values were depreciated at December 31, 2011 compared to 30% at December 31, 2010.

In governmental activities, the intangible assets consist of preservation easements. The increase in the construction in progress relates to the following projects:

- Public Works Facility - \$574,046
- Gregory Street Redevelopment - \$358,882

In the water fund, most of the intangible assets are water rights and water storage in the Georgetown Lake. The increase in the business-type construction in progress relates to the following projects:

- Hidden Valley Plant Infiltration Gallery - \$206,115
- Georgetown Lake Outfall - \$50,035

Long-term Debt

The following table presents the outstanding debt at December 31, 2011 and 2010.

	Outstanding Borrowings						% Change
	Governmental Activities		Business-type Activities		Totals		
	2011	2010	2011	2010	2011	2010	
Capital leases	\$ -	\$ 14,870	\$ -	\$ -	\$ -	\$ 14,870	-100%
Device fee revenue bonds	10,890,000	12,080,000	-	-	10,890,000	12,080,000	-10%
General obligation bonds	1,015,000	1,715,000	-	-	1,015,000	1,715,000	-41%
Compensated absences	513,558	518,749	57,183	46,668	570,741	565,417	1%
Total	\$ 12,418,558	\$14,328,619	\$ 57,183	\$ 46,668	\$ 12,475,741	\$14,375,287	-13%

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 within the City can be affected by the amount of disposal 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 Finance Director or City Manager at the City, Post Office 68, Black Hawk, Colorado, 80432.

City of Black Hawk, Colorado
Statement of Net Assets
December 31, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents (Note 3A)	\$ 25,356,970	\$ 5,250,494	\$ 30,607,464
Receivables:			
Accounts	71,814	290,180	361,994
Property taxes	430,169	-	430,169
Other taxes	917,304	-	917,304
Intergovernmental	18,189	-	18,189
Notes (Note 1-E-2)	198,719	-	198,719
Inventory	109,239	-	109,239
Prepaid items	7,903	-	7,903
Restricted assets	1,376,144	-	1,376,144
Total Current Assets	28,486,451	5,540,674	34,027,125
Noncurrent Assets			
Notes receivable (Note 1-E-2)	244,723	-	244,723
Deferred charges	392,782	-	392,782
Capital assets (Note 3D)			
Nondepreciable	21,044,543	5,277,688	26,322,231
Depreciable, net	41,052,110	22,122,289	63,174,399
Total Noncurrent Assets	62,734,158	27,399,977	90,134,135
Total Assets	91,220,609	32,940,651	124,161,260
Liabilities			
Current Liabilities			
Accounts payable	568,794	117,611	686,405
Accrued expenses	555,873	26,699	582,572
Retainage payable	48,387	-	48,387
Accrued interest payable	48,900	-	48,900
Unearned revenue	428,719	-	428,719
Deposits payable	5,300	-	5,300
Compensated absences payable	32,780	3,650	36,430
Capital leases payable	-	-	-
General obligation bonds payable	745,000	-	745,000
Revenue bonds payable	1,255,000	-	1,255,000
Total Current Liabilities	3,688,753	147,960	3,836,713
Long-Term Liabilities (net of current portion): (Note 3F)			
Compensated absences payable	480,778	53,533	534,311
General obligation bonds payable	265,511	-	265,511
Revenue bonds payable	9,305,047	-	9,305,047
Total Long-term Liabilities	10,051,336	53,533	10,104,869
Total Liabilities	13,740,089	201,493	13,941,582
Net Assets			
Invested in capital assets, net of related debt (Note 3H)	60,544,095	27,399,977	87,944,072
Restricted for:			
Capital projects	2,274,609	-	2,274,609
Debt service	1,876,678	-	1,876,678
Preservation and restoration	4,966,982	-	4,966,982
Emergencies (Note 2D)	527,000	-	527,000
Other program purposes	20,618	-	20,618
Unrestricted	7,270,538	5,339,181	12,609,719
Total Net Assets	\$ 77,480,520	\$ 32,739,158	\$ 110,219,678

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Balance Sheet
Governmental Funds
December 31, 2011

	General	Preservation & Restoration	Transportation Device Fee	Business Improvement District	Debt Service	Capital Projects	Impact Fee	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and cash equivalents	\$ 14,614,099	\$ 5,427,840	\$ 529	\$ 28,871	\$ 499,738	\$ 2,489,886	\$ 2,275,389	\$ 20,618	\$ 25,356,970
Cash and cash equivalents - restricted	-	-	-	287,144	1,089,000	-	-	-	1,376,144
Receivables:									
Accounts	53,783	18,031	-	-	-	-	-	-	71,814
Property taxes	9,000	-	-	421,169	-	-	-	-	430,169
Other taxes	862,570	-	54,734	-	-	-	-	-	917,304
Intergovernmental	18,189	-	-	-	-	-	-	-	18,189
Notes	-	443,442	-	-	-	-	-	-	443,442
Inventory	109,239	-	-	-	-	-	-	-	109,239
Prepaid items	-	-	-	2,903	-	5,000	-	-	7,903
Total Assets	\$ 15,666,880	\$ 5,889,313	\$ 55,263	\$ 740,087	\$ 1,588,738	\$ 2,494,886	\$ 2,275,389	\$ 20,618	\$ 28,731,174
Liabilities and Fund Balances (Deficits)									
Liabilities									
Accounts payable	\$ 349,749	\$ 141,896	\$ -	\$ 4,115	\$ -	\$ 72,254	\$ 780	\$ -	\$ 568,794
Grant tax payable	-	285,387	-	-	-	-	-	-	285,387
Retainage payable	-	48,387	-	-	-	-	-	-	48,387
Accrued expenditures	267,267	3,219	-	-	-	-	-	-	270,486
Deposits payable	5,300	-	-	-	-	-	-	-	5,300
Deferred revenue	9,000	443,442	-	419,719	-	-	-	-	872,161
Total Liabilities	631,316	922,331	-	423,834	-	72,254	780	-	2,050,515
Fund Balances (Deficits)									
Reserved for:									
Restricted	512,000	4,966,982	55,263	302,940	-	-	2,274,609	20,618	8,132,412
Nonspendable	-	-	-	2,903	-	5,000	-	-	7,903
Assigned	-	-	-	-	1,588,738	2,417,632	-	-	4,006,370
Unassigned	14,523,564	-	-	10,410	-	-	-	-	14,533,974
Total Fund Balances (Deficits)	15,035,564	4,966,982	55,263	316,253	1,588,738	2,422,632	2,274,609	20,618	26,680,659
Total Liabilities and Fund Balances (Deficits)	\$ 15,666,880	\$ 5,889,313	\$ 55,263	\$ 740,087	\$ 1,588,738	\$ 2,494,886	\$ 2,275,389	\$ 20,618	\$ 28,731,174

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, 2011

Total Governmental Fund Balances	\$	26,680,659
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Cost of capital assets	\$ 82,895,540	
Less accumulated depreciation	<u>(20,798,887)</u>	62,096,653
Long-term notes receivable are not available to pay current period expenditures and therefore are deferred in the funds.		
		443,442
Bond premiums, discounts, refundings and issuance costs are reported as other financing sources and uses and expenditures in the governmental fund financial statements but capitalized on the government-wide statement of net assets.		
Bond issuance costs	\$ 392,782	
Premiums, discounts and refundings	<u>334,442</u>	727,224
Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net assets.		
Revenue bonds	\$ (10,890,000)	
General obligation bonds	(1,015,000)	
Capital leases	(1)	
Accrued interest	(48,900)	
Compensated absences	<u>(513,557)</u>	<u>(12,467,458)</u>
Net Assets of Governmental Activities	\$	<u>77,480,520</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, 2011

	General	Preservation & Restoration	Transportation Device Fee	Business Improvement District	Debt Service	Capital Projects	Impact Fee	Other Governmental Funds	Total Governmental Funds
Revenues									
Taxes	\$ 10,158,417	\$ -	\$ 653,263	\$ 447,198	\$ -	\$ -	\$ -	\$ -	\$ 11,258,878
Special assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	7,292,796	3,557,150	-	-	-	10,000	-	1,028	10,860,974
Licenses and permits	23,266	-	-	-	-	-	-	-	23,266
Charges for services	455,325	185	-	-	-	-	-	-	455,510
Fines and forfeitures	54,566	-	-	-	-	-	-	-	54,566
Investment earnings	44,474	14,455	-	1,350	402	1,830	8,469	68	71,048
Miscellaneous	160,891	233,292	-	188,808	-	-	-	-	582,991
Total Revenues	18,189,735	3,805,082	653,263	637,356	402	11,830	8,469	1,096	23,307,233
Expenditures									
Current:									
General government	3,823,788	647,200	-	467,772	-	-	-	-	4,938,760
Planning	273,146	-	-	-	-	-	-	-	273,146
Public safety	5,494,572	-	-	-	-	-	-	-	5,494,572
Public works	3,076,152	-	-	-	-	-	-	-	3,076,152
Capital Outlay	-	2,510,354	-	-	-	914,626	304,224	-	3,729,204
Debt Service:									
Principal retirement	14,871	-	-	240,000	1,650,000	-	-	-	1,904,871
Interest and fiscal charges	184	-	-	37,950	635,622	-	-	-	673,756
Total Expenditures	12,682,713	3,157,554	-	745,722	2,285,622	914,626	304,224	-	20,090,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,507,022	647,528	653,263	(108,366)	(2,285,220)	(902,796)	(295,755)	1,096	3,216,772
Other Financing Sources (Uses)									
Transfers in	598,000	-	-	-	-	2,600,000	-	-	3,198,000
Transfers out	(3,100,000)	-	(598,000)	-	-	-	-	-	(3,698,000)
Total Other Financing Sources (Uses)	(2,502,000)	-	(598,000)	-	-	2,600,000	-	-	(500,000)
Net Change in Fund Balances	3,005,022	647,528	55,263	(108,366)	(2,285,220)	1,697,204	(295,755)	1,096	2,716,772
Fund Balances Beginning of Year	12,030,542	4,319,454	-	424,619	3,873,958	725,428	2,570,364	19,522	23,963,887
Fund Balances End of Year	\$ 15,035,564	\$ 4,966,982	\$ 55,263	\$ 316,253	\$ 1,588,738	\$ 2,422,632	\$ 2,274,609	\$ 20,618	\$ 26,680,659

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, 2011

Net Changes In Fund Balances - Total Governmental Funds \$ 2,716,772

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. 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	\$ (2,128,851)	
Capital outlay	<u>3,429,946</u>	1,301,095

Revenue from the long-term notes receivable reported in the government-wide statement of activities does not provide current financial resources and are not reported as revenues in the governmental fund operating statement.

Deferred @ 12/31/11	(632,488)	
Deferred @ 12/31/10	<u>443,442</u>	(189,046)

Accrued interest is reported in the statement of activities, but does not require the use of financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 12/31/11	\$ (48,900)	
Liability @ 12/31/10	<u>56,098</u>	7,198

Deferred bond issue related costs are reported in the governmental fund's operating statement because these transactions require the use of current financial resources but are not capitalized on the government-wide statement of net assets.

(136,806)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,904,871

Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability @ 12/31/11	\$ (513,558)	
Liability @ 12/31/10	<u>518,748</u>	<u>5,190</u>

Change In Net Assets of Governmental Activities

\$ 5,609,274

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Water Fund
Comparative Statement of Net Assets
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 5,250,494	\$ 4,350,160
Accounts receivable	290,180	368,037
Prepaid items	-	-
Total Current Assets	<u>5,540,674</u>	<u>4,718,197</u>
Noncurrent Assets:		
Capital assets:		
Nondepreciable	5,277,688	4,577,843
Depreciable, net	22,122,289	23,096,602
Total Noncurrent Assets	<u>27,399,977</u>	<u>27,674,445</u>
Total Assets	<u>32,940,651</u>	<u>32,392,642</u>
Liabilities		
Current Liabilities:		
Accounts payable	117,611	190,198
Retainage payable	-	-
Accrued expenses	26,699	24,383
Compensated absences payable	3,650	4,667
Total Current Liabilities	<u>147,960</u>	<u>219,248</u>
Long-Term Liabilities (net of current portion):		
Compensated absences payable	53,533	42,001
Total Long-Term Liabilities	<u>53,533</u>	<u>42,001</u>
Total Liabilities	<u>201,493</u>	<u>261,249</u>
Net Assets		
Invested in capital assets, net of related debt	27,399,977	27,674,445
Unrestricted	5,339,181	4,456,948
Total Net Assets	<u>\$ 32,739,158</u>	<u>\$ 32,131,393</u>

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Water Fund
Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Charges for services	\$ 2,981,338	\$ 3,047,644
Miscellaneous	45,003	7,675
Total Operating Revenues	<u>3,026,341</u>	<u>3,055,319</u>
Operating Expenses		
Personal services	755,213	708,990
Professional services	691,418	792,192
General services	262,771	244,047
Program services	3,125	921
Purchased services	13,510	8,373
Supplies	59,116	44,756
Repairs and maintenance	163,880	344,469
Capital outlay - non-capitalized	10,266	16,398
Depreciation	974,313	976,370
Total Operating Expenses	<u>2,933,612</u>	<u>3,136,516</u>
Operating Income (Loss)	<u>92,729</u>	<u>(81,197)</u>
Non-Operating Revenues (Expenses)		
Interest and fiscal charges	-	-
Investment earnings	15,036	14,215
Gain (Loss) on sale of capital assets	-	1,782,690
Amortization	-	-
Total Non-Operating Revenues (Expenses)	<u>15,036</u>	<u>1,796,905</u>
(Loss) Before Capital Contributions and Transfers In	107,765	1,715,708
Capital contributions	-	-
Transfers in	500,000	500,000
Change in Net Assets	607,765	2,215,708
Net Assets Beginning of Year	<u>32,131,393</u>	<u>29,915,685</u>
Net Assets End of Year	<u>\$ 32,739,158</u>	<u>\$ 32,131,393</u>

See accompanying notes to the basic financial statements

City of Black Hawk, Colorado
Water Fund
Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from customers	\$ 3,104,198	\$ 3,260,290
Cash payments for personal services	(744,698)	(703,007)
Cash payments for goods and services	(1,274,357)	(1,679,047)
Net Cash (Used in) Operating Activities	<u>1,085,143</u>	<u>878,236</u>
Cash Flows from Noncapital Financing Activities		
Transfers in	<u>500,000</u>	<u>500,000</u>
Cash Flows from Capital and Related Financing Activities		
Principal paid on bonds	-	-
Interest paid on bonds	-	-
Proceeds from sales of capital assets	-	2,322,000
Payments for capital acquisitions	(699,845)	(298,756)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(699,845)</u>	<u>2,023,244</u>
Cash Flows from Investing Activities		
Investment earnings	<u>15,036</u>	<u>14,215</u>
Net Increase (Decrease) in Cash and Cash Equivalents	900,334	3,415,695
Cash and Cash Equivalents Beginning of Year	<u>4,350,160</u>	<u>934,465</u>
Cash and Cash Equivalents End of Year	<u>\$ 5,250,494</u>	<u>\$ 4,350,160</u>
Reconciliation to Cash and Cash Equivalents:		
Unrestricted	\$ 5,250,494	\$ 4,350,160
Restricted	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 5,250,494</u>	<u>\$ 4,350,160</u>

City of Black Hawk, Colorado
Water Fund
Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

(Continued)

	2011	2010
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities		
Operating Income (Loss)	\$ 92,729	\$ (81,197)
Adjustments:		
Depreciation	974,313	976,370
(Increase) Decrease in Assets:		
Accounts receivable	77,857	204,971
Prepaid items	-	4,531
Increase (Decrease) in Liabilities:		
Accounts payable	(72,587)	(42,861)
Retainage payable	-	(194,994)
Accrued expenses	2,316	5,433
Compensated absences payable	10,515	5,983
Net Cash (Used in) Operating Activities	\$ 1,085,143	\$ 878,236

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, 2011

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City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 and two blended component units.

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.

Brief descriptions of the blended 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 issues a separate financial report which is available at the offices of L. Paul Goedecke, P.C., 950 Wadsworth Boulevard, Suite 204, Lakewood, Colorado, 80214.

Black Hawk Transportation Authority (the Authority) – The Authority was created by an intergovernmental agreement between the Authority and the City. 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 three member 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. The Board of Directors approved dissolution of the Authority effective December 29, 2010.

Black Hawk Urban Renewal Authority (Renewal Authority) – The Renewal Authority was created by resolution passed by the City’s Board of Alderman in July 2008. The purpose of the Renewal Authority is to develop urban renewal projects. The Board of Alderman serves as the Renewal Authority’s governing board. The Authority does not issue separate financial statements. During 2011, the Renewal Authority had no financial activity.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 and proprietary 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 two categories of funds: governmental and proprietary.

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:

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Preservation and Restoration Fund – This fund accounts for the various preservation and restoration programs of the City, which are primarily funded through gaming revenues received from the State of Colorado, earmarked for this purpose.

Transportation Device Fee Fund – This fund accounts for the device fees levied for transportation purposes. All transportation expenditures are reported in the General fund and are funded from transfers from this fund.

Business Improvement District Fund – This fund accounts for marketing and the construction of public improvements to the casinos.

Debt Service Fund – This fund receives transfers from the general fund and retires the governmental activities bonded debt, excluding the District's debt.

Capital Projects Fund – This fund accounts for the construction of significant City capital projects.

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.

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 a major enterprise fund.

Water Fund – This fund accounts for the operations of the City's water system.

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.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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. 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 2010 is revenue for the 2010 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).

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 of December 31, 2011.

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.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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. For the purpose of the statement of cash flows, the City considers cash and cash equivalents to 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.

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, 2011.

At December 31, 2011, the City holds one notes receivable as follows (Note 3-B):

Horseshoe Casino, LLC – An original contract was approved in 1997 between the City and Horseshoe Casino, LLC to move the “Lace House” from a site adjacent to the Horseshoe Casino, and owned by the casino to Mountain City, a site owned by the City. The Lace House is an historical house that the City owns. The City initially paid costs, which the City capitalized. The Horseshoe Casino has the responsibility to repay the City for the cost of building the house foundation, building the rock wall and moving the house. The casino began reimbursing the City in March 2009 monthly for a five year period.

At the fund reporting level, the notes receivable are reported at the amount outstanding in the preservation and restoration fund and deferred revenue is reported for the portion of the receivable that is not available. All costs related to these projects were reported as expenditures.

At the government-wide financial reporting level, the total amount of the note receivable has been recognized as revenue. The costs for the Lace House were capitalized on the government-wide statement of net assets.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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 are 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 Restricted Assets

Cash and investments are restricted for debt service applicable to various debt obligations.

1-E-6 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.

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. 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.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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-7 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.”

1-E-8 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-9 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.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-10 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.” In fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Fund Balance – Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances 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.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Aldermen through the approval of a resolution. Only, the City Aldermen also may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Only the City Manager or City Finance Director may assign fund balances.
- **Unassigned** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

1-E-11 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-12 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, 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-13 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. The annual business improvement district tax is \$89 per device.

1-E-14 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-15 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 separately after general revenues. Transfers between funds reported in the governmental activities column are eliminated.

1-E-16 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-17 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.

1-E-18 Related Parties

The Mayor and Board of Alderman and resident City employees may receive preservation and restoration grants to restore their personal property in accordance with City policy and State Statutes.

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.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Stewardship, Compliance and Accountability (Continued)

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget 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.

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 Black Hawk Business Improvement District 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

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 – 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, 2011, the carrying amount of the City's deposits was \$25,046,514 and the bank balance was \$25,150,099. Of the bank balance, \$421,551 was covered by federal deposit insurance and \$24,728,548 was covered by the provisions of the Colorado Public Deposit Protection Act (i.e., cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name).

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

Investments

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. The City has no formal policy regarding interest rate risk.

Investment Type	Fair Value
Money market accounts	\$ 1,208,481
Colotrust state investment pool	5,727,513
Total	\$ 6,935,994

As of December 31, 2011 the City had invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. The weighted average maturity of the Colotrust is less than 60 days.

Credit Quality Risk – Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Colotrust, a local government investment pool that the City invests in, is rated AAAM by Standard & Poor’s. This pool is rated AAA by Fitch and Moody’s. The money market account is invested exclusively in Colotrust. The maturity schedules for the above investments are less than one year. The City has no policy regarding credit risk.

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.

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 has all investments in a local government investment pool, Colotrust.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

Cash and Investment Reconciliation

Petty cash	\$ 1,100
Deposits	25,046,514
Investments	<u>6,935,994</u>
Total Cash and Investments	<u><u>\$ 31,983,608</u></u>

Fund Reporting Level

Governmental fund type - balance sheet	\$ 25,356,970
Governmental fund type - balance sheet - restricted	1,376,144
Proprietary fund type - statement of net assets	<u>5,250,494</u>
Total	<u><u>\$ 31,983,608</u></u>

3-B. Receivables

Receivables at December 31, 2011, 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, collectability.

The City holds one note receivable at December 31, 2011 (Note 1-E-2).

Notes Receivable - Horseshoe Casino, LLC – This note receivable to the City is being repaid monthly over a five-year period at an interest rate of 5%. The initial amount of the note receivable was \$955,500. The repayment schedule is as follows:

Year	Principal	Interest	Total
2012	198,719	17,659	216,378
2013	208,883	7,495	216,378
2014	<u>35,840</u>	<u>224</u>	<u>36,064</u>
Total	<u><u>\$ 443,442</u></u>	<u><u>\$ 25,378</u></u>	<u><u>\$ 468,820</u></u>

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

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.

3-D. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2011, was as follows:

	Balance 1/1/2011	Additions	Deductions	Balance 12/31/2011
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 16,098,590	\$ 188,040	\$ -	\$ 16,286,630
Works of art and historical treasures	1,087,310	12,000	-	1,099,310
Intangible	452,719	482,454	-	935,173
Construction in progress	1,529,119	2,001,371	807,060	2,723,430
Total nondepreciable capital assets	19,167,738	2,683,865	807,060	21,044,543
Depreciable capital assets:				
Buildings and improvements	19,647,125	133,370	-	19,780,495
Vehicles and equipment	5,040,868	255,952	-	5,296,820
Infrastructure	35,609,863	1,163,818	-	36,773,681
Total depreciable capital assets	60,297,856	1,553,140	-	61,850,996
Total capital assets	79,465,594	4,237,005	807,060	82,895,539
Accumulated depreciation:				
Buildings and improvements	5,162,048	664,502	-	5,826,550
Vehicles and equipment	4,258,986	360,121	-	4,619,107
Infrastructure	9,249,000	1,104,229	-	10,353,229
Total accumulated depreciation	18,670,034	2,128,852	-	20,798,886
Governmental activities capital assets, net	\$ 60,795,560	\$ 2,108,153	\$ 807,060	\$ 62,096,653

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

Governmental activities depreciation expense

General government	\$ 406,217
Public safety	240,951
Public works	<u>1,481,684</u>
Total governmental activities depreciation expense	<u><u>\$ 2,128,852</u></u>

Capital asset activities for the water fund for the year ended December 31, 2011, was as follows:

	Balance 1/1/2011	Additions	Deductions	Balance 12/31/2011
Business-type activities:				
Nondepreciable capital assets				
Land	\$ 230,786	\$ 444,513	\$ -	\$ 675,299
Water rights	4,269,387	-	-	4,269,387
Construction in progress	<u>77,670</u>	<u>255,332</u>	<u>-</u>	<u>333,002</u>
Total nondepreciable capital assets	<u>4,577,843</u>	<u>699,845</u>	<u>-</u>	<u>5,277,688</u>
Depreciable capital assets:				
Plant and equipment	26,621,782	-	-	26,621,782
Distribution system	5,849,886	-	-	5,849,886
Vehicles and equipment	<u>400,749</u>	<u>-</u>	<u>-</u>	<u>400,749</u>
Total depreciable capital assets	<u>32,872,417</u>	<u>-</u>	<u>-</u>	<u>32,872,417</u>
Total capital assets	<u>37,450,260</u>	<u>699,845</u>	<u>-</u>	<u>38,150,105</u>
Accumulated depreciation:				
Plant and equipment	6,220,919	740,119	-	6,961,038
Distribution system	3,309,228	201,012	-	3,510,240
Vehicles and equipment	<u>245,668</u>	<u>33,182</u>	<u>-</u>	<u>278,850</u>
Total accumulated depreciation	<u>9,775,815</u>	<u>974,313</u>	<u>-</u>	<u>10,750,128</u>
Business-type activities capital assets, net	<u><u>\$ 27,674,445</u></u>	<u><u>\$ (274,468)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,399,977</u></u>

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

3-E. Interfund Transfers

Interfund Transfers - Interfund transfers for the year ended December 31, 2011, consisted of the following:

Transfer to	Transfers from:		
	General fund	Transportation Device Fee fund	Total
Debt service fund	\$ 2,600,000	\$ -	\$ 2,600,000
Water fund	500,000	-	500,000
General fund	-	598,000	598,000
Total	\$ 3,100,000	\$ 598,000	\$ 3,698,000

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.

3-F. Long-Term Debt

Governmental Activities Bonds - The following is a summary of the outstanding long-term bonds at December 31, 2011.

2004 Device Tax Revenue Refunding Bonds – On March 15, 2004, the City issued serial tax revenue refunding bonds, in the amount of \$1,375,000 to advance refund \$1,375,000 of the outstanding 1994 Series device tax revenue bonds. The interest rates on this debt are 2.15% to 4.6%.

Annual debt service requirements to amortize this debt, as of December 31, 2011 follow:

Year	Principal	Interest	Total
2012	140,000	18,683	158,683
2013	145,000	12,663	157,663
2014	135,000	6,210	141,210
Total	\$ 420,000	\$ 37,556	\$ 457,556

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

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 and to partially advance refund the 1998 Device Tax Revenue Bonds in the amount of \$11,580,000. 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.

Annual debt service requirements to amortize this debt, as of December 31, 2011 follow:

Year	Series A		
	Principal	Interest	Total
2012	1,115,000	523,500	1,638,500
2013	845,000	467,750	1,312,750
2014	885,000	425,500	1,310,500
2015	935,000	381,250	1,316,250
2016-2020	5,435,000	1,155,750	6,590,750
2021	1,255,000	62,750	1,317,750
Total	<u>\$ 10,470,000</u>	<u>\$ 3,016,500</u>	<u>\$ 13,486,500</u>

2008 General Obligation Refunding Bonds, Series 2008 - On April 29, 2008, the City issued general obligation refunding bonds, in the amount of \$2,075,000, to advance refund the 1997 General Obligation Refunding Bonds in the amount of \$2,170,000. The Series 2009 bonds carry interest rates ranging from 3.00% to 3.75%, and an average interest rate of 3.22779% with a final maturity on December 1, 2012.

Annual debt service requirements to amortize this debt, as of December 31, 2011 follow:

Year	Principal	Interest	Total
2012	<u>490,000</u>	<u>18,375</u>	<u>508,375</u>
Total	<u>\$ 490,000</u>	<u>\$ 18,375</u>	<u>\$ 508,375</u>

2004 General Obligation Refunding Bonds – On December 30, 2004, the Business Improvement District refunded general obligation bonds by issuing \$2,020,000, with interest ranging from 2.75% - 5.00%. The final payment is December 1, 2013.

Annual debt service requirements to amortize this debt, as of December 31, 2011 follow:

Year	Principal	Interest	Total
2012	255,000	26,250	281,250
2013	<u>270,000</u>	<u>13,500</u>	<u>283,500</u>
Total	<u>\$ 525,000</u>	<u>\$ 39,750</u>	<u>\$ 564,750</u>

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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, 2011:

Governmental Activities	<u>Outstanding 1/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2011</u>	<u>Amounts Due in One Year</u>
2004 Device Tax Revenue Refunding Bonds	\$ 555,000	\$ -	\$ 135,000	\$ 420,000	\$ 140,000
2006 Device Tax Revenue Refunding Bonds - Series A	11,435,000	-	965,000	10,470,000	1,115,000
2006 Device Tax Revenue Refunding Bonds - Series B	90,000	-	90,000	-	-
2008 General Obligation Refunding Bonds - Series A	950,000	-	460,000	490,000	490,000
2004 General Obligation Refunding Bonds - BID	-	-	240,000	525,000	255,000
2005 Special Assessment Refunding Bonds - BID	-	-	-	-	-
2006 Capital Lease	14,870	-	14,870	-	-
Bond premiums	158,264	-	17,955	140,309	-
Bond discounts	(11,014)	-	(2,863)	(8,151)	-
Bond refunding	(536,747)	-	(70,174)	(466,573)	-
Total Bonds and Capital Leases	13,420,373	-	1,849,788	11,570,585	2,000,000
Compensated Absences	<u>518,749</u>	<u>439,361</u>	<u>444,552</u>	<u>513,558</u>	<u>32,780</u>
Total Governmental Activities	<u>\$ 13,939,122</u>	<u>\$ 439,361</u>	<u>\$ 2,294,340</u>	<u>\$ 12,084,143</u>	<u>\$ 2,032,780</u>
Business-Type Activities					
Compensated Absences	<u>46,668</u>	<u>49,894</u>	<u>39,379</u>	<u>57,183</u>	<u>3,650</u>
Total Business-Type Activities	<u>\$ 46,668</u>	<u>\$ 49,894</u>	<u>\$ 39,379</u>	<u>\$ 57,183</u>	<u>\$ 3,650</u>

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

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 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.

Defeasance of Debt - In 2004, 2006 and 2008 the City defeased certain Device Tax Revenue Bonds and General Obligation Water Bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As of December 31, 2011 all refunded debt has been redeemed and trust accounts have been fully liquidated.

3-G. 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, 2011, there were 73 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, up to 6.00% of the plan members' compensation is withheld and remitted to the Plan Administrator along with the matching payment of 6.00% 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 for the years ended December 31, 2011, 2010, and 2009 were, \$247,020, \$236,678 and \$234,873 and the City's contributions were \$281,167, \$270,721 and \$277,752 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, 2011, 2010, and 2009 were \$116,011, \$113,339 and \$106,675 respectively, equal to the City's required contributions for each year. At December 31, 2011, there were 19 plan members.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

3-H. 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, 2011 are as follows:

	Governmental Activities	Business - Type Activities
Invested in capital assets, net of related debt:		
Cost of capital assets	\$ 82,895,540	\$ 38,150,105
Less accumulated depreciation	20,798,886	10,750,128
Book value	62,096,654	27,399,977
Less capital related debt (net of premiums, (discounts) and (refunding amounts))	1,552,559	-
	\$ 60,544,095	\$ 27,399,977

3-I. Fund Equity

Fund Balances - Fund Balance are classified as follows:

- **Nonspendable** - The following fund balances are nonspendable because they are not in a spendable form:

Capital Projects Fund:

Prepaid Items \$ 5,000

Business Improvement District Fund:

Prepaid Items \$ 2,903

- **Restricted** - The following fund balances are legally restricted to specific purposes:

General Fund:

Emergency purposes \$ 512,000

Major Special Revenue Funds:

Preservation and Restoration Fund:

Preservation and restoration purposes..... \$ 4,966,982

Transportation Device Fee Trust Fund:

Transportation purposes \$55,263

Business Improvement District Fund:

Prepaid Items \$ 302,940

Nonmajor Special Revenue Funds:

Conservation Trust Fund:

Parks, recreation and open space purposes \$ 20,618

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 - Detailed Notes on All Funds (Continued)

Major Capital Projects Funds:

Impact Fees Fund:

Parking, Fire and Police purposes.....\$ 2,274,609

- **Assigned** - The following fund balances are assigned by management for specific purposes:

Major Capital Projects Funds:

Capital Projects Fund:

Capital purposes.....\$2,417,632

Major Debt Services Fund:

Debt Service Fund:

Repayment of debt principal and interest.....\$1,588,738

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 coverage at reasonable costs. All income and assets of CIRSA shall be 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.

City of Black Hawk, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 4 – Detailed Notes on All Funds (Continued)

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 various lawsuits at December 31, 2011. 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. Subsequent Events

On April 25, 2012 the City approved the winning bid for the construction of a new public works facility for \$4,253,000. On June 7, 2012, the City purchased land for nearly \$3.9 million for water, parking and open space purposes.

City of Black Hawk, Colorado
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Taxes	\$ 9,912,300	\$ 9,912,300	\$ 10,158,417	\$ 246,117	\$ 9,974,765
Intergovernmental	6,893,700	6,893,700	7,292,796	399,096	7,304,844
Licenses and permits	23,140	23,140	23,266	126	26,420
Charges for services	417,432	417,432	455,325	37,893	719,033
Fines and forfeitures	37,900	37,900	54,566	16,666	38,975
Investment earnings	50,000	50,000	44,474	(5,526)	55,201
Miscellaneous	125,650	125,650	160,891	35,241	137,509
Total Revenues	17,460,122	17,460,122	18,189,735	729,613	18,256,747
Expenditures					
Current:					
General government	4,786,603	4,855,753	3,823,788	1,031,965	3,748,938
Planning	399,356	399,356	273,146	126,210	355,913
Public safety	5,379,546	5,379,546	5,494,572	(115,026)	5,114,851
Public works	3,656,615	3,656,615	3,091,207	565,408	3,141,203
Total Expenditures	14,222,120	14,291,270	12,682,713	1,608,557	12,360,905
Excess of Revenues Over Expenditures	3,238,002	3,168,852	5,507,022	2,338,170	5,895,842
Other Financing Sources (Uses)					
Transfers in	673,750	673,750	598,000	(75,750)	-
Transfers out	(5,385,622)	(3,100,000)	(3,100,000)	-	(3,634,372)
Total Other Financing Sources (Uses)	(4,711,872)	(2,426,250)	(2,502,000)	(75,750)	(3,634,372)
Net Change in Fund Balances	\$ (1,473,870)	\$ 742,602	3,005,022	\$ 2,262,420	2,261,470
Fund Balances Beginning of Year			12,030,542		9,769,072
Fund Balances End of Year			\$ 15,035,564		\$ 12,030,542

See accompanying notes to the required supplementary information

City of Black Hawk, Colorado
Required Supplementary Information
Preservation & Restoration Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Intergovernmental	\$ 3,600,000	\$ 3,600,000	\$ 3,557,150	\$ (42,850)	\$ 3,649,036
Charges for services	-	-	185		150
Investment earnings	10,600	10,600	14,455	3,855	17,096
Miscellaneous	216,378	216,378	233,292	16,914	223,247
Total Revenues	3,826,978	3,826,978	3,805,082	(22,081)	3,889,529
Expenditures					
Current:					
Grants	1,860,000	1,860,000	647,200	1,212,800	303,467
Capital Outlay	5,013,843	5,013,843	2,510,354	2,503,489	1,404,634
Total Expenditures	6,873,843	6,873,843	3,157,554	3,716,289	1,708,101
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,046,865)	(3,046,865)	647,528	3,694,208	2,181,428
Other Financing Uses					
Transfers out	-	-	-	-	-
Net Change in Fund Balances	\$ (3,046,865)	\$ (3,046,865)	647,528	\$ 3,694,208	2,181,428
Fund Balances Beginning of Year			4,319,454		2,138,026
Fund Balances End of Year			\$ 4,966,982		\$ 4,319,454

See accompanying notes to the required supplementary information

City of Black Hawk, Colorado
Required Supplementary Information
Transportation Device Fee Trust Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Taxes	\$ 673,750	\$ 673,750	\$ 653,263	\$ (20,487)	\$ -
Investment earnings	-	-	-	-	-
Total Revenues	<u>673,750</u>	<u>673,750</u>	<u>653,263</u>	<u>(20,487)</u>	<u>-</u>
Expenditures					
Current:					
Public Works	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	673,750	673,750	653,263	(20,487)	-
Other Financing Sources (Uses)					
Transfers Out	<u>(673,750)</u>	<u>(673,750)</u>	<u>(598,000)</u>	<u>75,750</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>55,263</u>	<u>\$ 55,263</u>	<u>-</u>
Fund Balances Beginning of Year			<u>-</u>		<u>-</u>
Fund Balances End of Year			<u>\$ 55,263</u>		<u>\$ -</u>

See accompanying notes to the required supplementary information

City of Black Hawk, Colorado
Required Supplementary Information
Transportation Authority Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 686,707
Intergovernmental	-	-	-	-	67,052
Charges for services	-	-	-	-	523,282
Investment earnings	-	-	-	-	335
Total Revenues	-	-	-	-	1,277,376
Expenditures					
Current:					
Public works	-	-	-	-	889,185
Capital Outlay	-	-	-	-	-
Total Expenditures	-	-	-	-	889,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	388,191
Other Financing Sources (Uses)					
Transfers In	-	-	-	-	847,459
Net Change in Fund Balances	\$ -	\$ -	-	\$ -	1,235,650
Fund Balances Beginning of Year			-		(1,235,650)
Fund Balances End of Year			\$ -		\$ -

See accompanying notes to the required supplementary information

City of Black Hawk, Colorado
Required Supplementary Information
Business Improvement District Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Taxes	\$ 441,244	\$ 441,244	\$ 447,198	\$ 5,954	\$ 442,654
Special assessments	-	-	-	-	1,542,391
Investment earnings	3,000	3,000	1,350	(1,650)	2,559
Miscellaneous	193,000	193,000	188,808	(4,192)	125,000
Total Revenues	637,244	637,244	637,356	112	2,112,604
Expenditures					
Current:					
General government	498,101	498,101	467,772	30,329	613,136
Debt Service:					
Principal	240,000	240,000	240,000	-	1,755,000
Interest and fiscal charges	39,560	39,560	37,950	1,610	106,749
Total Expenditures	777,661	777,661	745,722	31,939	2,474,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (140,417)	\$ (140,417)	(108,366)	\$ 32,051	(362,281)
Fund Balances Beginning of Year			424,619		786,900
Fund Balances End of Year			\$ 316,253		\$ 424,619

See accompanying notes to the required supplementary information

City of Black Hawk, Colorado
Notes to the Required Supplementary Information
For the Year Ended December 31, 2011

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 related to capital leases are budgeted within the public works function budget, rather than separately as debt service expenditures.

The preservation and restoration, the transportation authority and the business improvement district funds adopt annual budget on a basis consistent with generally accepted accounting principles.

City of Black Hawk, Colorado
General Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 14,614,099	\$ 11,517,986
Receivables:		
Accounts	53,783	175,440
Property taxes	9,000	10,000
Other taxes	862,570	840,751
Intergovernmental	18,189	18,028
Interfund note	-	-
Inventory	109,239	118,460
Prepaid items	-	17,839
Total Assets	<u>\$ 15,666,880</u>	<u>\$ 12,698,504</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 349,749	\$ 348,593
Retainage payable	-	17,452
Accrued expenditures	267,267	284,117
Refundable deposits	5,300	7,800
Deferred revenue	9,000	10,000
Total Liabilities	<u>631,316</u>	<u>667,962</u>
Fund Balances		
Reserved for:		
Emergencies	512,000	492,000
Prepaid items	-	17,839
Unreserved, designated for equipment purchases	-	200,000
Unreserved, undesignated	14,523,564	11,320,703
Total Fund Balances	<u>15,035,564</u>	<u>12,030,542</u>
Total Liabilities and Fund Balances	<u>\$ 15,666,880</u>	<u>\$ 12,698,504</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, 2011 and 2010

	2011	2010
Revenues		
Taxes	\$ 10,158,417	\$ 9,974,765
Intergovernmental	7,292,796	7,304,844
Licenses and permits	23,266	26,420
Charges for services	455,325	719,033
Fines and forfeitures	54,566	38,975
Investment earnings	44,474	55,201
Miscellaneous	160,891	137,509
Total Revenues	18,189,735	18,256,747
Expenditures		
Current:		
General government	3,823,788	3,748,938
Planning	273,146	355,913
Public safety	5,494,572	5,114,851
Public works	3,076,152	3,141,203
Debt Service:		
Principal	14,871	-
Interest	184	-
Total Expenditures	12,682,713	12,360,905
Excess of Revenues Over Expenditures	5,507,022	5,895,842
Other Financing Sources (Uses)		
Transfers in	598,000	-
Transfers out	(3,100,000)	(3,634,372)
Total Other Financing Sources (Uses)	(2,502,000)	(3,634,372)
Net Change in Fund Balances	3,005,022	2,261,470
Fund Balances Beginning of Year	12,030,542	9,769,072
Fund Balances End of Year	\$ 15,035,564	\$ 12,030,542

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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues					
Taxes					
Property	\$ 10,000	\$ 10,000	\$ 9,883	\$ (117)	\$ 9,922
Specific ownership	500	500	502	2	493
Road and bridge	100,000	100,000	105,044	5,044	105,460
Sales, use and lodging	2,320,000	2,320,000	2,818,100	498,100	2,347,346
Franchise	150,000	150,000	161,485	11,485	163,040
Device fees	7,316,800	7,316,800	7,020,512	(296,288)	7,328,749
Occupational	15,000	15,000	42,891	27,891	19,755
Total Taxes	<u>9,912,300</u>	<u>9,912,300</u>	<u>10,158,417</u>	<u>246,117</u>	<u>9,974,765</u>
Licenses and Permits					
Business licenses	2,640	2,640	5,493	2,853	4,078
Building permits	20,000	20,000	16,798	(3,202)	21,417
Other	500	500	975	475	925
Total Licenses and Permits	<u>23,140</u>	<u>23,140</u>	<u>23,266</u>	<u>126</u>	<u>26,420</u>
Intergovernmental					
Gaming	6,800,000	6,800,000	7,112,195	312,195	7,180,228
Highway users	13,000	13,000	12,965	(35)	12,512
Cigarette taxes	5,700	5,700	8,024	2,324	6,927
Public Safety grants	75,000	75,000	159,612	84,612	105,177
Total Intergovernmental	<u>6,893,700</u>	<u>6,893,700</u>	<u>7,292,796</u>	<u>399,096</u>	<u>7,304,844</u>
Charges for Services					
Plan review fees	10,000	10,000	10,600	600	56,596
Silver Dollar Metro District	252,000	252,000	252,000	-	252,000
Black Hawk transportation	-	-	-	-	184,838
Gilpin Ambulance Authority	26,000	26,000	66,442	40,442	95,928
Rents	129,432	129,432	126,283	(3,149)	129,671
Total Charges for Services	<u>417,432</u>	<u>417,432</u>	<u>455,325</u>	<u>37,893</u>	<u>719,033</u>
Fines and Forfeitures					
Municipal court	24,000	24,000	32,595	8,595	23,158
County court	2,400	2,400	6,803	4,403	4,423
Parking	1,000	1,000	4,710	3,710	1,380
Police department services	2,500	2,500	1,454	(1,046)	2,208
Victim service surcharge	8,000	8,000	9,004	1,004	7,806
Total Fines and Forfeitures	<u>37,900</u>	<u>37,900</u>	<u>54,566</u>	<u>16,666</u>	<u>38,975</u>
Investment Earnings	<u>50,000</u>	<u>50,000</u>	<u>44,474</u>	<u>(5,526)</u>	<u>55,201</u>
Miscellaneous	<u>125,650</u>	<u>125,650</u>	<u>160,891</u>	<u>35,241</u>	<u>137,509</u>
Total Revenue	<u>17,460,122</u>	<u>17,460,122</u>	<u>18,189,735</u>	<u>729,613</u>	<u>18,256,747</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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

(continued)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Expenditures					
General Government					
Mayor and Council					
Personal services	\$ 214,689	\$ 214,689	\$ 193,632	\$ 21,057	\$ 180,333
Program services	2,489,600	2,489,600	1,672,704	816,896	1,687,343
Total Mayor and Council	2,704,289	2,704,289	1,866,336	837,953	1,867,676
Municipal Court					
Personal services	36,366	36,366	35,463	903	39,909
Professional services	4,700	4,700	15,236	(10,536)	4,606
Purchased services	750	750	140	610	25
Program services	95	95	90	5	45
Supplies	250	250	-	250	4,422
Total Municipal Court	42,161	42,161	50,929	(8,768)	49,007
City Manager					
Personal services	352,906	352,906	370,884	(17,978)	345,265
Professional services	578,000	578,000	416,579	161,421	452,663
General services	-	-	1,409	(1,409)	-
Purchased services	185,000	185,000	208,212	(23,212)	163,623
Program services	4,000	4,000	11,223	(7,223)	4,128
Vehicle operation and maintenance	-	-	-	-	-
Supplies	7,500	7,500	15,900	(8,400)	7,567
Total City Manager	1,127,406	1,127,406	1,024,207	103,199	973,246
City Clerk					
Personal services	121,503	153,303	142,293	11,010	108,856
Professional services	3,500	3,500	-	3,500	3,165
General services	5,000	5,000	4,334	666	3,843
Purchased services	28,600	28,600	20,557	8,043	30,065
Program services	16,190	16,190	12,200	3,990	13,511
Supplies	4,450	4,450	5,666	(1,216)	9,817
Total City Clerk	179,243	211,043	185,050	25,993	169,257
Total carried forward	4,053,099	4,084,899	3,126,522	958,377	3,059,186

(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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

(continued)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Total brought forward	\$ 4,053,099	\$ 4,084,899	\$ 3,126,522	\$ 958,377	\$ 3,059,186
Expenditures					
General Government					
MIS					
Personal services	140,692	140,692	136,978	3,714	142,749
Professional services	3,000	3,000	193	2,807	1,238
General services	30,000	30,000	22,609	7,391	26,364
Purchased services	98,000	98,000	99,964	(1,964)	90,947
Program services	1,500	1,500	2,047	(547)	1,539
Supplies	88,800	88,800	69,766	19,034	30,341
Total MIS	361,992	361,992	331,557	30,435	293,178
Finance					
Personal services	291,462	328,812	297,968	30,844	257,239
Professional services	71,000	71,000	61,666	9,334	127,990
General services	500	500	378	122	202
Purchased services	3,300	3,300	2,064	1,236	2,842
Program services	1,500	1,500	206	1,294	1,365
Supplies	3,750	3,750	3,427	323	6,936
Total Finance	371,512	408,862	365,709	43,153	396,574
Total General Government	4,786,603	4,855,753	3,823,788	1,031,965	3,748,938
Planning					
Personal services	146,606	146,606	141,371	5,235	110,041
Professional services	220,000	220,000	123,416	96,584	229,570
General services	3,000	3,000	-	3,000	-
Vehicle operation and maintenance	800	800	380	420	183
Purchased services	4,850	4,850	2,405	2,445	3,086
Program services	2,500	2,500	1,340	1,160	1,364
Supplies	21,600	21,600	4,234	17,366	11,669
Total Planning	399,356	399,356	273,146	126,210	355,913
Public Safety					
Police					
Personal services	3,062,599	3,062,599	3,010,371	52,228	2,745,564
Professional services	23,900	23,900	54,154	(30,254)	63,584
General services	23,000	23,000	15,054	7,946	7,973
Vehicle operation and maintenance	48,000	48,000	46,541	1,459	42,055
Purchased services	24,700	24,700	26,749	(2,049)	28,898
Program services	-	-	-	-	-
Supplies	82,600	82,600	85,775	(3,175)	85,148
Capital outlay	-	-	-	-	123,999
Total Police	3,264,799	3,264,799	3,238,644	26,155	3,097,221
Total carried forward	8,450,758	8,519,908	7,335,578	1,184,330	7,202,072

(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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

(continued)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Total brought forward	\$ 8,450,758	\$ 8,519,908	\$ 7,335,578	\$ 1,184,330	\$ 7,202,072
Expenditures					
Public Safety					
Fire					
Personal services	2,011,397	2,011,397	2,030,648	(19,251)	1,901,529
Professional services	3,000	3,000	5,418	(2,418)	708
General services	15,500	15,500	10,591	4,909	8,222
Vehicle operation and maintenance	23,000	23,000	30,473	(7,473)	23,486
Purchased services	12,200	12,200	13,999	(1,799)	10,028
Program services	750	750	725	25	269
Supplies	48,900	48,900	120,112	(71,212)	73,388
Capital outlay	-	-	43,962	(43,962)	-
Total Fire	<u>2,114,747</u>	<u>2,114,747</u>	<u>2,255,928</u>	<u>(141,181)</u>	<u>2,017,630</u>
Ambulance Division					
Professional services	-	-	-	-	-
Total Public Safety	<u>5,379,546</u>	<u>5,379,546</u>	<u>5,494,572</u>	<u>(115,026)</u>	<u>5,114,851</u>
Public Works					
Personal services	1,768,060	1,768,060	1,691,587	76,473	1,576,075
Professional services	214,000	214,000	58,604	155,396	71,618
General services	662,000	662,000	499,019	162,981	975,479
Vehicle operation and maintenance	204,500	204,500	189,436	15,064	125,689
Purchased services	53,500	53,500	19,984	33,516	11,344
Program services	560,000	560,000	483,163	76,837	133,460
Supplies	116,500	116,500	110,035	6,465	112,060
Capital outlay	78,055	78,055	39,379	38,676	135,478
Total Public Works	<u>3,656,615</u>	<u>3,656,615</u>	<u>3,091,207</u>	<u>565,408</u>	<u>3,141,203</u>
Total Expenditures	<u>14,222,120</u>	<u>14,291,270</u>	<u>12,682,713</u>	<u>1,608,557</u>	<u>12,360,905</u>
Excess of Revenues Over Expenditures	<u>3,238,002</u>	<u>3,168,852</u>	<u>5,507,022</u>	<u>2,338,170</u>	<u>5,895,842</u>
Other Financing Sources (Uses)					
Transfers in	673,750	673,750	598,000	(75,750)	-
Transfers out	(5,385,622)	(3,100,000)	(3,100,000)	-	(3,634,372)
Total Other Financing Sources (Uses)	<u>(4,711,872)</u>	<u>(2,426,250)</u>	<u>(2,502,000)</u>	<u>(75,750)</u>	<u>(3,634,372)</u>
Net Change in Fund Balances	<u>\$ (1,473,870)</u>	<u>\$ 742,602</u>	<u>3,005,022</u>	<u>\$ 2,262,420</u>	<u>2,261,470</u>
Fund Balances Beginning of Year			<u>12,030,542</u>		<u>9,769,072</u>
Fund Balances End of Year			<u>\$ 15,035,564</u>		<u>\$ 12,030,542</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado
Preservation and Restoration Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 5,427,840	\$ 4,578,674
Receivables:		
Accounts	18,031	18,031
Notes	443,442	632,488
Escrow deposit	-	-
Total Assets	<u>\$ 5,889,313</u>	<u>\$ 5,229,193</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 141,896	\$ 90,865
Accrued expenditures	3,219	3,155
Grant tax payable	285,387	147,035
Retainage payable	48,387	36,196
Deferred revenue	443,442	632,488
Total Liabilities	<u>922,331</u>	<u>909,739</u>
Fund Balances		
Restricted	4,966,982	4,319,454
	-	-
Total Fund Balances	<u>4,966,982</u>	<u>4,319,454</u>
Total Liabilities and Fund Balances	<u>\$ 5,889,313</u>	<u>\$ 5,229,193</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado
Transportation Device Fee Trust Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 529	\$ -
Accounts Receivable - Other taxes	54,734	-
Total Assets	\$ 55,263	\$ -
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
Fund Balances		
Restricted	55,263	-
Total Liabilities and Fund Balances	\$ 55,263	\$ -

See accompanying independent auditor's report

City of Black Hawk, Colorado
Transportation Authority Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Accounts receivable	\$ -	\$ -
Inventory	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ -
Interfund notes payable	-	-
Interfund payable	-	-
Total Liabilities	-	-
Fund Balances		
Committed	-	-
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado
Business Improvement District Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 28,871	\$ 160,202
Cash and cash equivalents - restricted	287,144	277,272
Prepaid expenses	2,903	-
Property taxes receivables	421,169	431,375
Total Assets	<u>\$ 740,087</u>	<u>\$ 868,849</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 4,115	\$ 14,186
Deferred revenue	419,719	430,044
Total Liabilities	<u>423,834</u>	<u>444,230</u>
Fund Balances		
Restricted:		
Emergencies	15,000	20,000
Debt service	287,940	278,140
Nonspendable	2,903	
Unassigned	10,410	126,479
Total Fund Balances	<u>316,253</u>	<u>424,619</u>
Total Liabilities and Fund Balances	<u>\$ 740,087</u>	<u>\$ 868,849</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado
Conservation Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	<u>\$ 20,618</u>	<u>\$ 19,522</u>
Fund Balances		
Restricted	<u>\$ 20,618</u>	<u>\$ 19,522</u>

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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Intergovernmental	\$ 900	\$ 900	\$ 1,028	\$ 128	\$ 952
Investment earnings	100	100	68	(32)	113
Total Revenues	1,000	1,000	1,096	96	1,065
Expenditures					
Current					
Culture and recreation	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,000</u>	<u>\$ 1,000</u>	1,096	<u>\$ 96</u>	1,065
Fund Balances Beginning of Year			<u>19,522</u>		<u>18,457</u>
Fund Balances End of Year			<u>\$ 20,618</u>		<u>\$ 19,522</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado
Debt Service Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	\$ 499,738	\$ 2,665,958
Cash and cash equivalents - restricted	1,089,000	1,208,000
Total Assets	\$ 1,588,738	\$ 3,873,958
Fund Balances		
Assigned	\$ 1,588,738	\$ 3,873,958

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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Investment earnings	\$ 1,200	\$ 1,200	\$ 402	\$ (798)	\$ 2,095
Expenditures					
Debt Service:					
Principal retirement	1,650,000	1,650,000	1,650,000	-	1,580,000
Interest and fiscal charges	635,622	635,622	635,622	-	706,912
Total Expenditures	<u>2,285,622</u>	<u>2,285,622</u>	<u>2,285,622</u>	<u>-</u>	<u>2,286,912</u>
(Deficiency of Revenues (Under) Expenditures	<u>(2,284,422)</u>	<u>(2,284,422)</u>	<u>(2,285,220)</u>	<u>(798)</u>	<u>(2,284,817)</u>
Other Financing Sources (Uses)					
Transfers in	2,285,622	-	-	-	2,286,913
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,285,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,286,913</u>
Net Change in Fund Balances	<u>\$ 1,200</u>	<u>\$ (2,284,422)</u>	<u>(2,285,220)</u>	<u>\$ (798)</u>	<u>2,096</u>
Fund Balances Beginning of Year			<u>3,873,958</u>		<u>3,871,862</u>
Fund Balances End of Year			<u>\$ 1,588,738</u>		<u>\$ 3,873,958</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado
Impact Fee Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 2,275,389	\$ 2,574,317
Liabilities		
Accounts payable	\$ 780	\$ 3,953
Retainage payable	-	-
Total Liabilities	780	3,953
Fund Balances		
Restricted	\$ 2,274,609	\$ 2,570,364
Total Liabilities and Fund Balances	<u>\$ 2,275,389</u>	<u>\$ 2,574,317</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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Revenues					
Impact fees	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	15,000	15,000	8,469	(6,531)	17,323
Total Revenues	15,000	15,000	8,469	(6,531)	17,323
Expenditures					
Capital Outlay	-	305,000	304,224	776	428,334
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 15,000</u>	<u>\$ (290,000)</u>	(295,755)	<u>\$ (5,755)</u>	(411,011)
Fund Balances Beginning of Year			<u>2,570,364</u>		<u>2,981,375</u>
Fund Balances End of Year			<u>\$ 2,274,609</u>		<u>\$ 2,570,364</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado
Capital Projects Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 2,489,886	\$ 730,520
Prepaid Expenses	5,000	-
Total Assets	<u>\$ 2,494,886</u>	<u>\$ 730,520</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 72,254	\$ 5,092
Retainage payable	-	-
Total Liabilities	72,254	5,092
Fund Balances		
Nonspendable	5,000	
Assigned	2,417,632	725,428
Total Liabilities and Fund Balances	<u>\$ 2,494,886</u>	<u>\$ 730,520</u>

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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance with Final Budget	Actual
Revenues					
Intergovernmental	\$ 10,000	\$ 174,000	\$ 10,000	\$ (164,000)	\$ -
Investment earnings	5,000	5,000	1,830	(3,170)	9,718
Total Operating Revenue	15,000	179,000	11,830	(167,170)	9,718
Expenditures					
Capital Outlay	2,643,000	2,903,000	914,626	1,988,374	1,025,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,628,000)	(2,724,000)	(902,796)	1,821,204	(1,015,407)
Other Financing Sources					
Transfers in:					
General fund	2,600,000	2,600,000	2,600,000	-	-
Net Change in Fund Balances	<u>\$ (28,000)</u>	<u>\$ (124,000)</u>	1,697,204	<u>\$ 1,821,204</u>	(1,015,407)
Fund Balances Beginning of Year			725,428		1,740,835
Fund Balances End of Year			<u>\$ 2,422,632</u>		<u>\$ 725,428</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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	2011			2010	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Operating Revenues					
Charges for services	\$ 2,950,000	\$ 2,950,000	\$ 2,981,338	\$ 31,338	\$ 3,047,644
Miscellaneous	2,500	2,500	45,003	42,503	7,675
Total Operating Revenues	<u>2,952,500</u>	<u>2,952,500</u>	<u>3,026,341</u>	<u>73,841</u>	<u>3,055,319</u>
Operating Expenses					
Personal services	810,332	810,332	755,213	55,119	708,990
Professional services	650,000	650,000	691,418	(41,418)	792,192
General services	378,000	378,000	262,771	115,229	244,047
Program services	9,000	9,000	3,125	5,875	921
Purchased services	18,000	18,000	13,510	4,490	8,373
Supplies	78,500	78,500	59,116	19,384	44,756
Repairs and maintenance	659,000	659,000	163,880	495,120	344,469
Capital outlay - capitalized and noncapitalized	4,576,000	4,576,000	710,111	3,865,889	315,154
Debt service - principal	-	-	-	-	-
Total Operating Expenses	<u>7,178,832</u>	<u>7,178,832</u>	<u>2,659,144</u>	<u>4,519,688</u>	<u>2,458,902</u>
Operating Income (Loss)	<u>(4,226,332)</u>	<u>(4,226,332)</u>	<u>367,197</u>	<u>4,593,529</u>	<u>596,417</u>
Non-Operating Revenues (Expenses)					
Interest and fiscal charges	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	1,782,690
Investment earnings	5,000	5,000	15,036	10,036	14,215
Total Non-Operating Revenues (Expenses)	<u>5,000</u>	<u>5,000</u>	<u>15,036</u>	<u>10,036</u>	<u>1,796,905</u>
(Loss) Before Contributions and Transfers In	<u>(4,221,332)</u>	<u>(4,221,332)</u>	<u>382,233</u>	<u>4,603,565</u>	<u>2,393,322</u>
Capital contributions	-	-	-	-	-
Transfers in	500,000	500,000	500,000	-	500,000
Change in Net Assets - Budgetary Basis	<u>\$ (3,721,332)</u>	<u>\$ (3,721,332)</u>	<u>882,233</u>	<u>\$ 4,603,565</u>	<u>2,893,322</u>
Reconciliation to GAAP Basis - Change in Net Assets					
Deduct:					
Depreciation			(974,313)		(976,370)
Amortization			-		-
Add:					
Capitalized capital outlay			699,845		298,756
Debt principal			-		-
Change in Net Assets - GAAP Basis			<u>607,765</u>		<u>2,215,708</u>
Net Assets Beginning of Year			<u>32,131,393</u>		<u>29,915,685</u>
Net Assets End of Year			<u>\$ 32,739,158</u>		<u>\$ 32,131,393</u>

See accompanying independent auditor's report

City of Black Hawk, Colorado

Introduction to 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 information has not been audited by the independent auditor. In 2007, the Black Hawk Transportation Authority and the Black Hawk Business Improvement District, two City component units, were reclassified from discretely presented to blended pursuant to generally accepted accounting principles. Unless otherwise indicated, the years prior to 2007 have not been restated to reflect this reclassification.

Contents

Exhibit

Financial Trends

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.

I - XII

Revenue Capacity

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.

XIII - XVI

Debt Capacity

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.

XVII - XX

Demographic and Economic Information

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.

XXI - XXVII

Operating Information

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.

XXVIII - XXX

Data Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant years included.

Notes:

The City implemented GASB Statement No. 34 in calendar year 2003, therefore, tables presenting government-wide financial data include only nine years.

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

	For the Year Ended December 31,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
General government ²	\$ 3,860,525	\$ 7,912,296	\$ 6,178,636	\$ 11,031,421	\$ 3,578,935	\$ 4,349,581	\$ 4,085,428	\$ 5,072,444	\$ 5,340,343
Planning	1,174,887	676,589	722,507	565,561	446,144	368,509	281,256	360,064	277,088
Public safety	5,170,503	5,512,157	5,538,941	6,319,260	6,245,176	6,396,298	5,255,467	5,382,877	5,728,980
Public works	3,648,385	2,744,570	3,598,032	3,991,812	5,177,834	7,171,578	5,709,460	5,440,673	4,859,138
Culture and recreation	-	-	-	-	-	10,940	-	-	-
Interest and fiscal charges	251,960	199,579	202,633	183,006	618,596	524,620	432,372	1,053,198	803,364
Total Expenses	14,106,260	17,045,191	16,240,749	22,091,060	16,066,685	18,821,526	15,763,983	17,309,256	17,008,913
Program Revenues:									
Charges for services:									
Plan review fees	356,253	258,201	318,357	32,757	70,631	11,359	14,896	56,596	10,600
Building permits	54,563	212,616	169,834	51,312	108,664	19,145	24,518	21,417	16,798
Impact fees	194,184	60,746	125,086	212,216	14,644	-	62,828	-	-
Sales of houses - historical preservation	-	829,163	291,760	189,107	-	-	-	-	-
Transportation fees	-	-	-	-	-	582,326	904,469	523,282	-
Other	80,617	63,803	143,695	171,195	670,442	78,961	212,653	706,565	505,944
Operating grants and contributions ³	3,705,564	3,856,784	3,703,779	3,993,205	6,554,477	6,230,709	5,141,584	5,377,120	3,740,755
Capital grants and contributions ⁴	1,109	88,791	5,858	-	12,070,480	50,000	-	-	-
Total Program Revenues	4,392,290	5,370,104	4,758,369	4,649,792	19,489,338	6,972,500	6,360,948	6,684,980	4,274,097
Net (Expense) Revenue	(9,713,970)	(11,675,087)	(11,482,380)	(17,441,268)	3,422,653	(11,849,026)	(9,403,035)	(10,624,276)	(12,734,816)
General Revenues:									
Taxes:									
Property and specific ownership taxes	8,336	9,979	9,466	9,756	830,844	467,385	445,187	453,069	457,583
Sales and use taxes	1,109,786	2,525,684	2,458,540	4,155,906	1,871,058	1,400,903	1,342,501	2,347,346	2,818,100
Road and bridge taxes	6,841	73,719	71,771	80,428	84,792	90,055	89,925	105,460	105,044
Device taxes	7,971,743	7,637,917	7,108,203	7,541,870	8,930,631	8,761,539	8,395,345	8,015,456	7,673,775
Franchise taxes	93,991	118,676	128,986	132,332	145,338	152,460	138,226	163,040	161,485
Other	-	17,297	13,835	12,971	18,156	15,848	6,345	26,682	50,915
Gaming	6,599,843	6,710,104	6,587,172	7,110,170	7,530,055	7,172,188	6,056,663	7,180,228	7,112,195
Investment earnings	249,841	239,637	506,585	1,316,836	1,127,219	522,039	119,870	104,440	71,048
Miscellaneous ⁵	68,464	368,622	2,053,147	621,263	2,557,025	1,320,408	129,041	292,173	393,945
Total General Revenues	16,108,845	17,701,635	18,937,705	20,981,532	23,095,118	19,902,825	16,723,103	18,687,894	18,844,090
Transfers ⁷	(2,494,424)	(1,480,915)	(2,683,926)	(3,104,995)	(4,628,642)	(3,371,609)	(15,548,440)	(500,000)	(500,000)
Total General Revenues and Transfers	13,614,421	16,220,720	16,253,779	17,876,537	18,466,476	16,531,216	1,174,663	18,187,894	18,344,090
Special Item ⁶	(1,614,558)	-	-	-	-	-	-	-	-
Change in Net Assets	\$ 2,285,893	\$ 4,545,633	\$ 4,771,399	\$ 435,269	\$ 21,889,129	\$ 4,682,190	\$ (8,228,372)	\$ 7,563,618	\$ 5,609,274

Notes:

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

² The 2006 amount includes a payment for land relating to an eminent domain settlement of \$5.3 million.

³ The 2006 amount includes infrastructure donated by the casinos, primarily a road.

⁴ The majority of these revenues are the City's share of State gaming revenue set aside for historical preservation projects.

⁵ The 2007 amount includes a recovery of \$2,221,034 relating to the eminent domain settlement.

⁶ The 2003 amount was a write-down to fair value of the cost of historical preservation houses restored by the City and sold in 2004.

⁷ The 2009 amount includes the assumption of the business-type activities long-term debt, totaling \$12,066,203.

Data Source:

Applicable years' annual financial report.

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

	For the Year Ended December 31,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
General government ²	27.4%	46.4%	38.0%	49.9%	22.3%	23.1%	25.9%	29.3%	31.4%
Planning	8.3%	4.0%	4.4%	2.6%	2.8%	2.0%	1.8%	2.1%	1.6%
Public safety	36.7%	32.3%	34.1%	28.6%	38.9%	34.0%	33.3%	31.1%	33.7%
Public works	25.9%	16.1%	22.2%	18.1%	32.2%	38.2%	36.2%	31.4%	28.6%
Interest and fiscal charges	1.8%	1.2%	1.2%	0.8%	3.9%	2.8%	2.7%	6.1%	4.7%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:									
Charges for services:									
Plan review fees	8.1%	4.8%	6.7%	0.7%	0.4%	0.2%	0.2%	0.8%	0.2%
Building permits	1.2%	4.0%	3.6%	1.1%	0.6%	0.3%	0.4%	0.3%	0.4%
Impact fees	4.4%	1.1%	2.6%	4.6%	0.1%	0.0%	1.0%	0.0%	0.0%
Sales of houses - historical preservation	0.0%	15.4%	6.1%	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Transportation fees	0.0%	0.0%	0.0%	0.0%	0.0%	8.4%	14.2%	7.8%	0.0%
Other	1.8%	1.2%	3.0%	3.7%	3.4%	1.1%	3.3%	10.6%	11.8%
Operating grants and contributions ³	84.4%	71.8%	77.8%	85.9%	33.6%	89.4%	80.8%	80.4%	87.5%
Capital grants and contributions ⁴	0.0%	1.7%	0.1%	0.0%	61.9%	0.7%	0.0%	0.0%	0.0%
Total Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:									
Taxes:									
Property and specific ownership taxes	0.1%	0.1%	0.0%	0.0%	3.6%	2.3%	2.7%	2.4%	2.4%
Sales and use taxes	6.9%	14.3%	13.0%	19.8%	8.1%	7.0%	8.0%	12.6%	15.0%
Road and bridge taxes	0.0%	0.4%	0.4%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%
Device taxes	49.5%	43.1%	37.5%	35.9%	38.7%	44.0%	50.2%	42.9%	40.7%
Franchise taxes	0.6%	0.7%	0.7%	0.6%	0.6%	0.8%	0.8%	0.9%	0.9%
Other	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.1%	0.3%
Gaming	41.0%	37.9%	34.8%	33.9%	32.6%	36.0%	36.2%	38.4%	37.7%
Investment earnings	1.6%	1.4%	2.7%	6.3%	4.9%	2.6%	0.7%	0.6%	0.4%
Miscellaneous ⁵	0.4%	2.1%	10.8%	3.0%	11.1%	6.6%	0.8%	1.6%	2.1%
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

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

² The 2006 amount includes a payment for land relating to an eminent domain settlement of \$5.3 million.

³ The 2006 amount includes infrastructure donated by the casinos, primarily a road.

⁴ The majority of these revenues are the City's share of State gaming revenue set aside for historical preservation projects.

⁵ The 2007 amount includes a recovery of \$2,221,034 relating to the eminent domain settlement.

Data Source:

Applicable years' annual financial report.

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

	For the Year Ended December 31,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Water	\$ 3,517,404	\$ 3,390,240	\$ 3,501,744	\$ 2,994,339	\$ 3,250,519	\$ 3,184,682	\$ 3,177,139	\$ 3,136,516	\$ 2,933,612
Program Revenues:									
Charges for services - water	523,141	523,369	536,025	699,648	729,783	1,427,314	2,782,031	3,047,644	2,981,338
Operating grants and contributions	77,180	-	-	-	-	-	-	-	-
Capital grants and contributions	15,378	632,342	118,856	27,356	1,110,941	1,276,201	49,019	-	-
Total Program Revenues	615,699	1,155,711	654,881	727,004	1,840,724	2,703,515	2,831,050	3,047,644	2,981,338
Net (Expense) Revenue	(2,901,705)	(2,234,529)	\$ (2,846,863)	\$ (2,267,335)	\$ (1,409,795)	\$ (481,167)	\$ (346,089)	\$ (88,872)	\$ 47,726
General Revenues:									
Investment earnings	-	15,736	-	9,071	83,822	142,859	21,571	14,215	15,036
Miscellaneous ³	-	60,439	23,956	30,991	-	24	64,462	1,790,365	45,003
Total General Revenues	-	76,175	23,956	40,062	83,822	142,883	86,033	1,804,580	60,039
Transfers In ²	2,494,424	1,480,915	2,683,926	3,104,995	4,628,642	3,371,609	15,548,440	500,000	500,000
Total General Revenues and Transfers	2,494,424	1,557,090	2,707,882	3,145,057	4,712,464	3,514,492	15,634,473	2,304,580	560,039
Change in Net Assets	\$ (407,281)	\$ (677,439)	\$ (138,981)	\$ 877,722	\$ 3,302,669	\$ 3,033,325	\$ 15,288,384	\$ 2,215,708	\$ 607,765

Notes:

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

² In 2009, the governmental-activities assumed responsibility for all business-type long-term debt, resulting in a transfer in of \$12,066,203.

³ In 2010, the Water Fund Sold \$2,322,000 in Water Rights.

Data Source:

Applicable years' annual financial report.

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

	For the Year Ended December 31,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities ²	\$ 14,106,260	\$ 17,045,191	\$ 16,240,749	\$ 22,091,060	\$ 16,066,685	\$ 18,821,526	\$ 15,763,983	\$ 17,309,256	\$ 17,008,913
Business-type activities ³	3,517,404	3,390,240	3,501,744	2,994,339	3,250,519	3,184,682	3,177,139	3,136,516	2,933,612
Total Expenses	17,623,664	20,435,431	19,742,493	25,085,399	19,317,204	22,006,208	18,941,122	20,445,772	19,942,525
Program Revenues:									
Governmental activities ²	4,392,290	5,370,104	4,758,369	4,649,792	19,489,338	6,972,500	6,360,948	6,684,980	4,274,097
Business-type activities ³	615,699	1,155,711	654,881	727,004	1,840,724	2,703,515	2,831,050	3,047,644	2,981,338
Total Program Revenues	5,007,989	6,525,815	5,413,250	5,376,796	21,330,062	9,676,015	9,191,998	9,732,624	7,255,435
Net (Expense) Revenue	(12,615,675)	(13,909,616)	(14,329,243)	(19,708,603)	2,012,858	(12,330,193)	(9,749,124)	(10,713,148)	(12,687,090)
General Revenues and Transfers:									
Governmental activities ²	13,614,421	16,220,720	16,253,779	17,876,537	18,466,476	16,531,216	1,174,663	18,187,894	18,344,090
Business-type activities ³	2,494,424	1,557,090	2,707,882	3,145,057	4,712,464	3,514,492	15,634,473	2,304,580	560,039
Total General Revenues and Transfers	16,108,845	17,777,810	18,961,661	21,021,594	23,178,940	20,045,708	16,809,136	20,492,474	18,904,129
Change in Net Assets	\$ 3,493,170	\$ 3,868,194	\$ 4,632,418	\$ 1,312,991	\$ 25,191,798	\$ 7,715,515	\$ 7,060,012	\$ 9,779,326	\$ 6,217,039

Notes:

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

Data Source:

² See Exhibit I

³ See Exhibit III

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

	Restated ⁶								
	December 31, 2003	December 31, 2004	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
Governmental Activities									
Invested in capital assets, net of related debt ^{3,4,5}	\$ 6,731,922	\$ 13,998,360	\$ 30,536,621	\$ 39,998,733	\$ 44,818,459	\$ 50,752,082	\$ 55,721,389	\$ 58,845,435	\$ 60,544,095
Restricted	12,208,422	13,625,132	7,843,324	6,709,556	8,973,493	9,999,900	9,371,846	11,573,438	9,665,887
Unrestricted	6,396,224	5,634,242	6,740,199	706,045	14,061,857	11,784,018	(785,606)	1,452,374	7,270,538
Total Governmental Activities Net Assets	25,336,568	33,257,734	45,120,144	47,414,334	67,853,809	72,536,000	64,307,629	71,871,247	77,480,520
Business-type Activities									
Invested in capital assets, net of related debt ⁷	6,592,829	7,280,187	7,275,369	6,845,299	6,642,322	11,643,353	28,891,370	27,674,445	27,399,977
Restricted	1,321,969	711,669	544,240	1,295,851	1,317,800	1,235,475	934,465	-	-
Unrestricted	516,015	(238,482)	(205,216)	150,157	3,429,661	1,748,473	89,850	4,456,948	5,339,181
Total Business-type Activities Net Assets	8,430,813	7,753,374	7,614,393	8,291,307	11,389,783	14,627,301	29,915,685	32,131,393	32,739,158
Primary Government									
Invested in capital assets, net of related debt ³	13,324,751	21,278,547	37,811,990	46,844,032	51,460,781	62,395,435	84,612,759	86,519,880	87,944,072
Restricted	13,530,391	14,336,801	8,387,564	8,005,407	10,291,293	11,235,375	10,306,311	11,573,438	9,665,887
Unrestricted	6,912,239	5,395,760	6,534,983	856,202	17,491,518	13,532,491	(695,756)	5,909,322	12,609,719
Total Primary Government Net Assets	\$ 33,767,381	\$ 41,011,108	\$ 52,734,537	\$ 55,705,641	\$ 79,243,592	\$ 87,163,301	\$ 94,223,314	\$ 104,002,640	\$ 110,219,678

Notes:

¹ The City implement GASB Statement No. 34 in calendar year 2003, therefore only nine 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.

⁶ Includes the Black Hawk Transportation Authority and the Black Hawk Business Improvement District.

⁷ In 2009, the significant increase in "invested in capital assets, net of related debt" relates to an increase of construction in progress, primarily for the Silver Gulch water tank (\$3.6 million) and the governmental activities assumption of the business-type activities long-term bonded debt in the amount of \$12,066,203.

Data Source:

Applicable years' annual financial report.

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

Revenue Source	For the Year Ended December 31,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Taxes	\$ 9,508,694	\$ 9,195,399	\$ 10,376,445	\$ 9,785,011	\$ 11,926,812	\$ 11,873,523	\$ 10,879,027	\$ 10,411,184	\$ 11,104,126	\$ 11,258,878
Special assessments ⁵	-	-	-	-	-	1,840,892	1,840,892	1,536,382	1,542,391	-
Intergovernmental	10,126,569	10,320,024	10,573,715	10,296,741	11,109,826	12,250,936	11,571,168	9,668,210	11,021,884	10,860,974
Licenses and permits	59,703	80,378	238,591	197,029	84,352	131,528	37,685	51,679	26,420	23,266
Fines and forfeitures	22,274	18,377	17,000	20,135	16,917	29,921	32,476	42,788	38,975	54,566
Charges for services	131,738	390,278	279,029	414,722	153,995	688,288	621,630	1,062,069	1,242,465	455,510
Impact and development fees	90,552	194,184	60,746	125,086	401,323	14,644	-	62,828	-	-
Investment earnings	474,139	249,841	239,637	506,585	1,316,836	1,127,219	522,039	119,870	104,440	71,048
Miscellaneous ⁴	25,789	52,654	1,197,785	2,323,097	621,263	2,557,025	344,296	279,077	485,756	582,991
Total revenues	\$ 20,439,458	\$ 20,501,135	\$ 22,982,948	\$ 23,668,406	\$ 25,631,324	\$ 30,513,976	\$ 25,849,213	\$ 23,234,087	\$ 25,566,457	\$ 23,307,233
% change from prior year	#REF!	0.3%	12.1%	3.0%	8.3%	19.0%	-15.3%	-10.1%	10.0%	-8.8%
Taxes	46.5%	44.9%	45.1%	41.3%	46.5%	38.9%	42.1%	44.8%	43.4%	48.3%
Special assessments	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	7.1%	6.6%	6.0%	0.0%
Intergovernmental	49.5%	50.3%	46.0%	43.5%	43.3%	40.1%	44.8%	41.6%	43.1%	46.6%
Licenses and permits	0.3%	0.4%	1.0%	0.8%	0.3%	0.4%	0.1%	0.2%	0.1%	0.1%
Fines and forfeitures	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
Charges for services	0.6%	1.9%	1.2%	1.8%	0.6%	2.3%	2.4%	4.6%	4.9%	2.0%
Impact and development fees	0.4%	0.9%	0.3%	0.5%	1.6%	0.0%	0.0%	0.3%	0.0%	0.0%
Investment earnings	2.3%	1.2%	1.0%	2.1%	5.1%	3.7%	2.0%	0.5%	0.4%	0.3%
Miscellaneous	0.1%	0.3%	5.2%	9.8%	2.4%	8.4%	1.3%	1.2%	1.9%	2.5%
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 The 2004 amount includes \$829,163 for the sale of City owned restored

³ The 2005 amount includes \$297,760 for the sale of City owned restored houses, a \$328,061 reimbursement for excavating, and \$1,448,175 from the sale of land.

⁴ The 2007 amount include a \$2.2 million recovery of an emminent domain settlement paid in 2006.

⁵ In 2011, the BID did not levy a special assessment.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Tax Revenues by Source - Governmental Funds
Last Nine 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
2007 ⁴	830,844	84,792	1,871,058	145,338	8,930,631	10,860	11,873,523
2008	467,385	90,055	1,400,903	152,460	8,761,539	6,685	10,879,027
2009	445,187	89,925	1,342,501	138,226	8,395,345	-	10,411,184
2010	453,069	105,460	2,347,346	163,040	8,015,456	19,755	11,104,126
2011	457,583	105,044	2,818,100	161,485	7,673,775	42,891	11,258,878
Percentage Change							
In Dollars Over							
9 Years	<u>5240.5%</u>	<u>1214.5%</u>	<u>21.0%</u>	<u>47.1%</u>	<u>5.3%</u>	<u>-100.0%</u>	<u>13.2%</u>
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%
2007	7.0%	0.7%	15.8%	1.2%	75.2%	0.1%	100.0%
2008	4.3%	0.8%	12.9%	1.4%	80.5%	0.1%	100.0%
2009	4.3%	0.9%	12.9%	1.3%	80.6%	0.0%	100.0%
2010	4.1%	0.9%	21.1%	1.5%	72.2%	0.2%	100.0%
2011	4.1%	0.9%	25.0%	1.4%	68.2%	0.4%	100.0%

Notes:

¹ Only nine 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.

⁴ Beginning in 2007, the business improvement district was included as a blended component unit, which affects the property and device tax amounts.

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 Preservation ³ and Restoration	Total	Total Percentage Change
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%
2007	7,530,055	4,216,831	11,746,886	5.91%
2008	7,172,188	4,016,425	11,188,613	-4.75%
2009	6,056,663	3,391,731	9,448,394	-15.55%
2010	7,180,228	3,649,036	10,829,264	14.61%
2011	7,112,195	3,557,150	10,669,345	-1.48%
Percentage Change in Dollars Over 10 Years	<u>9.9%</u>	<u>-1.9%</u>	<u>5.7%</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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Current:										
General government ²	\$ 4,306,624	\$ 3,739,799	\$ 4,979,283	\$ 5,330,439	\$ 5,347,801	\$ 3,165,107	\$ 3,935,814	\$ 3,717,346	\$ 4,665,541	\$ 4,938,760
Planning	523,589	1,159,281	668,311	700,510	566,361	446,488	376,483	278,414	355,913	273,146
Public safety	4,703,019	5,034,439	5,256,946	5,366,116	6,018,337	6,051,813	6,199,634	5,225,582	5,114,851	5,494,572
Public works	2,080,349	2,306,217	3,053,618	3,631,126	2,850,987	3,828,417	4,007,440	3,905,364	3,970,172	3,076,152
Culture and recreation	-	-	-	-	-	-	10,940	-	-	-
Total Current	11,613,581	12,239,736	13,958,158	15,028,191	14,783,486	13,491,825	14,530,311	13,126,706	14,106,477	13,782,630
% Change From Prior Year	4.4%	5.4%	14.0%	7.7%	-1.6%	-8.7%	7.7%	-9.7%	7.5%	-2.3%
Capital Outlay	4,210,590	3,419,925	6,579,654	10,396,919	4,389,185	2,169,020	7,135,470	5,177,599	2,858,093	3,729,204
% Change From Prior Year	25.0%	-18.8%	92.4%	58.0%	-57.8%	-50.6%	229.0%	-27.4%	-44.8%	30.5%
Debt Service										
Principal	391,250	415,000	518,840	618,132	543,223	2,298,025	2,485,876	1,993,370	3,392,694	1,904,871
Interest and fees	271,398	253,934	307,107	198,356	237,700	495,143	395,543	318,158	816,183	673,756
Total Debt Service	662,648	668,934	825,947	816,488	780,923	2,793,168	2,881,419	2,311,528	4,208,877	2,578,627
% Change From Prior Year	-1.6%	0.9%	23.5%	-1.1%	-4.4%	257.7%	3.2%	-19.8%	82.1%	-38.7%
Total Expenditures	\$ 16,486,819	\$ 16,328,595	\$ 21,363,759	\$ 26,241,598	\$ 19,953,594	\$ 18,454,013	\$ 24,547,200	\$ 20,615,833	\$ 21,173,447	\$ 20,090,461
% Change From Prior Year	8.7%	-1.0%	30.8%	22.8%	-24.0%	-7.5%	33.0%	-16.0%	2.7%	-5.1%
Debt Service as a Percentage of Noncapital Expenditures	5.4%	5.2%	5.6%	5.2%	5.0%	17.2%	16.5%	15.0%	23.0%	15.8%

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

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Current:										
General government	\$ 4,306,624	\$ 3,739,799	\$ 4,979,283	\$ 5,330,439	\$ 5,347,801	\$ 3,165,107	\$ 3,935,814	\$ 3,717,346	\$ 4,665,541	\$ 4,938,760
Planning	523,589	1,159,281	668,311	700,510	566,361	446,488	376,483	278,414	355,913	273,146
Public safety	4,703,019	5,034,439	5,256,946	5,366,116	6,018,337	6,051,813	6,199,634	5,225,582	5,114,851	5,494,572
Public works	2,080,349	2,306,217	3,053,618	3,631,126	2,850,987	3,828,417	4,007,440	3,905,364	3,970,172	3,076,152
Culture and recreation	-	-	-	-	-	-	10,940	-	-	-
Total Current	\$ 11,613,581	\$ 12,239,736	\$ 13,958,158	\$ 15,028,191	\$ 14,783,486	\$ 13,491,825	\$ 14,530,311	\$ 13,126,706	\$ 14,106,477	\$ 13,782,630
Current:										
General government	37.1%	30.6%	35.7%	35.5%	36.2%	23.5%	27.1%	28.3%	33.1%	35.8%
Planning	4.5%	9.5%	4.8%	4.7%	3.8%	3.3%	2.6%	2.1%	2.5%	2.0%
Public safety	40.5%	41.1%	37.7%	35.7%	40.7%	44.9%	42.7%	39.8%	36.3%	39.9%
Public works	17.9%	18.8%	21.9%	24.2%	19.3%	28.4%	27.6%	29.8%	28.1%	22.3%
Parks and recreation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	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)

Source	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Revenues	\$ 20,439,458	\$ 20,501,135	\$ 22,982,948	\$ 23,668,406	\$ 25,631,324	\$ 30,513,976	\$ 25,849,213	\$ 23,234,087	\$ 25,566,457	\$ 23,307,233
Total Expenditures	16,486,819	16,328,595	21,363,759	26,241,598	19,953,594	18,454,013	24,547,200	20,615,833	21,173,447	20,090,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,952,639	4,172,540	1,619,189	(2,573,192)	5,677,730	12,059,963	1,302,013	2,618,254	4,393,010	3,216,772
Other Financing Sources										
Inception of capital lease obligation	-	-	524,075	232,055	265,400	-	-	-	-	-
Issuance of bonds	-	-	1,031,250	-	1,327,000	-	-	-	-	-
Bond premium	-	-	-	-	31,346	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(991,626)	-	(1,330,000)	-	-	-	-	-
Transfers in	4,514,625	1,793,094	3,394,872	2,383,522	1,661,579	3,726,595	6,524,426	655,000	2,286,913	3,198,000
Transfers out	(8,430,838)	(4,287,518)	(4,875,787)	(5,045,638)	(4,766,574)	(8,355,237)	(9,896,035)	(4,137,237)	(2,786,913)	(3,698,000)
Total Other Financing Sources	(3,916,213)	(2,494,424)	(917,216)	(2,430,061)	(2,811,249)	(4,628,642)	(3,371,609)	(3,482,237)	(500,000)	(500,000)
Net Change in Fund Balances	36,426	1,678,116	701,973	(5,003,253)	2,866,481	7,431,321	(2,069,596)	(863,983)	3,893,010	2,716,772
Fund Balances, Beginning of Year	18,757,680	18,794,106	18,857,664	19,559,637	14,556,384	12,884,856	23,004,456	20,934,860	20,070,877	23,963,887
Other Changes¹	-	(1,614,558)	-	-	(4,538,009)	2,688,279	-	-	-	-
Fund Balances, End of Year	<u>\$ 18,794,106</u>	<u>\$ 18,857,664</u>	<u>\$ 19,559,637</u>	<u>\$ 14,556,384</u>	<u>\$ 12,884,856</u>	<u>\$ 23,004,456</u>	<u>\$ 20,934,860</u>	<u>\$ 20,070,877</u>	<u>\$ 23,963,887</u>	<u>\$ 26,680,659</u>

Notes:

¹ Consists primarily of restatements and special items. The 2006 special item 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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 684,000	\$ 581,000	\$ 475,000	\$ 467,364	\$ 511,906	\$ 474,780	\$ 354,111	\$ 399,204	\$ 387,620	\$ 509,839
Unreserved	2,429,503	331,718	2,065,894	4,799,376	6,275,828	6,073,465	9,950,863	7,628,780	9,381,452	11,520,703
Subtotal General Fund	3,113,503	912,718	2,540,894	5,266,740	6,787,734	6,548,245	10,304,974	8,027,984	9,769,072	12,030,542
General Fund Percentage										
Change From Prior Year	-18.3%	-70.7%	178.4%	107.3%	28.9%	-3.5%	57.4%	-22.1%	21.7%	23.1%
All Other Governmental Funds										
Reserved ¹	10,448,832	11,961,081	11,733,422	10,787,404	4,389,565	1,178,921	5,260,021	6,593,301	6,460,366	8,374,197
Unreserved										
Special Revenue Funds	1,994,944	2,476,242	106,565	143,009	195,453	148,365	2,333,520	(1,078,886)	(880,771)	263,356
Capital Projects Funds	3,200,401	3,444,065	4,476,783	3,362,484	3,416,965	5,009,325	5,105,941	7,392,461	4,722,210	3,295,792
Subtotal All Other										
Governmental Funds	15,644,177	17,881,388	16,316,770	14,292,897	8,001,983	6,336,611	12,699,482	12,906,876	10,301,805	11,933,345
Total Governmental Funds										
Reserved	11132832	12,542,081	12,208,422	11,254,768	4,901,471	1,653,701	5,614,132	6,992,505	6,847,986	8,884,036
Unreserved	7,624,848	6,252,025	6,649,242	8,304,869	9,888,246	11,231,155	17,390,324	13,942,355	13,222,891	15,079,851
Total Governmental Funds	\$ 18,757,680	\$ 18,794,106	\$ 18,857,664	\$ 19,559,637	\$ 14,789,717	\$ 12,884,856	\$ 23,004,456	\$ 20,934,860	\$ 20,070,877	\$ 23,963,887
All Governmental Funds										
Percentage Change	53.1%	0.2%	0.3%	3.7%	-24.4%	-12.9%	78.5%	-9.0%	-4.1%	19.4%

Notes:

¹ For consistency, the fund balance in the debt service fund was reclassified from unreserved to reserved for years 2001 - 2010.

² The 2000 - 2003 fund balance for the preservation restoration fund have been reclassified from unreserved to reserved to be consistent with the 2004 - 2010 reporting.

³ The City implemented GASB 54 in 2011, which requires significantly different Fund Balance classifications. Please refer to the following page for current information.

Data Source:

Applicable years' annual financial report.

City of Black Hawk, Colorado
Fund Balances - Governmental Funds (Unaudited)
Fiscal Year 2011
(modified accrual basis of accounting)

	<u>December 31,</u>
	<u>2011</u>
General Fund:	
Assigned to:	
Emergencies	\$ 512,000
Subsequent years' expenditures	-
Unassigned	<u>14,523,564</u>
Total General Fund	<u>15,035,564</u>
All Other Governmental Funds	
Nonspendable:	
Prepaid items	7,903
Restricted for:	
Preservation and Restoration	4,966,982
Transportation	55,263
Parking Impact	2,274,609
Assigned to:	
Capital projects	2,417,632
Debt Service	1,588,738
Unassigned:	333,968
Total All Other Governmental Funds	<u>11,645,095</u>
Total Governmental Funds	<u><u>\$ 26,680,659</u></u>

Notes:

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2011. The City did not restate the prior years.

Data Source:

Applicable years' comprehensive annual financial report.

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

Major Casino	For the Calendar Years December 31,															
	2004		2005		2006		2007		2008		2009		2010		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Isle of Capri	1,099	11.7%	1,408	14.5%	1,424	14.1%	1,403	14.2%	1,387	14.2%	1,327	14.3%	1,165	13.5%	1,114	13.0%
Ameristar	1,030	11.0%	902	9.3%	1,662	16.4%	1,664	16.8%	1,634	16.8%	1,581	17.1%	1,548	17.9%	1,519	17.7%
Lodge	949	10.1%	721	7.4%	943	9.3%	998	10.1%	976	10.0%	1,018	11.0%	1,006	11.6%	1,023	11.9%
Riviera	1,012	10.8%	960	9.9%	842	8.3%	870	8.8%	829	8.5%	767	8.3%	753	8.7%	789	9.2%
Mardi Gras	703	7.5%	721	7.4%	743	7.3%	679	6.9%	706	7.2%	655	7.1%	676	7.8%	677	7.9%
Lady Luck Casino	662	7.1%	810	8.3%	685	6.8%	663	6.7%	668	6.9%	613	6.6%	520	6.0%	537	6.2%
Bullwhackers	688	7.3%	687	7.1%	692	6.8%	687	6.9%	664	6.8%	598	6.5%	310	3.6%	290	3.4%
Fitzgeralds	599	6.4%	605	6.2%	600	5.9%	595	6.0%	911	9.3%	752	8.1%	734	8.5%	673	7.8%
Canyon/Grand Plateau	589	6.3%	559	5.8%	433	4.3%	448	4.5%	419	4.3%	419	4.5%	407	4.7%	410	4.8%
Gilpin	448	4.8%	457	4.7%	457	4.5%	458	4.6%	446	4.6%	416	4.5%	405	4.7%	386	4.5%
Total Major Casinos ⁴	7,779	82.9%	7,830	80.7%	8,481	83.7%	8,465	85.5%	8,640	88.6%	8,146	87.9%	7,524	87.0%	7,418	86.3%
All Other Casinos	1,609	17.1%	1,872	19.3%	1,649	16.3%	1,439	14.5%	1,111	11.4%	1,125	12.1%	1,120	13.0%	1,180	13.7%
Total All Casinos ⁵	9,388	100.0%	9,702	100.0%	10,130	100.0%	9,904	100.0%	9,751	100.0%	9,271	100.0%	8,644	100.0%	8,598	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 2004-2011.

Data Source:

⁴ City Finance Department

⁵ Colorado Department of Revenue, Division of Gaming,
<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	Regular ¹	Main Street Improvements Fee	Transportation Fee	Total
2002	\$ 750	\$ 89	\$ 77	\$ 916
2003	750	89	77	916
2004	750	89	77	916
2005	750	89	77	916
2006	750	89	77	916
2007	750	89	77	916
2008	750	89	77	916
2009	750	89	77	916
2010	750	89	77	916
2011	750	89	77	916

Notes:

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

Data Source :

City Finance Department

City of Black Hawk, Colorado
Principal General Device Fee Payers
For the Calendar Years Ended December 31, 2011 and 2004 ¹

2011			
Principal Device Fee Payers - Casinos	Total Fees ^{2,3}	Rank	Percentage of Total Fees
Ameristar	\$ 1,147,250	1	17.89%
Isle of Capri	824,313	2	12.85%
Lodge	763,188	3	11.90%
Riviera	576,313	4	8.99%
Fitzgeralds	515,688	5	8.04%
Mardi Gras	504,875	6	7.87%
Lady Luck	401,375	7	6.26%
Bullwhackers	226,938	8	3.54%
Canyon/Grand Plateau	306,688	9	4.78%
Gilpin	292,188	10	4.56%
Total Principal Fee Payers	5,558,813		86.68%
All Other Fee Payers	854,125		13.32%
Total	\$ 6,412,938		100.00%

2004			
Principal Device Fee Payers - Casinos	Total Fees ^{2,3}	Rank	Percentage of Total Fees
Isle of Capri	\$ 792,000	1	12.61%
Ameristar (formerly Mountain High)	734,498	2	11.70%
Riviera	701,726	3	11.18%
Lodge	671,188	4	10.69%
Mardi Gras	492,125	5	7.84%
Colorado Central	487,063	6	7.76%
Bullwhackers	472,813	7	7.53%
Fitzgeralds	413,688	8	6.59%
Canyon/Grand Plateau	409,688	9	6.52%
Gilpin	293,363	10	4.67%
Total Principal Fee Payers	5,468,152		87.09%
All Other Fee Payers	810,897		12.91%
Total	\$ 6,279,049		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 device fees.

³ The device fees do not include the Transportation Fee or the Main Street Improvement fees.

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
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%
2007	4.00%	2.90%	6.90%
2008	4.00%	2.90%	6.90%
2009 ²	5.50%	2.90%	8.40%
2010	5.50%	2.90%	8.40%
2011	5.50%	2.90%	8.40%

Notes:

¹ The City began levying a sales tax in 2003.

² The additional 1.5% City tax is a dedicated sales tax levied for the school district.

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 ¹	Estimated Population ²	Total Debt Per Capita ³	Total Debt Per Gaming Device ^{4, 5}
	Device Tax Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Total	Device Tax Revenue Bonds	General Obligation Bonds	Total				
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	2,096
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
2007 ⁶	2,028,250	1,425,000	4,965,000	403,310	8,821,560	12,816,750	2,170,000	14,986,750	23,808,310	111	214,489	2,404
2008	1,935,250	1,215,000	3,005,000	180,434	6,335,684	12,354,750	1,825,000	14,179,750	20,515,434	111	184,824	2,104
2009 ⁷	13,210,000	2,395,000	1,525,000	72,564	17,202,564	-	-	-	17,202,564	111	154,978	1,856
2010	12,080,000	1,715,000	-	14,870	13,809,870	-	-	-	13,809,870	111	124,413	1,598
2011	10,890,000	1,015,000	-	-	11,905,000	-	-	-	11,905,000	115	103,522	1,385

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.

⁶ Beginning in 2007, includes debt related to the Black Hawk Business Improvement District. Years prior to 2007 have not been restated.

⁷ In 2009, all business-type long-term bonded debt was transferred to governmental activities.

Data Source:

¹ Applicable years' annual financial report.

² Are estimated counts by City management and the Colorado Department of Local Affairs, Division of Local Government.

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 G.O. Debt Per Gaming Device ^{2,3}
2002	3,855,000	117	32,949	410
2003	3,535,000	116	30,474	368
2004	3,220,000	111	29,009	343
2005	2,890,000	111	26,036	298
2006	2,540,000	111	22,883	251
2007	3,595,000	111	32,387	363
2008	3,040,000	111	27,387	312
2009	2,395,000	111	21,577	258
2010	1,715,000	111	15,450	198
2011	1,015,000	115	8,826	118

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, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable³</u>	<u>Estimated Share of Overlapping Debt</u>
City Direct Debt:			
City:			
Device tax revenue bonds	\$ 10,890,000		
General obligation refunding bonds	490,000		
Capital leases	-		
Black Hawk Business Improvement District: ¹			
General obligation refunding bonds	525,000		
Total direct debt	<u>\$ 11,905,000</u>	100.00%	<u>\$ 11,905,000</u>
Overlapping Debt^{2, 3, 5, 6}			
General Obligation Bonds:⁴			
Gilpin County RE-1 School District			
General obligation bonds	\$ 4,980,000	65.00%	3,236,840
Capital leases	48,061	65.00%	31,238
Miners Mesa Commercial Metropolitan District			
General obligation bonds	6,291,000	100.00%	6,291,000
Silver Dollar Metropolitan District			
General obligation bonds	21,740,000	100.00%	<u>21,740,000</u>
Total			<u>31,299,078</u>
Total Direct and Overlapping Debt			<u>\$ 43,204,078</u>

Notes:

¹ The Black Hawk Business Improvement District is a blended component unit of the City.

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 most current data available.

⁵ Although overlapping the City's boundaries, both Black Hawk-Central City Sanitation District and Gilpin County do not have any outstanding governmental activities debt.

Data Source:

⁶ Each specific government.

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

	For the Calendar Year Ended December 31,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value ¹	<u>\$ 173,497,740</u>	<u>\$ 176,547,400</u>	<u>\$ 174,912,530</u>	<u>\$ 190,933,200</u>	<u>\$ 204,515,190</u>	<u>\$ 216,585,941</u>	<u>\$ 223,438,722</u>	<u>\$ 256,051,781</u>	<u>\$ 253,557,450</u>	<u>\$ 226,863,054</u>
Legal Debt Margin										
Debt limit (10% of assessed value)	<u>\$ 17,349,774</u>	<u>\$ 17,654,740</u>	<u>\$ 17,491,253</u>	<u>\$ 19,093,320</u>	<u>\$ 20,451,519</u>	<u>\$ 21,658,594</u>	<u>\$ 22,343,872</u>	<u>\$ 25,605,178</u>	<u>\$ 25,355,745</u>	<u>\$ 22,686,305</u>
Debt applicable to limit:										
General obligation bonds	3,855,000	3,535,000	3,220,000	2,890,000	2,540,000	3,595,000	3,040,000	2,395,000	1,715,000	1,015,000
Less: Amount reserved for repayment of general obligation debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt applicable to limit	<u>3,855,000</u>	<u>3,535,000</u>	<u>3,220,000</u>	<u>2,890,000</u>	<u>2,540,000</u>	<u>3,595,000</u>	<u>3,040,000</u>	<u>2,395,000</u>	<u>1,715,000</u>	<u>1,015,000</u>
Legal debt margin	<u>\$ 13,494,774</u>	<u>\$ 14,119,740</u>	<u>\$ 14,271,253</u>	<u>\$ 16,203,320</u>	<u>\$ 17,911,519</u>	<u>\$ 18,063,594</u>	<u>\$ 19,303,872</u>	<u>\$ 23,210,178</u>	<u>\$ 23,640,745</u>	<u>\$ 21,671,305</u>
As a percentage of debt limit	<u>77.78%</u>	<u>79.98%</u>	<u>81.59%</u>	<u>84.86%</u>	<u>87.58%</u>	<u>83.40%</u>	<u>86.39%</u>	<u>90.65%</u>	<u>93.24%</u>	<u>95.53%</u>

Data Source:

¹ Gilpin County Assessor

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

Calendar Year	County Population ^{1, 2}	(thousands of dollars) County Personal Income ^{1, 2}	County Per Capita Income ^{1, 2}	County Per Capita Personal Income % of U.S. ²	County Median Age ³	Unemployment Rate		
						Gilpin County ⁴	State of Colorado ⁴	United States ⁵
2002	4,859	177,492	36,529	116%	N/A	5.3%	5.6%	5.8%
2003	4,867	178,177	36,609	113%	N/A	5.7%	5.7%	6.0%
2004	4,861	176,024	36,211	107%	N/A	4.9%	5.4%	5.5%
2005	4,939	194,002	39,280	111%	N/A	5.0%	4.8%	5.1%
2006	5,034	209,058	41,529	110%	N/A	3.5%	3.9%	4.6%
2007	5,070	210,715	41,561	106%	N/A	4.4%	4.3%	4.6%
2008	5,238	217,408	41,506	103%	N/A	5.6%	5.9%	5.8%
2009	5,412	224,313	41,447	103%	N/A	6.3%	7.7%	9.3%
2010	5,604	228,689	40,808	103%	N/A	7.7%	8.9%	9.6%
2011	5,467	229,609	41,999	106%	N/A	6.5%	8.3%	8.9%

Notes:

¹ Information available for Gilpin County, not for the City.

Data Source:

² Gilpin County - 2002 - 2011 - U.S. Bureau of Economic Analysis - <http://www.bea.gov/bea/regional/reis/drill.cfm>.

³ Gilpin County - U.S. Census Bureau - <http://factfinder.census.gov>

⁴ Colorado Department of Labor and Employment, <http://www.coworkforce.com/lmi/ali/lfpag.asp>, December of each year.

⁵ United States Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/cps/cpsaat1.pdf>

City of Black Hawk, Colorado¹
Principal Employers
For the Calendar Years 2007 and 2005²

2007				
Employer	Product or Service	Number of Employees	Rank	Percentage of Total
Isle of Capri	Casino/Hotel	579	1	17.16%
The Lodge	Casino/Hotel	508	2	15.05%
Ameristar	Casino/Hotel	500	3	14.81%
Fortune Valley Hotel and Casino	Casino/Hotel	340	4	10.07%
Mardi Gras	Casino	322	5	9.54%
Rivera	Casino/Hotel	261	6	7.73%
Fitzgerald's	Casino	261	7	7.73%
Colorado Central Station	Casino	224	8	6.64%
Bullwhackers	Casino	194	9	5.75%
Gilpin County	Government	186	10	5.51%
Total Principal Employers		3,375		100.00%

2005				
Employer	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		3,211		100.00%

Notes:

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

² 2007 and 2005 is the only information available for the County.

Data Source :

Individual employers

City of Black Hawk, Colorado¹
Average Number of Employees - By Industry²
Calendar Years 2002 - 2011

Industry	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Mining & Logging	1	-	-	5	10	9	24	16	-	-
Construction	101	91	96	121	128	90	100	61	57	54
Manufacturing	8	6	8	10	11	13	12	8	10	-
Trade, Transportation & Utilities	52	55	56	52	43	40	45	45	24	31
Information Tech	5	9	14	11	6	8	11	7	4	3
Financial Activities	10	10	11	16	17	15	13	8	11	6
Professional & Business Services	36	44	54	71	76	59	55	88	43	51
Education & Health Services	150	159	172	123	119	122	129	140	52	63
Leisure & Hospitality	5,092	4,623	4,524	4,669	4,555	4,219	4,012	4,358	4,574	4,648
Other Services	45	34	27	32	42	36	37	37	35	20
Public Administration	274	283	303	326	322	319	321	306	296	310
Total	5,774	5,314	5,265	5,436	5,329	4,930	4,759	5,074	5,106	5,186

Notes:

¹ Information is only available for Gilpin County

Data Source:

² State of Colorado, Department of Labor and Employment, LMI Gateway, Historic Data, Employment, Industry Data

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

Calendar Year	Black Hawk, Colorado		Cripple Creek, Colorado		Central City, Colorado		Total	
	Number of Devices	Percentage of Total	Number of Devices	Percentage of Total	Number of Devices	Percentage of Total	Number of Devices	Percentage of Total
2002	9,721	62.5%	4,218	27.1%	1,606	10.3%	15,545	100.0%
2003	9,602	62.1%	4,247	27.5%	1,610	10.4%	15,459	100.0%
2004	9,462	60.3%	4,654	29.7%	1,565	10.0%	15,681	100.0%
2005	9,543	58.0%	4,795	29.2%	2,105	12.8%	16,443	100.0%
2006	10,160	59.5%	4,785	28.0%	2,134	12.5%	17,079	100.0%
2007	10,036	59.6%	4,591	27.3%	2,210	13.1%	16,837	100.0%
2008	9,816	58.6%	4,799	28.6%	2,146	12.8%	16,761	100.0%
2009	9,386	58.2%	4,679	29.0%	2,071	12.8%	16,136	100.0%
2010	8,906	58.0%	4,364	28.4%	2,085	13.6%	15,355	100.0%
2011	8,570	58.3%	3,879	26.4%	2,240	15.2%	14,689	100.0%
Percentage Change Over 10 Years		<u><u>-11.8%</u></u>	<u><u>-8.0%</u></u>	<u><u>39.5%</u></u>	<u><u>-5.5%</u></u>			

Notes:

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 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
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%
2007	20	46.5%	17	39.5%	6	14.0%	43	100.0%
2008	19	46.3%	16	39.0%	6	14.6%	41	100.0%
2009	18	45.0%	16	40.0%	6	15.0%	40	100.0%
2010	18	45.0%	15	37.5%	7	17.5%	40	100.0%
2011	18	45.0%	14	35.0%	8	20.0%	40	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
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%
2007	4,453	55.4%	2,699	33.6%	886	11.0%	8,038	100.0%
2008	5,309	58.5%	2,953	32.5%	811	8.9%	9,073	100.0%
2009	4,276	50.8%	3,261	38.7%	888	10.5%	8,425	100.0%
2010	5,080	53.0%	3,542	36.9%	967	10.1%	9,589	100.0%
2011	4,993	53.9%	3,330	35.9%	941	10.2%	9,264	100.0%
Percentage Change In Employees Over 10 Years	<u>2.67%</u>		<u>49.33%</u>		<u>61.68%</u>		<u>20.70%</u>	

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 City ¹
Last Ten Calendar Years

Calendar Year	Black Hawk, Colorado			Cripple Creek, Colorado			Central City, Colorado			Total		
	Annual AGP	Percentage of Total	Percentage Change	Annual AGP	Percentage of Total	Percentage Change	Annual AGP	Percentage of Total	Percentage Change	Annual AGP	Percentage of Total	Percentage Change
2002	524,464,856	72.9%	9.6%	142,436,212	19.8%	2.8%	52,800,335	7.3%	-11.6%	719,701,403	100.0%	6.4%
2003	506,476,837	72.5%	-3.4%	142,525,101	20.4%	0.1%	49,908,926	7.1%	-5.5%	698,910,864	100.0%	-2.9%
2004	524,035,343	72.2%	3.5%	148,689,335	20.5%	4.3%	53,178,879	7.3%	6.6%	725,903,556	100.0%	3.9%
2005	531,878,276	70.4%	1.5%	151,011,042	20.0%	1.6%	72,610,402	9.6%	36.5%	755,499,720	100.0%	4.1%
2006	554,484,627	70.9%	4.3%	153,075,257	19.6%	1.4%	74,538,934	9.5%	2.7%	782,098,818	100.0%	3.5%
2007	581,385,160	71.2%	4.9%	154,962,066	19.0%	1.2%	79,782,553	9.8%	7.0%	816,129,779	100.0%	4.4%
2008	508,685,618	71.1%	-12.5%	140,081,962	19.6%	-9.6%	67,112,131	9.4%	-15.9%	715,879,711	100.0%	-12.3%
2009	529,976,828	72.1%	4.2%	140,356,304	19.1%	0.2%	64,257,223	8.7%	-4.3%	734,590,354	100.0%	2.6%
2010	559,445,467	73.6%	5.6%	134,437,711	17.7%	-4.2%	65,727,144	8.7%	2.3%	759,610,322	100.0%	3.4%
2011	550,883,660	73.4%	-1.5%	131,405,587	17.5%	-2.3%	67,819,656	9.0%	3.2%	750,108,903	100.0%	-1.3%
Percentage Change												
In Dollars Over												
10 Years												
	<u>6.7%</u>			<u>-5.6%</u>			<u>24.5%</u>			<u>5.5%</u>		

Notes:

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

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City Clerk's Office	2.75	3.00	3.00	2.75	1.75	1.75	1.00	1.25	1.50	2.00
City Manager/Administration	2.00	2.00	2.00	3.00	2.75	3.00	3.00	2.75	3.00	3.00
Community Planning & Development	5.00	5.00	5.00	5.00	5.00	3.00	3.00	1.00	1.50	2.00
Facilities Maintenance	1.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	2.75	2.75	2.75	2.50	2.00	2.50	2.50	3.00	2.50	3.00
Fire Department	24.00	24.00	24.00	24.00	24.00	23.00	23.00	18.00	18.00	19.00
Fleet	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00
Human Resources	1.00	1.00	1.00	1.50	0.00	0.00	0.00	0.00	0.00	0.00
IT	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00
Municipal Court Fund	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Parks	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	38.00	38.00	38.00	38.00	38.00	40.00	38.75	30.75	31.75	33.75
Public Works Administration	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Streets	8.00	8.00	8.00	8.00	8.00	8.00	8.00	6.00	6.00	7.00
Preservation & Restoration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00
Water	8.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00
Total	103.75	105.00	106.00	107.00	103.75	104.50	102.50	86.00	89.50	95.00
<i>Percentage Change Over Prior Year</i>	12.5%	1.2%	1.0%	0.9%	-3.0%	0.7%	-1.9%	-16.1%	4.1%	6.1%

Data Source:

City of Black Hawk departmental records

City of Black Hawk, Colorado
Operating Statistics by Function/Program
 2002-2011

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fire										
Building inspections ²	47	31	55	45	50	50	55	42	39	68
Number of sprinkler inspections	-	-	-	-	-	-	3	4	7	7
Number of plan reviews	-	-	-	-	-	-	6	9	8	8
Number of fire alarm tests	-	-	-	-	-	-	-	-	-	5
Number of pump tests	-	-	-	-	-	-	-	-	-	1
Number of annual responses	-	-	-	-	-	-	-	-	-	1107
Police										
Number of traffic stops	-	-	-	-	-	-	-	-	-	1796
Number of tickets	-	-	-	-	-	-	-	-	-	115
Number of accidents	-	-	-	-	-	-	-	-	-	194
Number of annual reports	-	-	-	-	-	-	-	-	-	1147

Notes:

¹ The City has not been collecting operating statistics but will begin to expand this table in 2010.

² 2006 and 2007 are estimated amounts.

Data Source :

Fire Department, Police Department

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

Capital Assets	December 31,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Buildings and related structures	-	-	-	35	38	38	40	40	44	44
Number of vehicles	-	-	-	97	101	104	106	106	109	109
Works of art	-	-	-	12	12	14	16	16	16	17
Street lights	-	434	434	434	434	434	449	449	499	499
Streets:										
Asphalt	14	14	14	14	14	16	16	16	17	17
Concrete	2	2	2	2	2	2	2	2	2	2
Gravel, Dirt or Aggregate	3	3	3	3	3	3	3	3	2	2
Bridges	6	6	6	6	6	6	6	6	6	6
Traffic signals	22	22	22	22	22	30	30	30	30	30

Notes:

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

Data Source :

City capital asset records.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Black Hawk
	YEAR ENDING : December 2011

This Information From The Records Of (example - City of _ or County of) City of Black Hawk	Prepared By: Lance Hillis Phone: 303-582-2283
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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)	173,046
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	39,569
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	924,385	b. Snow and ice removal	52,249
3. Other local imposts (from page 2)	105,546	c. Other	
4. Miscellaneous local receipts (from page 2)	44,108	d. Total (a. through c.)	52,249
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	822,140
a. Bonds - Original Issues		6. Total (1 through 5)	1,087,004
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)	1,074,039	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	12,965	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,087,004	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)	1,087,004

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
		1,087,004	1,087,004		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado
City of Black Hawk
 YEAR ENDING (mm/yy):
December 2011

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	105,044	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	44,108
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	502	g. Other Misc. Receipts	
6. Total (1. through 5.)	502	h. Other	
c. Total (a. + b.)	105,546	i. Total (a. through h.)	44,108
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	12,965	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	12,965	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements			0
(3). System Preservation		173,046	173,046
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	173,046	173,046
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	173,046	173,046
			(Carry forward to page 1)

Notes and Comments: