

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

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT,
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024

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Eide Bailly LLP

State Auditor

Deputy State Auditor

Contract Monitor

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Members of the Legislative Audit Committee and
Colorado Limited Gaming Control Commission
Division of Gaming, Department of Revenue, State of Colorado

We have completed the financial audit of the Limited Gaming Fund, Extended Limited Gaming Fund, Responsible Gaming Grant Fund, Sports Betting Fund, and Hold-Harmless Fund, special revenue funds of the Division of Gaming (collectively known as the Division of Gaming), Department of Revenue, State of Colorado, as of and for the fiscal years ended June 30, 2025 and 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

We were engaged to conduct our audit pursuant to Section 44-30-703, C.R.S. which requires the State Auditor to audit the Limited Gaming Fund, and Section 2-3-103, C.R.S. which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of the state government. The reports we have issued as a result of this engagement are set forth in the table of contents.

Denver, Colorado
December 4, 2025

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**DIVISION OF GAMING,
DEPARTMENT OF REVENUE, STATE OF COLORADO
REPORT SUMMARY
YEARS ENDED JUNE 30, 2025 AND 2024**

AUTHORITY AND PURPOSE/SCOPE OF AUDIT

The Office of the State Auditor, State of Colorado, engaged Eide Bailly LLP to conduct the financial audits of the Extended Limited Gaming Fund (Extended Gaming Fund), Responsible Gaming Grant Fund, Limited Gaming Fund, Sports Betting Fund (SBET), and Hold-Harmless Fund, special revenue funds of the Division of Gaming, Department of Revenue, State of Colorado (the Division) for the Fiscal Years ended June 30, 2025 and 2024. These audits were performed under authority of Section 44-30-703, C.R.S., which requires the State Auditor to conduct an annual audit of the Limited Gaming Fund and Section 2-3-103, C.R.S. which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of the state government. The purpose of the audits were to express opinions on the financial statements of the Division for the fiscal years ended June 30, 2025 and 2024.

Eide Bailly LLP conducted the audits for the fiscal years ended June 30, 2025 and 2024 in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America.

The purposes and scope of the audits were:

- To express an opinion on the financial statements of the Division as of and for the fiscal years ended June 30, 2025 and 2024 including a review of the related systems of internal controls as required by auditing standards generally accepted in the United States of America.
- To review the Division's compliance with rules and regulations governing the expenditure of State funds for the fiscal years ended June 30, 2025 and 2024.
- To evaluate progress in implementing any prior audit recommendations.

SUMMARY OF PROGRESS IN IMPLEMENTING PRIOR AUDIT RECOMMENDATIONS

There were no recommendations as a result of the prior year's audit.

SUMMARY OF AUDIT FINDINGS

There were no new recommendations as a result of the current year audit.

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

**DESCRIPTION OF THE COLORADO DIVISION OF GAMING
YEARS ENDED JUNE 30, 2025 AND 2024**

Effective October 1, 1991, Article XVIII, Section 9 of the Colorado Constitution was amended to allow limited stakes gaming in three Colorado cities. In April 2009, House Bill 09-1272 was approved to implement Amendment 50 (Amendment). The Amendment, along with the Limited Gaming Act of 1991 (the Act), established the framework for regulating limited gaming in Colorado. The Act created the Division of Gaming within the Department of Revenue, established the Limited Gaming Fund, and gave the Limited Gaming Control Commission (the Commission) the authority and responsibility for regulating limited gaming in Colorado.

The Division of Gaming operates with a staff of about 90 full-time employees and a budget of approximately \$17.7 million. Gaming revenues deposited in the Limited Gaming Fund are used to pay operating expenses for the Division and the Commission during the year. After setting aside a reserve for two months' operating expenses at the end of each fiscal year, the remaining fund balance in the Limited Gaming Fund is distributed to State and local governments according to the provisions in the Colorado Constitution and the Act.

The Colorado Limited Gaming Control Commission is a five-member regulatory body appointed by the Governor. By statute, the Commission is responsible for promulgating all the rules and regulations governing limited gaming in Colorado, including the establishment of the gaming tax rate. The Commission also has final authority over all gaming licenses issued in the State. By law, the Commission is made up of members from different professional, political and geographic backgrounds.

In April 2009, House Bill 09-1272 was approved to implement Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, an increase from the previous \$5 limit; offer the games of craps and roulette; and remain open for 24 hours. This is referred to as Extended Gaming. The Extended Gaming Funds to be distributed are transferred to a separate fund every fiscal year end beginning with fiscal year 2010; therefore, a new Extended Gaming Fund was created separate from the Limited Gaming Fund for this purpose.

In May 2020, sports betting was authorized after approval of House Bill 19-1327 and voter approval of Proposition DD. In summation, House Bill 19-1327 and Proposition DD authorized the collection of a 10% tax on the net proceeds of sports betting through licensed casinos. The revenues generated through collection of the sports betting tax, after repaying any appropriation made from the General Fund for the Commission's and Division's startup costs and after paying all ongoing expenses related to administering Section 44-30-1501, et seq., C.R.S., are directed to specific public purposes, including the Colorado Water Plan, which is a plan to address Colorado's future water needs and is managed by the Colorado Water Conservation Board. The Sports Betting Fund and Hold Harmless Fund were created pursuant to House Bill 19-1327 and Proposition DD. The Hold Harmless Fund receives a portion of the distribution of tax revenues from the Sports Betting Fund, and was created to reimburse entities which might lose revenue from the implementation of sports betting to offset their losses.

The Legislature passed in the 2022 Legislative Session, and the Governor signed HB 22-1402 on June 7, 2022. This bill established the Responsible Gaming Grant Program and the Responsible Gaming Grant Program Cash Fund. The grant program was created to promote responsible gaming and address problem gambling. The Limited Gaming Control Commission, in collaboration with the Behavioral Health Administration (BHA) must administer the program and award grants.

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

**DESCRIPTION OF THE COLORADO DIVISION OF GAMING
YEARS ENDED JUNE 30, 2025 AND 2024**

In November 2024, voters approved Proposition JJ, which allows the State to keep sports betting tax revenue above the previously approved amount of \$29 million per year rather than refunding it to casinos and sports betting operators. By retaining all sports betting tax revenue, Proposition JJ resulted in additional transfers from the Sports Betting Cash Fund to the Colorado Water Plan Implementation Cash Fund.



Independent Auditor's Report

Members of the Legislative Audit Committee and Colorado Limited Gaming Control Commission
Division of Gaming, Department of Revenue, State of Colorado
Golden, Colorado

Report on the Audits of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Extended Limited Gaming Fund (Extended Gaming Fund), Responsible Gaming Grant Fund, Limited Gaming Fund, Sports Betting Fund, and Hold-Harmless Fund of the Division of Gaming, Department of Revenue, State of Colorado (the Division), as of and for the fiscal years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Extended Gaming Fund, Responsible Gaming Grant Fund, Limited Gaming Fund, Sports Betting Fund, and Hold-Harmless Fund, as of June 30, 2025 and 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Relationship with the State of Colorado

As discussed in Note 1, the financial statements of the Division of Gaming of the Department of Revenue of the State of Colorado are intended to present the financial position and the changes in financial position of only that portion of the governmental funds of the Department of Revenue of the State of Colorado that is attributable to the transactions of the Division. They do not purport to, and do not, present fairly the financial position of the Department of Revenue of the State of Colorado, as of June 30, 2025 and 2024, or the changes in its financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Description of Colorado Division of Gaming but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Division's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Division's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Denver, Colorado
December 4, 2025

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

This discussion and analysis of the financial performance of the Division of Gaming, Department of Revenue, State of Colorado (the "Division") provides an overview of financial activities for the years ended June 30, 2025, June 30, 2024, and June 30, 2023. Please read it in conjunction with the Division's financial statements.

Financial Highlights

- Gaming Tax revenues (described on page 11 in detail) were \$176,850,963 for the fiscal year ended June 30, 2025, compared to tax revenues of \$173,549,508 for the prior fiscal year ending June 30, 2024, which is an increase of \$3,301,455 or 1.90%.
- The Limited Gaming Distribution was \$112,063,940 in fiscal year 2025 compared to \$114,567,750 in fiscal year 2024, relating to a decrease in the total excess of revenues over expenditures, interest sweep (see "Conditions Affecting Financial Position or Results of Operations", section for detail), and taxes receivable (see "Economy and Next Year's Budget", section for detail), excluding the unrealized change in fair value of investments, for the Limited Gaming Fund. The Extended Gaming Distribution was \$47,181,290 in fiscal year 2025 compared to \$46,434,925 in fiscal year 2024. Due to the timing of the distributions, the Limited Gaming Distribution was recorded as another financing use occurring within fiscal year 2025, whereas the Extended Gaming Distribution, relating to fiscal year 2025 activity, remained in a restricted fund balance as of June 30, 2025.
- Sports Betting Tax revenues were \$36,817,572 for the fiscal year ended June 30, 2025, compared to tax revenues of \$30,440,341 for the fiscal year ending June 30, 2024, which is an increase of \$6,377,231 or 20.95%.
- An increase in the Sports Betting total excess of revenues over expenditures, excluding the unrealized change in fair value of investments, increased the Sports Betting Fund Distribution to \$35,238,236 compared to last fiscal year's total Sports Betting Fund Distribution of \$29,974,019. Due to the timing of the distribution, the Sports Betting Fund Distribution relating to fiscal year 2025 activity remained in restricted fund balance as of June 30, 2025.
- Fiscal year 2025 was the third year Responsible Gaming grants were awarded. The Division gave out \$2,448,660 in Responsible Gaming Grant funds, as approved by the Gaming Commission.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Using this Report

This financial report consists of financial statements for the fiscal years ending June 30, 2025, and 2024. Unless otherwise specified, references within this report to the Division relate to the Extended Gaming Fund, the Limited Gaming Fund, the Sports Betting Fund (SBET), the Hold Harmless Fund, and the Responsible Gaming Grant Fund. The Balance Sheets provide comparative information on the Division's assets, liabilities, and fund balance as of the end of the current and previous fiscal years. The Statement of Revenues, Expenditures, and Changes in Fund Balance is the Division's income statement. The Statements of Revenues, Expenditures, and Changes in Fund Balance provide information on the current and previous fiscal year's revenues, expenditures, the excess of revenues over expenditures, the Gaming and Sports Betting Distributions, the beginning fund balances at July 1, 2024, and July 1, 2023, respectively, and the ending fund balances as of June 30, 2025, and 2024, respectively. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual reflects the initial budget amounts, the cumulative changes made throughout the course of the year, the revised budget amounts, and the actual amounts received or expended. Finally, the notes to the financial statements contain a summary of significant accounting policies, as well as more specific information about the items presented in the financial statements.

In April 2009, House Bill 09-1272 was approved to implement Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, an increase from the previous \$5 limit; offer the games of craps and roulette; and remain open for 24 hours. This is referred to as Extended Gaming. The Extended Gaming Funds to be distributed are transferred to a separate fund every fiscal year- end, beginning with fiscal year 2010; therefore, a new Extended Gaming Fund was created, separate from the Limited Gaming Fund, for this purpose.

In May 2020, sports betting was authorized after approval of House Bill 19-1327 and approval of Proposition DD. In summation, House Bill 19-1327 and Proposition DD authorized the collection of a ten percent tax on the net proceeds of sports betting through licensed casinos. The revenues generated through the collection of the sports betting tax, after repaying any appropriation made from the General Fund for the Commission's and Division's startup costs and after paying all ongoing expenses related to administering Section 44-30-1501, et seq., C.R.S., are directed to specific public purposes. The Sports Betting Fund and Hold-Harmless Fund were created pursuant to House Bill 19-1327 and Proposition DD.

On November 3, 2020, Colorado voters approved Amendment 77, which amended the state constitution and statutes to allow voters in Black Hawk, Central City, and Cripple Creek to approve other games in addition to those already permitted and increase a maximum single bet to any amount. All three cities voted to remove the \$100 maximum single bet with unlimited maximum single bets.

The Legislature passed House Bill 22-1402 (HB 22-1402) during the 2022 Legislative Session, and the Governor signed it on June 7, 2022. This bill established the Responsible Gaming Grant Program and the Responsible Gaming Grant Program Cash Fund. The Responsible Gaming Grant Program Cash Fund was also created in the state's financial system – the Colorado Operations Resource Engine, or CORE. The grant program was created to promote responsible gaming and address problem gambling. The Limited Gaming Control Commission, in collaboration with the Behavioral Health Administration (BHA), must administer the program and award grants.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Using this Report (Continued)

This bill also establishes a Self-Exclusion Program along with the Responsible Gaming Grant Program. The bill requires the Division of Gaming to operate a self-exclusion program that allows individuals to request to be excluded from gaming activities voluntarily. Under the directives and guidance of the Commission and the aforementioned legislation, the Division sought out vendors to develop a system for self-exclusion. In September 2023, a system was created where individuals can self-exclude themselves from gambling. The process is ongoing, and the financial impact to the Division cannot yet be determined.

The Division expects continued growth in gaming revenues, which could result in an increase in costs for responsible gaming awareness for both the industry and the Division.

Assets, Liabilities, and Fund Balance

The following compares fiscal year 2025 and fiscal year 2024 assets, liabilities, and fund balances.

	Fiscal Year		Increase/(Decrease)	
	2025	2024	Dollars	Percent
Cash and Temporary Cash Investments	\$ 173,484,360	\$ 169,212,492	\$ 4,271,868	2.52%
Gaming and Sports Betting taxes and other receivables	21,354,587	19,443,001	1,911,586	9.83%
Due from Limited Gaming Fund	2,500,000	2,500,000	-	0.00%
Prepaid expenses	45,963	38,008	7,955	20.93%
Total assets	<u>\$ 197,384,910</u>	<u>\$ 191,193,501</u>	<u>\$ 6,191,409</u>	3.24%
Accounts payable, wages, and accrued payroll payable	\$ 1,035,536	\$ 3,129,756	\$ (2,094,220)	(66.91%)
Due to other State agencies, other governments, and the State General Fund	109,563,940	112,067,750	(2,503,810)	(2.23%)
Due to Responsible Gaming Grant Fund	2,500,000	2,500,000	-	0.00%
Other liabilities	1,837,903	1,097,103	740,800	67.52%
Total liabilities	<u>114,937,379</u>	<u>118,794,609</u>	<u>(3,857,230)</u>	(3.25%)
Fund balance	<u>82,447,531</u>	<u>72,398,892</u>	<u>10,048,639</u>	13.88%
Total liabilities and fund balance	<u>\$ 197,384,910</u>	<u>\$ 191,193,501</u>	<u>\$ 6,191,409</u>	3.24%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Assets, Liabilities, and Fund Balance (Continued)

The year-end total fund balance reflects the overall financial position of the Division, which is \$82,447,531 at June 30, 2025, compared to \$72,398,892 at June 30, 2024. Total assets of \$197,384,910 at June 30, 2025, increased \$6,191,409, or 3.24%, as compared to the prior year balance of \$191,193,501. The increase in total assets is due primarily to increases in Cash and Temporary Investments. Cash increased primarily due to more taxes collected in the SBET fund.

The Division's total liabilities were \$114,937,379 at June 30, 2025, and \$118,794,609 at June 30, 2024. The \$3,857,230 decrease is due primarily to accounts payable and distributions. There were no EPC (electronic promotional credits) payable at June 30, 2025 as there were in fiscal year 2024. For distributions from funds – see Note 7 for further discussion over distributions.

The following compares fiscal year 2024 and fiscal year 2023 assets, liabilities, and fund balances.

	Fiscal Year		Increase/(Decrease)	
	2024	2023	Dollars	Percent
Cash and Temporary Cash Investments	\$ 169,212,492	\$ 161,086,924	\$ 8,125,568	5.04%
Gaming and Sports Betting taxes and other receivables	19,443,001	18,985,189	457,812	2.41%
Due from Limited Gaming Fund	2,500,000	2,500,000	-	0.00%
Prepaid expenses	38,008	45,722	(7,714)	(16.87%)
Total assets	\$ 191,193,501	\$ 182,617,835	\$ 8,575,666	4.70%
Accounts payable, wages, and accrued payroll payable	\$ 3,129,756	\$ 6,443,078	\$ (3,313,322)	(51.42%)
Due to other State agencies, other governments, and the State General Fund	112,067,750	108,782,777	3,284,973	3.02%
Due to Responsible Gaming Grant Fund	2,500,000	2,500,000	-	0.00%
Other liabilities	1,097,103	1,096,610	493	0.04%
Total liabilities	118,794,609	118,822,465	(27,856)	(0.02%)
Fund balance	72,398,892	63,795,370	8,603,522	13.49%
Total liabilities and fund balance	\$ 191,193,501	\$ 182,617,835	\$ 8,575,666	4.70%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Assets, Liabilities, and Fund Balance (Continued)

The year-end total fund balance reflects the overall financial position of the Division, which was \$72,398,892 as of June 30, 2024, compared to \$63,795,370 as of June 30, 2023. Total assets of \$191,193,501 at June 30, 2024, increased \$8,575,666, or 4.70%, as compared to the prior year balance of \$182,617,835. The increase in total assets is due primarily to increases in Cash and Temporary Cash investments. Cash increased primarily due to more taxes collected in the SBET fund.

The Division's total liabilities were \$118,794,609 at June 30, 2024, and \$118,822,465 at June 30, 2023. The \$27,856 decrease is due primarily to accounts payable. The accounts payable decrease includes \$1,825,853 of EPC (electronic promotional credit) credits at June 30, 2024 payable in the next fiscal year as compared to EPC at June 30, 2023 of \$5,169,211, and distributions to funds – see Note 7 for further discussion over distributions. The electronic promotional credits program was created in 2018 and allows casinos to reduce gaming taxes owed based on free plays offered at the casinos.

Statement of Revenues, Expenditures, and Changes in Fund Balance

The following compares total fiscal year 2025 and fiscal year 2024 revenues, expenditures, and changes in fund balance.

	Fiscal Year		Increase/(Decrease)	
	2025	2024	Dollars	Percent
REVENUES				
Gaming Taxes	\$ 176,850,963	\$ 173,549,508	\$ 3,301,455	1.90%
Sports Betting Taxes	36,817,572	30,440,341	6,377,231	20.95%
License and Application Fees	881,894	908,300	(26,406)	(2.91%)
Other Revenue	7,388,878	5,956,960	1,431,918	24.04%
Total Revenues	221,939,307	210,855,109	11,084,198	5.26%
EXPENDITURES				
Operating Expenditures	18,098,715	15,675,624	2,423,091	15.46%
Background Investigations	37,429	104,058	(66,629)	(64.03%)
State Agency Services	7,608,479	6,213,286	1,395,193	22.45%
Debt Service/Principal/Interest	160,357	165,680	(5,323)	(3.21%)
Gaming Fund Distributions Paid or Accrued During the Fiscal Year	39,139,999	39,069,786	70,213	0.18%
Total Expenditures	65,044,979	61,228,434	3,816,545	6.23%
Excess of Revenues Over Expenditures	156,894,328	149,626,675	7,267,653	4.86%
Fund Balance – Beginning of Year	72,398,892	63,795,371	8,603,521	13.49%
Other Financing (Uses)	(146,845,689)	(141,023,154)	(5,822,535)	4.13%
FUND BALANCE – END OF YEAR	\$ 82,447,531	\$ 72,398,892	\$ 10,048,639	13.88%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

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

The following compares total fiscal year 2024 and fiscal year 2023 revenues, expenditures, and changes in fund balance.

	Fiscal Year		Increase/(Decrease)	
	2024	2023	Dollars	Percent
REVENUES				
Gaming Taxes	\$ 173,549,508	\$ 167,754,529	\$ 5,794,979	3.45%
Sports Betting Taxes	30,440,341	25,613,575	4,826,766	18.84%
License and Application Fees	908,300	876,053	32,247	3.68%
Other Revenue	5,956,960	741,149	5,215,811	703.75%
Total Revenues	210,855,109	194,985,306	15,869,803	8.14%
EXPENDITURES				
Operating Expenditures	15,675,624	15,476,716	198,908	1.29%
Background Investigations	104,058	7,646	96,412	1260.95%
State Agency Services	6,213,286	5,359,174	854,112	15.94%
Debt Service/Principal/Interest	165,680	180,451	(14,771)	(8.19%)
Gaming Fund Distributions Paid or Accrued During the Fiscal Year	39,069,786	39,242,894	(173,108)	(0.44%)
Total Expenditures	61,228,434	60,266,881	961,553	1.60%
Excess of Revenues Over Expenditures	149,626,675	134,718,425	14,908,250	11.07%
Fund Balance – Beginning of Year	63,795,371	56,930,551	6,864,820	12.06%
Other Financing (Uses)	(141,023,154)	(127,853,605)	(13,169,549)	10.30%
FUND BALANCE – END OF YEAR	\$ 72,398,892	\$ 63,795,371	\$ 8,603,521	13.49%

Revenues

The total excess of revenues over expenditures of the Division, including the unrealized change in fair value of investments, for fiscal year 2025 was \$156,894,328. This represents an increase of \$7,267,653 compared to fiscal year 2024 excess of revenues over expenditures of \$149,626,675.

The fiscal year 2025 net increase in fair value of investments of \$1,493,730 and net decrease of \$568,531 in fiscal year 2024 represent the change in fair value of the Division's investments during the fiscal years ended June 30, 2025, and 2024, respectively.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Revenues (Continued)

The largest source of revenue for the Division is from gaming taxes paid by casinos, followed by sports betting taxes paid by sports betting operators. Gaming taxes are paid on a graduated scale ranging from 0.25% to 20.00% of adjusted gross proceeds (AGP). Sports betting taxes are imposed at the rate of 10.00% of net sports betting proceeds (NSBP). The casino's adjusted gross proceeds increased 0.94% in fiscal year 2025, as compared to fiscal year 2024. Sports Betting taxes collected increased 20.95% as compared to fiscal year 2024. The combined Gaming and Sports Betting tax revenues earned by the Division for the fiscal years ending June 30, 2025, and 2024 were \$213,668,535 and \$203,989,849, respectively. This represents an increase of \$9,678,686 and was due primarily to the passage of Amendment 77. For the fiscal year 2025, the Gaming tax rates remained the same as in fiscal year 2024 and 2023. The Sports Betting tax rate remained at 10.00% of NSBP.

The Colorado Limited Gaming Control Commission assesses Gaming taxes based on adjusted gross proceeds (AGP). The tax rates for fiscal years 2025, 2024, and 2023 are below.

	Tax Rate for Fiscal Year		
	2025	2024	2023
AGP Range			
Charitable Events	3.00%	3.00%	3.00%
\$0 - \$2 Million	0.25%	0.25%	0.25%
\$2 - \$5 million	2.00%	2.00%	2.00%
\$5 - \$8 million	9.00%	9.00%	9.00%
\$8 - \$10 million	11.00%	11.00%	11.00%
\$10 - \$13 million	16.00%	16.00%	16.00%
\$13+ million	20.00%	20.00%	20.00%

Noteworthy changes in revenue categories to fiscal year 2025 from fiscal year 2024 are explained below. Revenues with an * are included in the other revenue total.

	Increase (Decrease) Amount	Percent Change	Explanation
Gaming Taxes	3,301,455	1.90%	The increase in fiscal year 2025 is primarily due to the AGP up .94% from fiscal year 2024.
Sports Betting Taxes	6,377,231	20.95%	The increase in fiscal year 2025 is due primarily to an increase in total amount of wagers placed.
Change in Fair Value of Investments*	2,062,261	362.74%	This represents the difference between the net changes in the fair value of the Division's investments during fiscal year 2025 versus the net change in the fair value of the Division's investments during fiscal year 2024, which is based on the market values of the State Treasury Investments.
Fines*	6,402	238.17%	Fines revenues vary from year to year and are dependent upon audit and investigative findings.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Revenues (Continued)

Noteworthy changes in revenue categories to fiscal year 2024 from fiscal year 2023 are explained below. Revenues with an * are included in the other revenue total.

	Increase (Decrease) Amount	Percent Change	Explanation
Gaming Taxes	5,794,979	3.45%	The increase in fiscal year 2024 is primarily due to Amendment 77 effective 5/21/22; no betting limits and other games allowed.
Sports Betting Taxes	4,826,766	18.84%	The increase in fiscal year 2024 is due primarily to the year over year increase in Net Sports Betting Proceeds.
Background Investigations*	162,349	79.90%	The increase in fiscal year 2024 is due primarily to the work performed on the backlog of pending accounts; background revenues vary based on scope and volume.
Fines*	(216,852)	(98.78%)	Fines revenues vary from year to year and are dependent upon audit and investigative findings.
Interest Income*	1,240,351	43.04%	The increase in fiscal year 2024 is due to the increase in the Average Daily Balance (ADB) in the State Treasury investments. The average annualized rate was 3.71% for fiscal year 2024 compared to 2.27% for fiscal year 2023.
Insurance Recoveries*	10,919	100.00%	The increase in fiscal year 2024 is due to reimbursement from State Risk Management for hail damage to the Cripple Creek office building.
Change in Fair Value of Investments*	3,981,552	87.51%	This represents the difference between the net changes in the fair value of the Division's investments during fiscal year 2024 versus the net change in the fair value of the Division's investments during fiscal year 2023, which is based on the market values of the State Treasury Investments.

Expenditures

Total expenditures for the Division in fiscal year 2025 were \$65,044,979. This is an increase of \$3,816,545, or 6.23%, as compared to fiscal year 2024 expenditures of \$61,228,434.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Expenditures (continued)

The information below shows the changes in expenditures from fiscal year 2025 to fiscal year 2024 with explanations provided for noteworthy changes.

	Increase (Decrease) Amount	Percent Change	Explanation
Travel	23,115	36.58%	In fiscal year 2025, the increase was due to training, out of country travel for the Division Director to attend a gaming conference, and vendor reimbursements for travel for the Cripple Creek office upgrades.
Automobiles	108,947	50.59%	In fiscal year 2025, the increase was due to increased fleet expenses and the addition of 4 new leased vehicles.
Police Supplies	68,170	128.42%	In fiscal year 2025, the increase was due to uniform, equipment, holsters and ammo purchases.
Materials, Supplies & Services	307,864	62.74%	In fiscal year 2025, the increase was due to the purchase of Axon body cameras, software, and interior upgrades in the Cripple Creek office.
Capital Outlay	44,820	440.28%	In fiscal year 2025, the increase was due to the database design & configuration of a data management system for data collected from sports betting operators.
State Agency Services	1,395,193	22.45%	In fiscal year 2025, the increase was due to the agreements with Colorado Division of Fire Prevention & Control and Colorado State Patrol having higher amounts.

Total expenditures for the Division in fiscal year 2024 were \$61,228,434. This is an increase of \$961,553 or 1.60%, as compared to fiscal year 2023 expenditures of \$60,266,881. The information below shows the changes in expenditures from fiscal year 2024 to fiscal year 2023 with explanations provided for noteworthy changes.

	Increase (Decrease) Amount	Percent Change	Explanation
Salaries and Benefits	859,040	7.65%	In fiscal year 2024, there was a 5% across the board raise for all state employees. Health, Dental, Life increased by 9.5%, PERA direct distribution was \$22,059, there was an increase in staffing levels from fiscal year 2023 to fiscal year 2024.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Expenditures (continued)

	Increase (Decrease) Amount	Percent Change	Explanation
Annual and Sick Leave Payout	43,066	57.81%	In fiscal year 2024, the increase was due to the retirements or resignations of seven long time employees and other employee turnover.
Professional Services	(109,946)	(27.04%)	In fiscal year 2024, the decrease was due primarily to the lower costs for the data automation project and updating of the Division procedures.
Travel	(40,057)	(38.80%)	In fiscal year 2024, the decrease was due to less travel by all groups within the Division.
Other Operating	(44,236)	(27.44%)	In fiscal year 2024, the decrease was due to decreased costs billed related to CORE - the state financial/accounting system.
Debt Service	(14,771)	(8.19%)	In fiscal year 2024, the decrease was due to lower lease costs. Lease Principle is \$152,907 and the Lease Interest is \$12,773. The implementation of GASB 87 began fiscal year 2022.
Capital Outlay	(9,388)	(47.98%)	In fiscal year 2024 the decrease was due to the replacement of fingerprint machines in Central City and Cripple Creek offices; fiscal year 2023, replaced Lakewood fingerprint machine and all band portable radios in the outer offices.
Grants to Nongovernment Organizations	(519,583)	(20.95%)	In fiscal year 2024 the decrease was due to the amount allocated for grant award distributions. for the program to promote responsible Gaming.
Background Expenditure	96,412	1,260.95%	In fiscal year 2024, the increase was due to the work performed on the backlog of pending accounts and outsourced investigations; background expenditures vary based on scope and volume.

Conditions Affecting Financial Position or Results of Operations

Staffing Changes

Between fiscal years 2025 and 2024 staffing changes throughout the Division were as follows:

FY25	Filled FTE	FY24	Filled FTE
Gaming	82	Gaming	76
Sports Betting	22	Sports Betting	23

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Conditions Affecting Financial Position or Results of Operations (continued)

Economy

The Division continues to see year-over-year increases in the casino's Limited Gaming AGP and Gaming Taxes of 1.11% and 1.28%, respectively, in fiscal year 2025 as compared to fiscal year 2024. Due to the large increases in fiscal year 2022, changes were made to the Limited Gaming and Extended Limited Gaming fund distributions (see Senate Bill 22-216 (SB 22-216) discussion below).

Sunset Review

The Gaming Act, which established the Division of Gaming, was scheduled for repeal on September 1, 2021. As required by the Department of Regulatory Agencies (DORA) and in accordance with 24-34-104 C.R.S., the Division was subject to a Sunset Review to determine whether the currently prescribed gaming regulations should be continued for the protection of the public and to evaluate the performance of the Division. The Review resulted in findings and recommendations being submitted to the Office of Legislative Legal Services, recommending that the Division continue, and resulting in HB 22-1412, which was passed and signed by the governor on June 7, 2022. The Division began implementing this legislation in fiscal year 2022-2023, with changes including changing the minimum age of a casino employee to 18 years of age; designating the Department of Revenue's Hearings Division to conduct hearings under the "Fantasy Contests Act;" repealing the requirement that internationally based internet sports betting personnel submits to a fingerprint-based criminal history record check, and subjecting payments of sports betting winnings to the "Gambling Payment Intercept Act."

Interest Sweep – Senate Bill 25-317 (SB 25-317)

The bill transfers specific amounts of interest income derived from the deposit and investment of money in 52 state cash funds and accounts to the General Fund at the end of fiscal year 2024-25. The Limited Gaming Fund transfer for fiscal year 2025 was \$1,755,154. This act stated that it is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions of higher education.

Gaming Distribution

Limited Gaming Distribution

In accordance with Section 44-30-701, C.R.S., and amended by Senate Bills 13-133, 18-191, and SB 22-216, the balance remaining in the Limited Gaming Fund is to be transferred by the State Treasurer to recipients of limited gaming revenues according to the formula specified in the statute. Gaming tax revenue has increased almost 2.35% in fiscal year 2025 compared to fiscal year 2024.

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

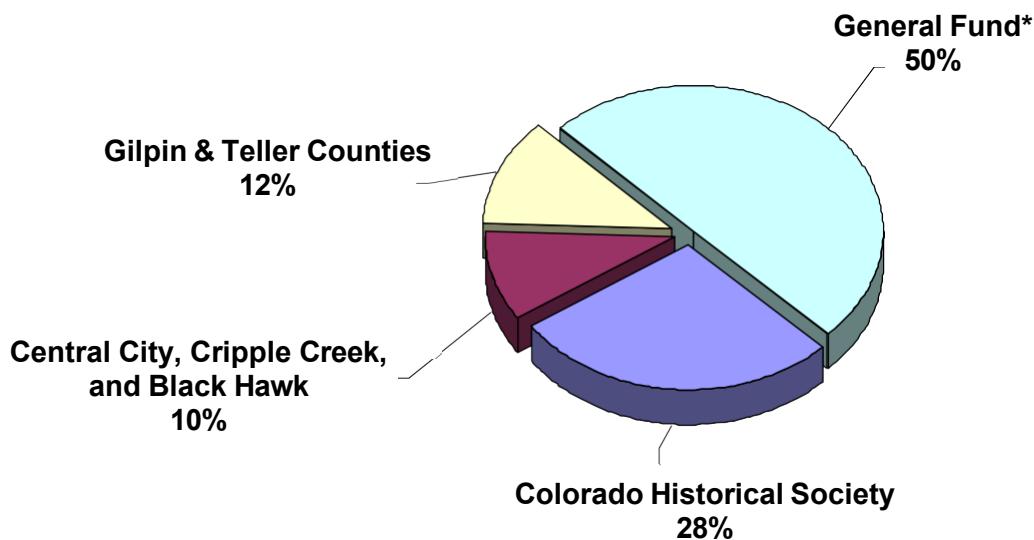
**DIVISION OF GAMING,
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Gaming Distribution (continued)

The charts that follow reflect the distribution formulas and the Colorado Limited and Extended Gaming Funds distributions from the inception of Colorado gaming in 1992 through 2024.

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



* Funded with the 50% General Fund share: Colorado Travel & Tourism Promotion, Local Govt Limited Gaming Impact, Colorado Office of Film, TV, and Media, Advanced Industries Acceleration, Creative Industries, Innovative Higher Education Research, remainder to State General Fund

Extended Gaming

The voters of Colorado passed Amendment 50 on November 4, 2008. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours. This is now referred to as extended gaming. In November 2020, Amendment 77 was passed, allowing voters in Black Hawk, Central City, and Cripple Creek to approve new bet limits and add new casino games in their respective cities. Local voters approved removing maximum amounts for single bets and new casino games. Any additional taxes generated will be distributed in the manner required under current law.

The tax revenues attributable to the implementation of Amendment 50 are distributed as follows:

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

**DIVISION OF GAMING,
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Gaming Distribution (continued)

In the 2022 Legislative Session, the Legislature passed, and the governor signed SB 22-216 on June 7, 2022. This Senate Bill establishes the State Historical Society Strategic Initiative Fund and requires the transfer of \$3 million of the State Share of the Limited Gaming revenues to this fund; resets the base portion of the State Share of the Local Government Limited Gaming Impact Fund; modifies how Limited Gaming tax revenues are allocated between the Limited Gaming and Extended Gaming funds by:

- Establishing a temporary process to modify the allocation in the years following a significant decline in limited gaming tax revenues.

The Legislature passed in the 2022 Legislative Session, and the governor signed HB 22-1402 on June 7, 2022. This bill established the Responsible Gaming Grant Program and the Responsible Gaming Grant Program Cash Fund and required the transfer of \$2.5 million of the State Share of the Limited Gaming revenues to this fund.

At the February 2025 Colorado Limited Gaming Control Commission meeting, the Commissioners approved grant applications in the amount of \$2,948,660. This amount includes \$500,000 awarded to the Colorado Division of Gaming to disperse through funding request applications from local government and law enforcement agencies for investigating illegal gambling. The total requested funding for fiscal year 2025 was \$5.2 million from 14 applications.

At the end of each fiscal year, the Division distributes the balance remaining in the Limited Gaming Fund after reserving an amount equal to expenditures for the preceding two-month period. The Limited Gaming Fund also transfers amounts due to the Extended Gaming Fund.

The total distribution for the fiscal year ended June 30, 2025, was \$159,245,230, which includes \$47,181,290 for the Extended Gaming Fund distribution.

During August of each fiscal year, the Commission approves the Extended Gaming distribution for the previous fiscal year in accordance with Section 44-30-702, C.R.S. These amounts are distributed in the year approved by the Commission.

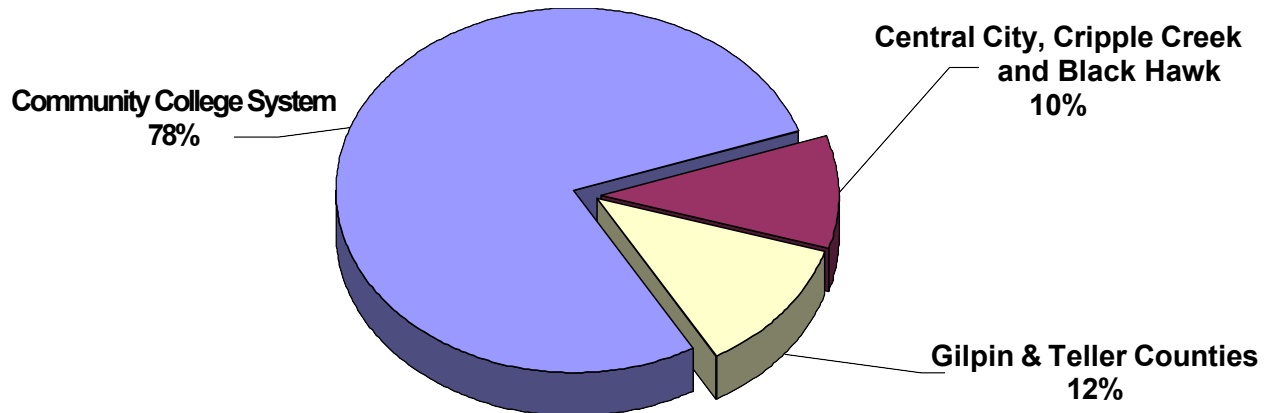
**DIVISION OF GAMING,
DEPARTMENT OF REVENUE, STATE OF COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Gaming Distribution (continued)

	June 30,	
	2025	2024
Distributions to Extended Gaming Recipients		
78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges;	\$ 36,801,406	\$ 36,219,241
12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and	5,661,755	5,572,191
10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.	4,718,129	4,643,493
Total distribution attributable to Extended Gaming	<u>\$ 47,181,290</u>	<u>\$ 46,434,925</u>

Colorado Extended Gaming Distribution
Formula (Amendment 50 Recipients)



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Gaming Distribution (continued)

The table below compares the amounts distributed to the various recipients for fiscal years 2025 and 2024.

The total distribution of the Limited and Extended Gaming funds for the fiscal years ended June 30, 2025 and 2024 was \$159,245,230 and \$161,002,675, respectively.

	For the Years Ended June 30,			Percent
	2025	2024	Difference	Difference
Colorado State Historical Society Strategic Initiative Fund	\$ 31,377,903	\$ 32,078,970	\$ (701,067)	(2.19%)
Colorado Travel and Tourism Promotion Fund	15,000,000	15,000,000	-	0.00%
Local Government Limited Gaming Impact Fund	6,048,921	6,048,921	-	0.00%
Colorado Office of Film, TV, and Media Operational Account Cash Fund	500,000	500,000	-	0.00%
Advanced Industries Acceleration Cash Fund	5,500,000	5,500,000	-	0.00%
Creative Industries Cash Fund	2,000,000	2,000,000	-	0.00%
Innovative Higher Education Research Fund	2,100,000	2,100,000	-	0.00%
Total payments to funds at other State agencies	62,526,824	63,227,891	(701,067)	(1.11%)
City of Black Hawk	8,549,358	8,837,756	(288,398)	(3.26%)
City of Central	774,362	831,762	(57,400)	(6.90%)
City of Cripple Creek	1,882,674	1,787,257	95,417	5.34%
Gilpin County	11,188,464	11,603,422	(414,958)	(3.58%)
Teller County	2,259,209	2,144,708	114,501	5.34%
Total payments due to other governments	24,654,067	25,204,905	(550,838)	(2.19%)
Responsible Gaming Grant Program Cash Fund	2,500,000	2,500,000	-	0.00%
Due to the State General Fund	22,383,049	23,634,954	(1,251,905)	(5.30%)
Total distribution	\$ 159,245,230	\$ 161,002,675	\$ (1,757,445)	(1.09%)
Breakdown of total distribution by type of gaming				
Due to the Limited Gaming recipients	112,063,940	114,567,750	(2,503,810)	(2.19%)
Due to the Extended Gaming recipients	47,181,290	46,434,925	746,365	1.61%

**DIVISION OF GAMING,
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Gaming Distribution (continued)

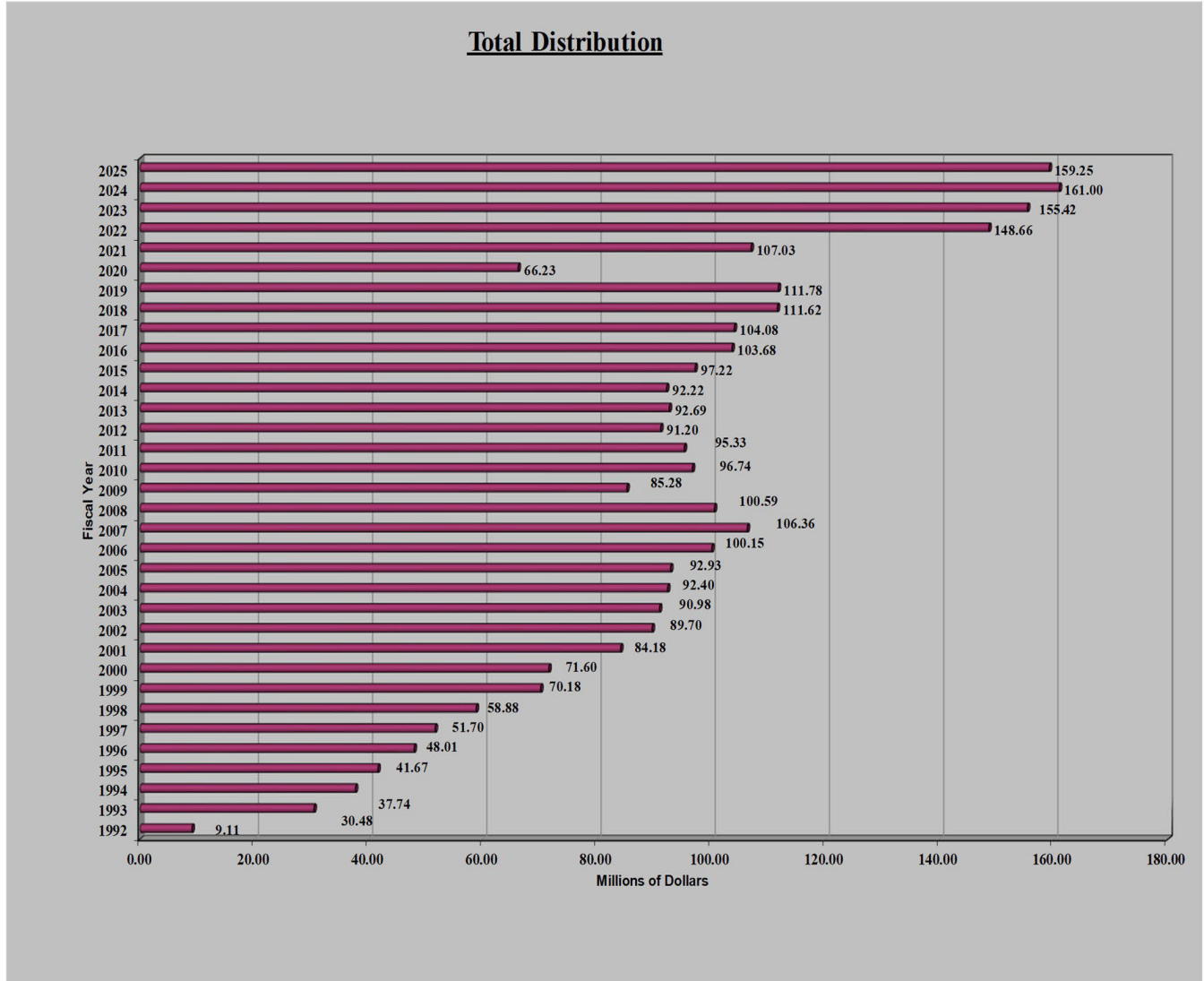
The table below compares the amounts distributed to the various recipients for fiscal years 2024 and 2023.

	For the Years Ended June 30,		Difference	Percent Difference
	2024	2023		
Colorado State Historical Society Strategic Initiative Fund	\$ 32,078,970	\$ 31,159,178	\$ 919,792	2.95%
Colorado Travel and Tourism Promotion Fund	15,000,000	15,000,000	-	0.00%
Local Government Limited Gaming Impact Fund	6,048,921	6,394,987	(346,066)	(5.41%)
Colorado Office of Film, TV, and Media Operational Account Cash Fund	500,000	500,000	-	0.00%
Advanced Industries Acceleration Cash Fund	5,500,000	5,500,000	-	0.00%
Creative Industries Cash Fund	2,000,000	2,000,000	-	0.00%
Innovative Higher Education Research Fund	2,100,000	2,100,000	-	0.00%
Total payments to funds at other State agencies	63,227,891	62,654,165	573,726	0.92%
City of Black Hawk	8,837,756	8,574,338	263,418	3.07%
City of Central	831,762	856,877	(25,115)	(2.93%)
City of Cripple Creek	1,787,257	1,697,062	90,195	5.31%
Gilpin County	11,603,422	11,317,459	285,963	2.53%
Teller County	2,144,708	2,036,475	108,233	5.31%
Total payments due to other governments	25,204,905	24,482,211	722,694	2.95%
Responsible Gaming Grant Program Cash Fund	2,500,000	2,500,000	-	0.00%
Due to the State General Fund	23,634,954	21,646,401	1,988,553	9.19%
Total distribution	\$ 161,002,675	\$ 155,417,927	\$ 5,584,748	3.59%
Breakdown of total distribution by type of gaming				
Due to the Limited Gaming recipients	114,567,750	111,282,777	3,284,973	2.95%
Due to the Extended Gaming recipients	46,434,925	44,135,150	2,299,775	5.21%

DIVISION OF GAMING,
DEPARTMENT OF REVENUE, STATE OF COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024

Gaming Distribution (Continued)



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Sports Betting Distribution

Pursuant to Section 44-30-1509, C.R.S., the revenues derived from the regulation of sports betting and fantasy contests, including license fees, fines, and penalties, and the payment of the sports betting tax, after paying all ongoing expenses related to administering C.R.S. 44-30 Part 15, are directed to specific public purposes: the Wagering Revenue Recipients Hold-Harmless Fund and the Colorado Water Plan Implementation Cash Fund.

At the end of the fiscal year ending June 30, 2025, the available balance to be distributed from the Sports Betting Fund was \$35,238,236. The table below compares the amounts available for distribution to various recipients for fiscal years 2025 (to be distributed during fiscal year 2026) and 2024 (distributed during fiscal year 2025).

	Year Ended June 30,	
	2025	2024
6% to the Wagering Revenue Recipients Hold Harmless Fund from the Sports Betting Fund distribution	\$ 1,740,000	\$ 1,740,000
Transfer to the Water Plan Implementation Cash Fund	33,498,236	28,234,019
Total Transfer for Distribution Attributable to Sports Betting	<u>\$ 35,238,236</u>	<u>\$ 29,974,019</u>

In the 2022 Legislative Session, the Legislature passed, and the governor signed HB 22-1402 on June 7, 2022. This bill established the Responsible Gaming Grant Program Cash Fund. Section 3 of this bill requires that on December 31, 2022, and on December 31 each year thereafter, any money credited to the Wagering Revenue Recipients Hold-Harmless Fund and not distributed within 2 years after being credited to the Hold-Harmless Fund be transferred, as authorized by the gaming commission, to the Responsible Gaming Grant Program Cash Fund. Authorized by the Gaming Commission, assessments of the Hold Harmless funds are performed annually and authorized transfers to the Responsible Gaming Grant Program Cash Fund were made in December of Fiscal Year 2024 and 2025 in the amounts of \$489,554 and \$758,326, respectively. This bill also modifies the amount of free bets that may be deducted from net sports betting proceeds after January 1, 2023.

Gaming Budget

The Colorado Limited Gaming Control Commission approves the Long Bill line items of the Division's budget for the Limited Gaming, the Sports Betting, and the Responsible Gaming Grant Funds. The Division does not adopt a budget for the Extended Gaming Fund or the Hold Harmless Fund. Throughout the year, the budget may be amended.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Gaming Budget (Continued)

The approved, budgeted expenditures were \$24,509,000. Total actual expenditures were \$20,811,869, resulting in excess appropriations, or a savings of \$3,697,131 for fiscal year 2025. The following are the budget line items that were changed during fiscal year 2025:

Gaming/Responsible Gaming	Beginning Budget	Supplemental Changes	Annual Revised Budget
Personal Services, Line Item	\$ 12,350,897	\$ 1,755,154	\$ 14,106,051
Operating Expenditures, Line Item	\$ 850,828	\$ 645,500	\$ 1,496,328
Central Approp.(MPC & Indirects)	\$ 1,505,170	\$ (13,077)	\$ 1,492,093
Non Personal Srvc. Background Exp.	\$ 700,000	\$ (150,000)	\$ 550,000

Sports Betting

The approved, budgeted expenditures were \$5,201,157. Throughout the year, the budget may be amended. The following are the budget line items that were changed during fiscal year 2025: Total actual expenditures were \$4,264,802, resulting in excess appropriations, or savings of \$936,355 for fiscal year 2025.

Sports Betting	Beginning Budget	Supplemental Changes	Annual Revised Budget
Operating Expenditures, Line Item	\$ 175,038	\$ 105,000	\$ 280,038
Licensure Activities, Line Item	\$ 37,701	\$ (10,000)	\$ 27,701
Non Personal Srvc. Background Exp.	\$ 106,551	\$ (95,000)	\$ 11,551
Central Approp.(Indirects,SBG Admin.)	\$ 387,109	\$ 1,300	\$ 388,409

Economy and Next Year's Budget

The Division considers several factors when determining estimates for the following year's budget. The fiscal year 2026 budget request was prepared according to statewide standards and guidelines issued by the Governor's Office of State Planning and Budgeting, ("OSPB"). The Division has also incorporated into the request a statewide figure setting policy adopted by the Joint Budget Committee ("JBC") for fiscal year 2026. The Division's budget request includes a portion specific to the Division and separate budget requests approved by the Colorado Limited Gaming Control Commission (CLGCC) for the Colorado Department of Public Safety's Colorado State Patrol and the Division of Fire Prevention and Control (Other Agencies). These Other Agencies' funds are used for gaming related purposes, such as patrolling roads leading to the casinos. The Division has Interagency Agreements with the Other Agencies, and Performance Measures began for these Interagency Agreements in fiscal year 2020. The fiscal year 2026 budget request totaled \$29,574,013, which included \$24,579,325 for the Division and \$4,994,688 for the Other Agencies. This represented a total decrease of 0.41%, excluding the Other Agencies' request.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Economy and Next Year's Budget (Continued)

The Gaming Commission approved the Colorado Gaming Association (CGA) proposed change to Rule 14 "Gaming Tax" during the May 2018 Commission meeting. The changes to Rule 14 will allow casinos to receive a tax refund when gaming tax revenues increase at or above a specific growth rate. Further amendments to the Rule were made in July of 2021; the base year for calculating free play tax rate adjustment eligibility was reset to June 30, 2022, and the extension of free play tax rate adjustment was extended after the end of fiscal year 2024-2025, upon conditions. No credits were issued for fiscal year 2025.

In fiscal year 2024, Gaming Tax revenues, not including interest, were \$175,368,309, whereas in fiscal year 2025, Gaming Tax revenues were \$177,614,148, resulting in a 1.28% growth. To meet or exceed the 3.5% compounded growth rate, Gaming Tax revenues in fiscal year 2025 would need to exceed \$179,616,442, which they did not.

Assumptions that were made when preparing the revenue projection for fiscal year 2026 included the continuation of the current tax structure, tax rates, and the continuation of license and application fees. Also included in assumptions is the continuation of the current interest rate being paid to the funds (see SB 25-317 for interest transfers from the Limited Gaming Fund in fiscal year 2026), and adjustments for casinos closed and opened in fiscal year 2025.

The Division's fiscal year 2026 budgeted revenue estimates total \$216 million, a \$4,404,493 decrease from fiscal year from 2025 actual revenue, excluding Sports Betting Operations fees. The change in fair market value of investments is not included in this calculation.

Gaming Central City office relocation: Due to the poor conditions, extreme cost of needed repairs or remodeling of the existing Central City office, the Division is moving to 100 Richman Street, Black Hawk, CO. The negotiated lease will begin in November 2025. The Division has requested the approval of additional budget appropriation in the amount of \$495,500, which includes \$353,690 for tenant improvements at 100 Richman St. These improvements will be required before the Division's operations can be relocated. These improvements are necessary and beneficial to ensure a clean, safe, and professional environment for division employees and customers. Additionally, the sale of the existing office building at 142 Lawrence Street, Central City, should happen reasonably soon after the Division vacates the building. Proceeds from the sale could be used to offset the tenant improvement costs at 100 Richman Street.

In July 2025, three casinos in Colorado filed for Chapter 11 bankruptcy. June 2025 taxes for these three casinos in the amount of \$783,613 were not paid by the July 15, 2025, due date, and these taxes remained receivable as of July 31, 2025. This amount was excluded from the fiscal year 2025 calculations for Gaming Distribution because the funds had not been received as of the close of the fiscal year. This amount was recorded as unearned revenue in fiscal year 2025 and will be included in gaming taxes revenue for fiscal year 2026. Based on information available to the Division, no allowance for doubtful accounts is deemed necessary by management for Fiscal Year 2025.

Sports Betting in Colorado anticipates a reduction in new business applications as they are seeing a maturation of the sports betting market in Colorado with operators establishing their position in the market. This contrasts with the mass influx of new business applications common to a newly legalized market like the Colorado industry saw in 2020-2024.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Economy and Next Year's Budget (Continued)

The industry in Colorado is robust with large increases in total handle and tax revenues from sports betting this fiscal year. Colorado remains positioned as the 6th highest sports betting handle of all states nationwide and is predicted to continue.

During the 33 years of gaming in Colorado, the Division has seen the market change. Initially, there were many small casinos; now there are fewer casino properties, many of which are owned by large publicly traded companies. The Division continually positions itself to respond effectively to new technology, regulations, and growth of the industry.

Contacting the Division of Gaming's Financial Management

This financial report is designed to provide Colorado citizens, Colorado government officials, the casino industry, and other interested parties with a general overview of the Division's finances. It is also designed to show the Division's accountability of the funds it receives from the gaming industry. If you have questions about this report or need additional financial information, please visit the Division's website: <https://sbq.colorado.gov/gaming>.

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

**BALANCE SHEETS
JUNE 30, 2025 AND 2024**

	FY 2025					
	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	SPORTS BETTING FUND	HOLD HARMLESS FUND	TOTAL GAMING FUNDS
ASSETS						
Cash and Temporary Cash Investments	\$ 44,317,948	\$ 1,762,800	\$ 93,385,360	\$ 30,733,588	\$ 3,284,664	\$ 173,484,360
Accounts Receivable						
Gaming Taxes	-	-	18,268,801	-	-	18,268,801
Sports Betting Taxes	-	-	-	3,079,722	-	3,079,722
Due from Limited Gaming Fund	-	2,500,000	-	-	-	2,500,000
Fines Receivable	-	-	1,383	391	-	1,774
Miscellaneous	-	212	3,658	420	-	4,290
Prepaid Expenses	-	1,981	35,851	8,131	-	45,963
Total Assets	<u>\$ 44,317,948</u>	<u>\$ 4,264,993</u>	<u>\$ 111,695,053</u>	<u>\$ 33,822,252</u>	<u>\$ 3,284,664</u>	<u>\$ 197,384,910</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	-	2,183	28,716	6,695	-	37,594
Accrued Payroll Payable	-	9,877	755,466	200,238	-	965,581
Wages & Salaries Payable	-	-	32,361	-	-	32,361
Due to Other State Agencies	-	-	62,526,824	-	-	62,526,824
Due to Responsible Gaming Grant Fund	-	-	2,500,000	-	-	2,500,000
Due to Other Governments	-	-	24,654,067	-	-	24,654,067
Due to the State's General Fund	-	-	22,383,049	-	-	22,383,049
Background and Other Deposits	-	-	396,635	263,691	-	660,326
Unearned Revenue	-	-	1,085,040	92,537	-	1,177,577
Total Liabilities	<u>-</u>	<u>12,060</u>	<u>114,362,158</u>	<u>563,161</u>	<u>-</u>	<u>114,937,379</u>
FUND BALANCE						
Nonspendable:						
Prepays	-	1,981	35,851	8,131	-	45,963
Restricted for:						
Required Reserve	-	-	3,331,438	-	-	3,331,438
Extended Gaming Recipients	47,181,290	-	-	-	-	47,181,290
Responsible Gaming	-	4,364,845	-	-	-	4,364,845
Sports Betting Distribution	-	-	-	35,238,236	-	35,238,236
Hold-Harmless Recipients	-	-	-	-	3,496,883	3,496,883
Unassigned	(2,863,342)	(113,893)	(6,034,394)	(1,987,276)	(212,219)	(11,211,124)
Total Fund Balance	<u>44,317,948</u>	<u>4,252,933</u>	<u>(2,667,105)</u>	<u>33,259,091</u>	<u>3,284,664</u>	<u>82,447,531</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 44,317,948</u>	<u>\$ 4,264,993</u>	<u>\$ 111,695,053</u>	<u>\$ 33,822,252</u>	<u>\$ 3,284,664</u>	<u>\$ 197,384,910</u>

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

**BALANCE SHEETS (CONTINUED)
JUNE 30, 2025 AND 2024**

	FY 2024					
	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	SPORTS BETTING FUND	HOLD HARMLESS FUND	TOTAL GAMING FUNDS
ASSETS						
Cash and Temporary Cash Investments	\$ 43,194,873	\$ 1,018,506	\$ 95,965,820	\$ 26,801,929	\$ 2,231,364	\$ 169,212,492
Accounts Receivable						
Gaming Taxes	-	-	17,619,897	-	-	17,619,897
Sports Betting Taxes	-	-	-	1,818,279	-	1,818,279
Due from Limited Gaming Fund	-	2,500,000	-	-	-	2,500,000
Fines Receivable	-	-	1,086	391	-	1,477
Miscellaneous	-	-	3,138	210	-	3,348
Prepaid Expenses	-	1,602	30,237	6,169	-	38,008
Total Assets	<u>\$ 43,194,873</u>	<u>\$ 3,520,108</u>	<u>\$ 113,620,178</u>	<u>\$ 28,626,978</u>	<u>\$ 2,231,364</u>	<u>\$ 191,193,501</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	-	2,989	2,128,304	39,232	-	2,170,525
Accrued Payroll Payable	-	10,044	730,611	185,240	-	925,895
Wages & Salaries Payable	-	-	33,167	169	-	33,336
Due to Other State Agencies	-	-	63,227,891	-	-	63,227,891
Due to Responsible Gaming Grant Fund	-	-	2,500,000	-	-	2,500,000
Due to Other Governments	-	-	25,204,905	-	-	25,204,905
Due to the State's General Fund	-	-	23,634,954	-	-	23,634,954
Background and Other Deposits	-	-	366,969	362,847	-	729,816
Unearned Revenue	-	-	294,907	72,380	-	367,287
Total Liabilities	<u>-</u>	<u>13,033</u>	<u>118,121,708</u>	<u>659,868</u>	<u>-</u>	<u>118,794,609</u>
FUND BALANCE						
Nonspendable:						
Prepays	-	1,602	30,237	6,169	-	38,008
Restricted for:						
Required Reserve	-	-	2,675,899	-	-	2,675,899
Extended Gaming Recipients	46,434,925	-	-	-	-	46,434,925
Responsible Gaming	-	3,582,157	-	-	-	3,582,157
Sports Betting Distribution	-	-	-	29,974,019	-	29,974,019
Hold-Harmless Recipients	-	-	-	-	2,398,739	2,398,739
Unassigned	(3,240,052)	(76,684)	(7,207,666)	(2,013,078)	(167,375)	(12,704,855)
Total Fund Balance	<u>43,194,873</u>	<u>3,507,075</u>	<u>(4,501,530)</u>	<u>27,967,110</u>	<u>2,231,364</u>	<u>72,398,892</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 43,194,873</u>	<u>\$ 3,520,108</u>	<u>\$ 113,620,178</u>	<u>\$ 28,626,978</u>	<u>\$ 2,231,364</u>	<u>\$ 191,193,501</u>

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

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2025 AND 2024**

	FY 2025					
	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	SPORTS BETTING FUND	HOLD HARMLESS FUND	TOTAL GAMING FUNDS
REVENUES						
Gaming Taxes	\$ -	\$ -	\$ 176,850,963	\$ -	\$ -	\$ 176,850,963
Sports Betting Taxes	-	-	-	36,817,572	-	36,817,572
License and Application Fees	-	-	695,611	186,283	-	881,894
Sports Betting Operations Fees	-	-	-	1,634,100	-	1,634,100
Background Investigations	-	-	169,430	59,068	-	228,498
Fines	-	-	7,578	1,512	-	9,090
Interest Income	170,557	108,204	2,820,334	804,774	116,471	4,020,340
Net Increase/(Decrease) in the Fair Value of Investments	376,710	(37,209)	1,173,272	25,802	(44,845)	1,493,730
Other Revenue	-	-	3,079	41	-	3,120
TOTAL REVENUES	547,267	70,995	181,720,267	39,529,152	71,626	221,939,307
EXPENDITURES						
Salaries and Benefits	-	121,111	10,400,860	3,212,294	-	13,734,265
Annual and Sick Leave Payouts	-	-	52,397	11,017	-	63,414
Professional Services	-	-	75,703	64,873	-	140,576
Travel	-	6,793	51,391	28,123	-	86,307
Automobiles	-	-	295,476	28,804	-	324,280
Printing	-	411	21,820	4,160	-	26,391
Police Supplies	-	-	112,647	8,606	-	121,253
Computer Services & Name Searches	-	-	82,284	12,997	-	95,281
Materials, Supplies, and Services	-	5,928	675,696	116,905	-	798,529
Postage	-	-	5,869	73	-	5,942
Telephone	-	540	92,775	14,988	-	108,303
Utilities	-	-	23,748	-	-	23,748
Other Operating Expenditures	-	20	53,970	12,776	-	66,766
Capital Outlay	-	-	-	55,000	-	55,000
State Agency Services	-	-	6,948,186	660,293	-	7,608,479
Background Expenditures	-	-	35,612	1,817	-	37,429
Grants to Nongovernmental Organizations	-	2,448,660	-	-	-	2,448,660
Debt Service						
Lease - Principal	-	-	118,092	29,532	-	147,624
Lease - Interest	-	-	10,038	2,511	-	12,549
Lease Rental of Building	-	-	151	33	-	184
Lim. Gam. Distrib. to Cities and Counties	-	-	24,654,067	-	-	24,654,067
FY24 Ext. Gaming Dist. to Cities & Counties	10,215,683	-	-	-	-	10,215,683
FY24 Ext. Gam. Dist. Aims/Co. Mtn. Colleges	4,270,249	-	-	-	-	4,270,249
TOTAL EXPENDITURES	14,485,932	2,583,463	43,710,782	4,264,802	-	65,044,979
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,938,665)	(2,512,468)	138,009,485	35,264,350	71,626	156,894,328
OTHER FINANCING SOURCES / USES						
Oper. Transfer from Personnel	\$ -	\$ -	\$ 700	\$ 1,650	\$ -	\$ 2,350
Interest Transfer to GF	-	-	(1,755,154)	-	-	(1,755,154)
Transfer to Responsible Gaming Grant Fund	-	-	(2,500,000)	-	(758,326)	(3,258,326)
Transfer to other State agencies and Funds	(31,948,993)	-	(84,909,873)	(28,234,019)	-	(145,092,885)
Transfer to Hold-Harmless Fund	-	-	-	(1,740,000)	-	(1,740,000)
Transfer from Hold-Harmless Fund	-	758,326	-	-	-	758,326
Transfer from Sports Betting Fund	-	-	-	-	1,740,000	1,740,000
Transfer to Extended Gaming Fund	-	-	(47,010,733)	-	-	(47,010,733)
Transfer from Limited Gaming Fund	47,010,733	2,500,000	-	-	-	49,510,733
Total Other Financing Sources (Uses)	15,061,740	3,258,326	(136,175,060)	(29,972,369)	981,674	(146,845,689)
NET CHANGE IN FUND BALANCE	1,123,075	745,858	1,834,425	5,291,981	1,053,300	10,048,639
Fund Balance - Beginning of Year	43,194,873	3,507,075	(4,501,530)	27,967,110	2,231,364	72,398,892
FUND BALANCE - END OF YEAR	\$ 44,317,948	\$ 4,252,933	\$ (2,667,105)	\$ 33,259,091	\$ 3,284,664	\$ 82,447,531

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

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024**

	FY 2024					
	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	SPORTS BETTING FUND	HOLD HARMLESS FUND	TOTAL GAMING FUNDS
REVENUES						
Gaming Taxes	\$ -	\$ -	\$ 173,549,508	\$ -	\$ -	\$ 173,549,508
Sports Betting Taxes	-	-	-	30,440,341	-	30,440,341
License and Application Fees	-	-	713,260	195,040	-	908,300
Sports Betting Operations Fees	-	-	-	2,024,100	-	2,024,100
Background Investigations	-	-	215,197	150,342	-	365,539
Fines	-	-	2,520	168	-	2,688
Interest Income	171,525	78,076	3,037,678	754,286	80,402	4,121,967
Net (Decrease) in the Fair Value of Investments	(149,847)	(50,031)	(26,892)	(263,383)	(78,378)	(568,531)
Other Revenue	-	-	10,112	1,085	-	11,197
TOTAL REVENUES	21,678	28,045	177,501,383	33,301,979	2,024	210,855,109
EXPENDITURES						
Salaries and Benefits	-	61,827	9,167,245	2,865,076	-	12,094,148
Annual and Sick Leave Payouts	-	-	69,563	48,003	-	117,566
Professional Services	-	-	191,309	105,360	-	296,669
Travel	-	3,905	44,707	14,580	-	63,192
Automobiles	-	-	195,150	20,183	-	215,333
Printing	-	754	17,280	3,959	-	21,993
Police Supplies	-	-	49,942	3,141	-	53,083
Computer Services & Name Searches	-	-	93,413	17,113	-	110,526
Materials, Supplies, and Services	-	7,266	420,779	62,620	-	490,665
Postage	-	12	3,769	68	-	3,849
Telephone	-	274	80,641	13,936	-	94,851
Utilities	-	-	26,140	-	-	26,140
Other Operating Expenditures	-	20	92,355	24,583	-	116,958
Capital Outlay	-	-	10,180	-	-	10,180
State Agency Services	-	-	5,845,213	368,073	-	6,213,286
Background Expenditures	-	-	82,652	21,406	-	104,058
Grants to Nongovernmental Organizations	-	1,960,471	-	-	-	1,960,471
Debt Service						
Lease - Principal	-	-	122,056	30,851	-	152,907
Lease - Interest	-	-	10,196	2,577	-	12,773
Lim. Gam. Distrib. to Cities and Counties	-	-	25,204,905	-	-	25,204,905
FY23 Ext. Gaming Dist. to Cities & Counties	9,709,733	-	-	-	-	9,709,733
FY23 Ext. Gam. Dist. Aims/Co. Mtn. Colleges	4,155,148	-	-	-	-	4,155,148
TOTAL EXPENDITURES	13,864,881	2,034,529	41,727,495	3,601,529	-	61,228,434
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,843,203)	(2,006,484)	135,773,888	29,700,450	2,024	149,626,675
OTHER FINANCING SOURCES / USES						
Insurance Recoveries	\$ -	\$ -	\$ 10,919	\$ -	\$ -	\$ 10,919
Transfer to Responsible Gaming Grant Fund	-	-	(2,500,000)	-	(489,554)	(2,989,554)
Transfer to other State agencies and Funds	(30,270,269)	-	(86,862,845)	(23,900,959)	-	(141,034,073)
Transfer to Hold-Harmless Fund	-	-	-	(1,536,814)	-	(1,536,814)
Transfer from Hold-Harmless Fund	-	489,554	-	-	-	489,554
Transfer from Sports Betting Fund	-	-	-	-	1,536,814	1,536,814
Transfer to Extended Gaming Fund	-	-	(46,263,400)	-	-	(46,263,400)
Transfer from Limited Gaming Fund	46,263,400	2,500,000	-	-	-	48,763,400
Total Other Financing Sources (Uses)	15,993,131	2,989,554	(135,615,326)	(25,437,773)	1,047,260	(141,023,154)
NET CHANGE IN FUND BALANCE	2,149,928	983,070	158,562	4,262,677	1,049,284	8,603,521
Fund Balance - Beginning of Year	41,044,945	2,524,005	(4,660,092)	23,704,433	1,182,080	63,795,371
FUND BALANCE - END OF YEAR	\$ 43,194,873	\$ 3,507,075	\$ (4,501,530)	\$ 27,967,110	\$ 2,231,364	\$ 72,398,892

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 - Summary of Significant Accounting Policies

The Colorado Division of Gaming (the "Division") is an agency of the State of Colorado and was created June 4, 1991, under the provision of Section 44-30-201, Colorado Revised Statutes ("C.R.S."). The Division operates under the Colorado Limited Gaming Control Commission (the "Commission"). The Division implements, regulates, and supervises the conduct of limited gaming in the State, as authorized by statute.

In April 2009, House Bill 09-1272 was approved due to the passage of Amendment 50. In summation, this amendment allows Colorado casinos to offer \$100 maximum bets, offer the games of craps and roulette, and remain open for 24 hours, referred to as extended gaming. The extended gaming funds to be distributed are transferred to a separate fund every fiscal year-end beginning with fiscal year 2010; therefore, an Extended Gaming Fund was created for this purpose.

In May 2020, sports betting was authorized after approval of House Bill 19-1327 and approval of Proposition DD. In summation, House Bill 19-1327 and Proposition DD authorized the collection of a ten percent tax on the net proceeds of sports betting through licensed casinos. The revenues generated through collection of the sports betting tax, after repaying any appropriation made from the General Fund for the Commission's and Division's startup costs and after paying all ongoing expenses related to administering C.R.S. 44-30 Section 15, are directed to specific public purposes. The Sports Betting Fund and Hold-Harmless Fund were created pursuant to House Bill 19-1327 and Proposition DD.

On May 1, 2021, Amendment 77 took effect. It replaced the single bet limit of up to \$100 with unlimited maximum single bets and delegated authority to the city councils of Central City, Black Hawk and Cripple Creek to authorize the approval of additional games, provided by the Colorado Limited Gaming Control Commission. Statewide voters from the state of Colorado approved Amendment 77 at the November 3, 2020 general election.

The Legislature passed in the 2022 Legislative Session, and the governor signed HB 22-1402 on June 7, 2022. This bill established the Responsible Gaming Grant Program and the Responsible Gaming Grant Program Cash Fund and required the transfer of \$2.5 million of the State Share of the Limited Gaming Distribution to this fund.

The State of Colorado (the "State") is the primary reporting entity for State financial reporting purposes. The Division's financial statements are intended to present only those transactions attributable to the Division. The financial statements of the Division are not intended to present financial information of the State in conformity with generally accepted accounting principles. The Division's accounts are presented in a manner consistent with presentation of State's financial activities, which are reported in accordance with accounting principles generally accepted in the United States of America for governmental units.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Structure and Basis of Accounting

The financial activities of the Division are accounted for and reported on the basis of funds, which is considered to be a separate entity for accounting purposes. The operations of the Division are recorded in Special Revenue Funds, which consists of a discrete set of self-balancing accounts that comprise the assets, liabilities, fund balance, revenues, and expenditures of the entity. Throughout the year, encumbrances are recorded.

However, at fiscal year-end all encumbrances lapse and no reserve for encumbrances are reported. The accounts used for capital assets and long-term liabilities are not recorded in the Special Revenue Funds, but in a separate fund that is maintained on a statewide basis and are not reflected in these statements. Information on capital assets is included in Note 4 and long-term liabilities is included in both Note 6 and Note 10.

Governmental Funds

Special Revenue Funds

Transactions related to resources obtained from specific sources, which are restricted to specific purposes, are accounted for in the Special Revenue Funds. The Division's resources are obtained from specific gaming and sports betting related activities such as license fees, application fees, operations fees, gaming taxes, and sports betting taxes. These sources are restricted for specific uses as outlined in Sections 44-30-701, 44-30-702, and 44-30-1509, C.R.S.

The Governmental Accounting Standards Board ("GASB") issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010 to clarify fund balances. The following is according to the Governmental Generally Accepted Accounting Principles Update, Volume 10, Issue 13. "Fund balance is one of the most commonly used pieces of governmental financial information and is considered key information for users of governmental financial statements that are trying to identify resources that are liquid and available to be used to provide services." Because the Division's required reserve and the funds to be distributed to extended gaming recipients are specified in enabling legislation, the Colorado Constitution, the Division has spending constraint classifications presented on the balance sheet.

Basis of Accounting

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 - Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 100, Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62. GASB Statement No. 100 was effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The requirements of this Statement do not apply to the initial application of U.S. generally accepted accounting principles (GAAP) established by the GASB as a financial reporting framework in circumstances in which a government is asserting for the first time that its financial statements are prepared in accordance with U.S. GAAP established by the GASB. The requirements of this Statement apply to the financial statements of all state and local governments.

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, Compensated Absences. GASB Statement No. 101 was effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This standard provides updated guidance on the recognition and measurement of compensated absences for government entities. It aims to enhance the clarity and consistency of financial reporting for compensated absences, ensuring that financial statement users receive accurate and comparable information. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Historically the Division has calculated compensated absences in a manner that meets the requirements of this Statement.

In December 2023, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 102, Certain Risk Disclosures. GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Division has determined that no concentration or constraint events are determined to be reportable under this GASB standard.

Budgets

The Schedules of Budget to Actual compare actual revenues and expenditures to those which are legally authorized by state statute. The fiscal year 2025 revenue estimates were provided by the Division, based on the tax rate structure established by the Commission.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 - Summary of Significant Accounting Policies (continued)

Public hearings are conducted by the Commission to obtain comments and approval. During the fiscal year, the approved budgets may be modified due to roll-forward authorizations or other changes. The Commission must approve all long bill line-item budget request changes. Appropriations lapse at fiscal year-end unless a roll-forward of the unexpended budget has been approved.

Total appropriations for the Gaming budget are as follows:

	Years Ended June 30,	
	2025	2024
Appropriations	\$ 22,271,423	\$ 18,768,562
Supplemental appropriations	<u>2,237,577</u>	<u>961,716</u>
Total appropriations	<u>\$ 24,509,000</u>	<u>\$ 19,730,278</u>

In accordance with Senate Bill 25-317, Fiscal Year 2025 Limited Gaming interest income in the amount of \$1,755,154 was transferred to the State General Fund via the Division's Personal Services appropriation.

Total appropriations for the Sports Betting budget are as follows:

	Years Ended June 30,	
	2025	2024
Appropriations	\$ 5,199,857	\$ 4,489,819
Supplemental appropriations	<u>1,300</u>	<u>115,513</u>
Total appropriations	<u>\$ 5,201,157</u>	<u>\$ 4,605,332</u>

Accrued Payroll

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

Note 2 – Cash and Temporary Cash Investments

The Division deposits cash with the Colorado State Treasurer. The State Treasurer pools these deposits and invests them in securities authorized by Section 24-75-601.1, C.R.S. Moneys deposited in the Treasury are invested until the cash is needed. As of June 30, 2025 and 2024, the Division had cash on deposit with the State Treasurer of \$173,484,360 and \$169,212,492, respectively, which represented approximately 0.11% of the total \$15,918.2 million and 0.9% of \$18,095.0 million fair value of deposits in the State Treasurer's Pool (Pool). As of June 30, 2025, the Pool's resources included \$39.1 million of cash on hand and \$15,879.1 million of investments.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 2 – Cash and Temporary Cash Investments (continued)

On the basis of the Division's participation in the Pool, the Division reports as an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the Pool's underlying investments. The State Treasurer does not invest any of the Pool's resources in any external investment pool, and there is no assignment of income related to participation in the Pool. The unrealized gains/losses included in income reflect only the change in fair value for the fiscal year.

Additional information on investments of the State Treasurer's Pool may be obtained in the state's Annual Comprehensive Financial Report for the year ended June 30, 2025.

Note 3 - Accounts Receivable

As of June 30, 2025, and 2024, the Limited Gaming Fund had accounts receivable balances of \$18,273,842 and \$17,624,121, respectively. On June 30, 2025 and 2024, the Limited Gaming Fund had \$18,268,801 and \$17,619,897 of gaming taxes receivable, respectively, from 33 Colorado casinos each year. These receivables primarily represent June 2025 and 2024 gaming taxes, which were due on July 15, 2025 and on July 17, 2024, and were subsequently collected by the Department of Revenue in July 2025 and 2024 on behalf of the Division.

Of this receivable amount, \$783,613 is attributable to June 2025 taxes for three casinos which were not paid by the July 15, 2025, due date. These taxes remain receivable as of July 31, 2025, and this amount was excluded from the fiscal year 2025 calculations for Gaming Distribution because the funds had not been received as of the close of the fiscal year. This amount was recorded as unearned revenue in fiscal year 2025 and will be included in gaming taxes revenue for fiscal year 2026. Based on information available to the Division, no allowance for doubtful accounts is deemed necessary by management for Fiscal Year 2025.

The Gaming Commission approved the Colorado Gaming Association (CGA) proposed change to Rule 14 "Gaming Tax" during the May 2018 Commission meeting. The changes to Rule 14 will allow casinos to receive a tax refund or credit when gaming tax revenues increase at or above a specific growth rate. Further amendments to the Rule were made in July of 2021; the base year for calculating free play tax rate adjustment eligibility was reset to June 30, 2022 and the extension of free play tax rate adjustment was extended after the end of fiscal year 2025, upon conditions.

In fiscal year 2025, Gaming Tax revenues not including interest were \$177,614,148, whereas, in fiscal year 2024, Gaming Tax revenues were \$175,368,309, resulting in a 1.35% growth. To meet or exceed the 3.5% compounded growth rate, Gaming Tax revenues in fiscal year 2025 would need to exceed \$179,616,415, which they did not. As a result there are no funds available for tax rate adjustment consideration. No tax credits were issued for fiscal year 2026.

As of June 30, 2025, and 2024, the Sports Betting Fund had accounts receivable balances of \$3,080,533 and \$1,818,880, respectively. On June 30, 2025 and 2024, the Sports Betting Fund had \$3,079,722 and \$1,818,279 of sports betting taxes receivable from 15 and 14 operators, respectively. These receivables primarily represent June 2025 and 2024 sports betting taxes, which were due on July 15, 2025 and July 15, 2024 and were subsequently collected by the Department of Revenue in July 2025 and 2024 on behalf of the Division. Based on past collection history with similar accounts, no allowance for doubtful accounts is deemed necessary by management for Fiscal Year 2025.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 4 - Changes in Capital Assets and Accumulated Depreciation

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

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

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

	Capital Assets Not Being Depreciated	Capital Assets Being Depreciated				
	Land	Equipment & Software	Building	Leased Building	Subtotal	Total
Cost						
Balances, June 30, 2023	\$ 536,138	\$ 491,816	\$ 1,134,912	\$ 1,734,279	\$ 3,361,007	\$ 3,897,145
Additions	-	10,180	-	14,437	24,617	24,617
Disposals	-	(16,595)	-	-	(16,595)	(16,595)
Balances, June 30, 2024	536,138	485,401	1,134,912	1,748,716	3,369,029	3,905,167
Additions	-	67,000	-	-	67,000	67,000
Disposals	-	-	-	(531,483)	(531,483)	(531,483)
Balances, June 30, 2025	536,138	552,401	1,134,912	1,217,233	2,904,546	3,440,684
Accumulated Depreciation or Amortization						
Balances, June 30, 2023	-	(444,603)	(491,055)	(362,622)	(1,298,280)	(1,298,280)
Additions	-	(10,817)	(31,600)	(204,529)	(246,946)	(246,946)
Disposals	-	14,224	-	-	14,224	14,224
Balances, June 30, 2024	-	(441,196)	(522,655)	(567,151)	(1,531,002)	(1,531,002)
Additions	-	(12,571)	(31,513)	(102,715)	(146,799)	(146,799)
Disposals	-	-	-	-	-	-
Balances, June 30, 2025	-	(453,767)	(554,168)	(669,866)	(1,677,801)	(1,677,801)
Total capital assets, net	\$ 536,138	\$ 98,634	\$ 580,744	\$ 547,367	\$ 1,226,745	\$ 1,762,883

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 5 - Other Liabilities

Included in liabilities are deposits and unearned revenue. Applicants applying for gaming and sports betting licenses are required to remit deposits to the Division, which are used to perform background investigations of these applicants. These deposits are recorded as liabilities until the Division incurs expenditures to perform the background investigations or until any remaining balance is refunded to the applicant. Limited Gaming Fund deposits of \$391,660 and \$361,994 at June 30, 2025 and 2024, respectively, represent background investigation deposits. Also included are \$4,975 for June 30, 2025 and June 30, 2024, which represent funds seized during criminal investigations or from gaming patrons and are pending court order releases or adjudication. Sports Betting Fund deposits of \$263,691 and \$362,847 at June 30, 2025 and 2024, respectively, represent background investigation deposits.

The Division issues a two-year license to individuals who are subject to an investigative review on an annual basis. The fees for the second year of the license period are recorded as unearned revenue until the Division incurs the expense during the review period. As of June 30, 2025 and 2024, unearned license fees for the Limited Gaming Fund were \$301,427 and \$294,907, respectively. As of June 30, 2025 and 2024 unearned licensee fees for the Sports Betting Fund, including Fantasy Sports, were \$92,537 and \$72,380, respectively.

As of June 30, 2025, the Division recorded \$783,613 in an unearned revenues liability attributable to June 2025 taxes for three casinos which were not paid by the July 15, 2025 due date. This amount was recorded as unearned revenue in fiscal year 2025 and will be included in revenue for fiscal year 2026.

Note 6 – Long Term Liabilities

Pursuant to the provisions of GASB No. 34, long term liabilities are only reported in statewide financial statements. Long term liabilities consist of the following as of June 30, 2025:

	<u>Annual Leave</u>	<u>Sick Leave</u>	<u>Leased Building</u>	<u>Total</u>
Balances, June 30, 2023	\$ 854,049	\$ 115,755	\$ 1,437,369	\$ 2,407,173
Increase	552,910	77,905	-	630,815
Decrease	<u>(478,593)</u>	<u>(61,929)</u>	<u>(172,881)</u>	<u>(713,403)</u>
Balances, June 30, 2024	928,366	131,731	1,264,488	2,324,585
Increase	616,655	83,225	-	699,880
Decrease	<u>(693,139)</u>	<u>(103,373)</u>	<u>(647,618)</u>	<u>(1,444,130)</u>
Balances, June 30, 2025	<u>\$ 851,882</u>	<u>\$ 111,583</u>	<u>\$ 616,870</u>	<u>\$ 1,580,335</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 6 – Long Term Liabilities (continued)

Accrued Compensated Absences

In 2025, the Division continued hiring additional employees to support sports betting regulation. All permanent employees of the Division accrue annual and sick leave based on length of service. The accrued amount will be paid upon termination, subject to certain limitations.

Lakewood Office Lease

In February 2020, the Department of Revenue entered into a lease agreement with a third party to lease office space at 1687 Cole Boulevard, Lakewood, Colorado. The initial term of the lease is ten years and expires September 30, 2030. The Division of Gaming will share in this obligation and the Division's lease payments began in August 2021.

At the conclusion of the first lease year, the Department of Revenue (DOR) shall pay to the landlord Department of Revenue's proportionate share of operating expenses in excess of base year operating expenses, referred to as "Additional Rent". DOR's tax-exempt status allows for an on-going credit against monthly rent which is reconciled and adjusted annually. The additional rent coupled with the tax credit adjustment may create variable payments not included in the measurement of the lease liability. During fiscal years 2024 and 2025, the Division made \$0 in variable payments related to the Lakewood Office lease.

The table below shows the future principal and interest payments required for the Lakewood office lease.

Future Lease Principal and Interest Payments

	Interest	Principal
Fiscal year 2026	\$ 17,141	\$ 103,158
Fiscal year 2027	13,950	109,675
Fiscal year 2028	10,589	116,363
Fiscal year 2029	6,968	123,310
Fiscal year 2030	3,334	164,364
	<hr/>	<hr/>
Total Lakewood Office Lease	<u>\$ 51,982</u>	<u>\$ 616,870</u>

Richman Building (Black Hawk) Lease

On May 27, 2025, the Department of Revenue entered into a lease agreement with a third party to lease office space at 100 Richman Street, Black Hawk, Colorado. The planned commencement of this lease is November 1, 2025. The initial term of the lease is sixty months and expires December 31, 2030. The Division of Gaming is the sole occupant of this lease, and the Division's lease payments will begin in November 2025. For purposes of Senate Bill 19-196, Tenant intends to lease approximately eighty-two point six seven (82.67%) percent of the total Building; improvements and costs for remodeling, refurbishment, and tenant improvements are \$495,450, and therefore not subject to requirements of Executive Order D-2022-016, or to the requirements set forth in Section 24-92-202, C.R.S., concerning prevailing wage requirements.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 7 - Gaming Distributions

Limited Gaming Distribution

In June 2022, SB 22-216 and HB 22-1402 were approved. These bills added two more recipients, the Historical Society Strategic Initiatives Fund for fiscal year 2022 and the Responsible Gaming Grant Program Cash Fund. In addition, in fiscal year 2022, SB 22- 216 changed the calculation for how much is given to the Local Government Limited Gaming Impact Fund and modified part of the allocation calculation between the Limited Gaming recipients and the Extended Gaming recipients. These changes are now included in Sections 44-30-701 C.R.S and 44-30-702 C.R.S.

In accordance with Section 44-30-701, C.R.S., the balance remaining in the Limited Gaming Fund, at the end of the fiscal year, is to be transferred by the State Treasurer to the recipients of limited gaming revenues according to the following formula:

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

The amount to be distributed is derived from revenues collected by the Division during the fiscal year after payment of operating expenditures of the Division and other regulatory expenditures, except for an amount equal to expenditures for the last two-month period of the fiscal year. As of June 30, 2025 and 2024, the amount calculated as reserved fund balance by the Division based on expenditures for the preceding two-month period was \$3,367,289 and \$2,675,899, respectively.

On August 28th, 2025, the Commission approved the limited gaming distribution of \$112,063,940 for the fiscal year ended June 30, 2025 in accordance with Section 44-30-701, C.R.S.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 7 - Gaming Distributions (continued)

The limited gaming distributions are summarized as follows:

	Year Ended June 30,	
	2025	2024
Distribution to other State agencies		
Colorado State Historical Society		
Strategic Initiative Fund	\$ 31,377,903	\$ 32,078,970
Local Government Limited Gaming Impact Fund	6,048,921	6,048,921
Colorado Travel and Tourism Promotion Fund	15,000,000	15,000,000
Colorado Office of Film, Television, and Media Operational		
Account Cash Fund	500,000	500,000
Advanced Industries Acceleration Cash Fund	5,500,000	5,500,000
Creative Industries Cash Fund	2,000,000	2,000,000
Innovative Higher Education Research Fund	2,100,000	2,100,000
	<hr/>	<hr/>
Total distributions to funds at other State agencies	62,526,824	63,227,891
Distributions to other governments		
Cities of Cripple Creek, Central, and Black Hawk	11,206,394	11,456,775
Gilpin and Teller Counties	13,447,673	13,748,130
	<hr/>	<hr/>
Total distributions to other governments	24,654,067	25,204,905
Responsible Gaming Grant Program Cash Fund	2,500,000	2,500,000
Distribution to the State General Fund	22,383,049	23,634,954
	<hr/>	<hr/>
Total distributions	<u>\$ 112,063,940</u>	<u>\$ 114,567,750</u>

The funds available for distribution in fiscal year 2025 were reduced by outstanding taxes due from three casinos in the amount of \$783,613. These funds are receivable as of June 30, 2025, were not received by the July 15, 2025 payment deadline, and were not included in the distribution calculations. The revenue from these outstanding taxes was deferred to the following fiscal year and will be distributed as part of the fiscal year 2026 distribution.

In accordance with Senate Bill 25-317, fiscal year 2025 Limited Gaming interest income in the amount of \$1,755,154 was transferred to the State General Fund via the Division's Personal Services appropriation, which reduced the amount available for distribution. Additionally, in fiscal year 2026, all interest earned by Limited Gaming funds will be transferred to the General Fund, again reducing funds available for distribution.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 7 - Gaming Distributions (continued)

Extended Gaming Distribution

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

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

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

- 1) "Extended gaming" means subsection (7) of section 9 of article XVIII of the State constitution as approved by State's voters on November 4, 2008, and subsequently approved by voters in the cities of Black Hawk, Central and Cripple Creek;
- 2) "Extended gaming revenues" mean the "limited gaming tax revenues attributable to extended limited gaming" as defined by Section 44-30-702(4)(d), C.R.S.; and
- 3) "Limited gaming revenues" mean the gaming tax revenues attributable to the operation of limited gaming prior to extended gaming.

In accordance with Section 44-30-702, C.R.S. there will be a determination of tax revenues and expenditures attributable to extended and limited gaming.

1. After the end of each fiscal year ending June 30, the Commission shall determine limited gaming revenues by multiplying the amount of limited gaming revenues collected during the previous fiscal year by a factor of 3% and adding that amount to the amount of limited gaming revenues collected during the previous fiscal year. If the annual increase in total gaming tax revenues is less than 3%, limited gaming revenues shall be the amount of limited gaming revenues collected during the previous fiscal year multiplied by a factor of the actual percentage of annual growth in total gaming tax revenues. For any year in which limited gaming revenues decrease, limited gaming revenues shall be the amount of limited gaming revenues collected during the previous fiscal year multiplied by a factor of the actual percentage of annual decline in total gaming tax revenues. That amount shall be added or subtracted from the amount of limited gaming tax revenues collected during the previous fiscal year.
2. After the end of each fiscal year ending June 30, the Commission shall determine extended gaming revenues by subtracting the amount of limited gaming revenues from the amount of total gaming tax revenues collected during the fiscal year.
3. After the end of each fiscal year ending June 30, the Commission shall determine extended gaming expenses by multiplying the total of all expenses of the Commission and other State agencies for the fiscal year by the percentage of total limited gaming revenues attributable to extended gaming revenues.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 7 - Gaming Distributions (continued)

The original or Limited Gaming Fund recipients will receive an annual adjustment of the lesser of 6%, or the actual percentage of annual growth or decline in extended gaming revenues.

On August 28th, 2025, the Commission approved the extended gaming distribution of \$47,181,290 for the fiscal year ended June 30, 2025, in accordance with Section 44-30-702, C.R.S. These amounts were transferred to the Extended Gaming Fund after each fiscal year end as follows:

	June 30,	
	2025	2024
Distributions to Extended Gaming Recipients		
· 78% to the State's Public Community Colleges, Junior Colleges, and Local District Colleges;	\$ 36,801,406	\$ 36,219,241
· 12% to Gilpin and Teller Counties, in proportion to the tax revenues generated in the respective counties; and	5,661,755	5,572,191
· 10% to the cities of Cripple Creek, Central City, and Black Hawk, in proportion to the tax revenues generated in the respective cities.	4,718,129	4,643,493
Total distribution attributable to Extended Gaming	<u>\$ 47,181,290</u>	<u>\$ 46,434,925</u>

Note 8 – Sports Betting Distribution

Pursuant to Section 44-30-1509, C.R.S., the revenues generated through collection of the sports betting tax, after repaying any appropriation made from the General Fund for the Commission's and Division's startup costs, and after paying all ongoing expenses related to administering 44-30 Section 15, C.R.S., are directed to specific public purposes: the Wagering Revenue Recipients Hold-Harmless Fund, gambling addiction services, and the Colorado Water Plan.

During the fiscal year ended June 30, 2025, \$29,974,019 was distributed in accordance with the funds available to be distributed as of June 30, 2024.

At the end of fiscal year ending June 30, 2025, the available balance to be distributed from the Sports Betting Fund was \$35,238,236. The Division will distribute the preceding balance in fiscal year 2026 after Commission approval as follows:

- First, pay all ongoing expenses related to administering 44-30 Section 15, C.R.S. When making distributions from the Sports Betting Fund, the state treasurer may withhold an amount reasonably anticipated to be sufficient to pay the expenses until the next annual distribution.
- Second, transfer an amount equal to six percent of the full fiscal year sports betting tax revenues, or six percent of twenty-nine million dollars, whichever is less, to the Wagering Revenue Recipients Hold-Harmless Fund.
- Third, transfer all remaining available unexpended and unencumbered money in the fund to the Water Plan Implementation Cash Fund.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 9 - Commitments and Contingencies

Sunset Review

Under Section 44-30-206 C.R.S., the Division is subject to a “sunset” law, which provides that the Division’s existence is to terminate on a specified date. Sunset laws require the General Assembly to periodically review, and update as necessary, the laws that create entities such as the Division. During fiscal year 2022, a sunset review was completed, the law was amended, and the sunset date was extended to September 1, 2033. The Division’s existence will continue after September 1, 2033, only through the passage of a bill by the General Assembly.

Note 10 – Defined Benefit Pension Plan

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Division of Gaming participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Division of Gaming are provided with pensions through the SDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

Contributions provisions as of June 30, 2025: Eligible employees of, Division of Gaming and the State are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements for the SDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of July 1, 2024, through June 30, 2025 are summarized in the following table:

	July 1, 2024 Through December 31, 2024,	January 1, 2025 Through June 30, 2025
Employee contribution (all employees other than Safety Officers)	11.00%	11.00%
Safety Officers	13.00%	13.00%

** Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees other than Safety Officers are summarized in the following table:

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.21%	0.23%
Total employer contribution rate to the SDTF	20.59%	20.61%

** Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**DIVISION OF GAMING
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

The employer contribution requirements for Safety Officers are summarized in the following table:

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the SDTF	13.08%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.21%	0.23%
Total employer contribution rate to the SDTF	23.29%	23.31%

** Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the Division of Gaming is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from Division of Gaming were \$2,147,709 for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a non-employer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the SDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The Division of Gaming proportion of the net pension liability was based on Division of Gaming contributions to the SDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a non-employer contributing entity for participating employers of the SDTF that are outside of the State's financial reporting entity.

At June 30, 2025, the Division of Gaming reported a liability of \$20,104,835 for its proportionate share of the net pension liability.

At December 31, 2024, the Division of Gaming proportion was .21142%, which was an increase of .00181% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the Division of Gaming recognized pension expense of \$2,147,709. June 30, 2025, the Division of Gaming reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$590,077	-
Changes of assumptions or other inputs	-	\$155,895
Net difference between projected and actual earnings on pension plan investments	\$442,846	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$116,325	\$72,417
Contributions subsequent to the measurement date	\$1,050,627	-
Total	\$2,199,875	\$228,312

**DIVISION OF GAMING
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

\$1,050,627 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30	
2026	\$707,694
2027	\$1,183,525
2028	(\$696,016)
2029	(\$274,268)

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.30%-10.90%
Safety Officers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation:

Members other than Safety Officers	2.70%-13.30%
Safety Officers	3.20%-16.30%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study dated January 3, 2025.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a non-employer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 10 – Defined Benefit Pension Plan (continued)

Based on the above assumptions and methods, the SDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Division of Gaming proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1- percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$26,788,257	\$20,104,835	\$14,474,980

Pension plan fiduciary net position. Detailed information about the SDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Note 11 – Other Retirement Plans

Defined Contribution Pension Plans

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus DC Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy – All participating employees in the PERA DC Plan and the Division of Gaming are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 11 – Other Retirement Plans (continued)

The employee and employer contribution rates for the period July 1, 2024, through June 30, 2025 are summarized in the following tables:

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Employee Contribution Rates:		
All employees other than Safety Officers	11.00%	11.00%
Safety Officers	13.00%	13.00%
Employer Contribution Rates:		
On behalf of all employees other than Safety Officers	10.15%	10.15%
Safety Officers	12.85%	12.85%

** Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	July 1, 2024 Through December 31, 2024	January 1, 2025 Through June 30, 2025
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. § 24-51-401 and § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.21%	0.23%
Total employer contribution rate to the SDTF	11.46%	11.48%

** Contribution rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

**DIVISION OF GAMING
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**NOTES TO FINANCIAL STATEMENTS
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Note 11 – Other Retirement Plans (continued)

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed \$0 and the Division of Gaming recognized pension expense and a liability of \$0 and \$0, respectively, for the PERA DC Plan.

Note 12 – Other Post Employment Benefits

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. The Division of Gaming participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Division of Gaming are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

**NOTES TO FINANCIAL STATEMENTS
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Note 12 – Other Post Employment Benefits (continued)

C.R.S. § 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

**NOTES TO FINANCIAL STATEMENTS
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Note 12 – Other Post Employment Benefits (continued)

Contributions. Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which compensation becomes payable to the member and the Division of Gaming is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Division of Gaming were \$92,336 for the year ended June 30, 2025.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the Division of Gaming reported a liability of \$335,779 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The Division of Gaming proportion of the net OPEB liability was based on Division of Gaming contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Division of Gaming proportion was 0.07022%, which was an increase of 0.0008% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the Division of Gaming recognized OPEB expense of \$14,568. At June 30, 2025, the Division of Gaming reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Difference between expected and actual experience	\$0	\$74,066
Changes of assumptions or other inputs	3,850	107,332
Net difference between projected and actual earnings on OPEB plan investments	1,138	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	55,919	2,044
Contributions subsequent to the measurement date	48,337	0
Total	\$109,244	\$183,442

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

\$48,337 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$(30,866)
2027	(15,647)
2028	(28,388)
2029	(21,991)
2030	(16,753)
2031	(8,888)

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation:				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034			
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034			
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033			

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

DPS Benefit structure:

Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase	Annual Increase
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

All costs are subject to the health care cost trend rates, discussed as follows.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare	MAPD PPO	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non- Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages N/A
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

The following health care costs assumptions were used in the roll forward calculation for the HCTF:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

Post-Retirement (Beneficiary), Non- Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages N/A
PubS-2010 Disabled Retiree	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

Sensitivity of the Division of Gaming proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 326,732	\$335,779	\$ 346,017

¹For the January 1, 2025, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Other Post Employment Benefits (continued)

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Division of Gaming proportionate share of the net OPEB liability to changes in the discount rate. The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$ 411,502	\$335,779	\$ 270,496

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Note 13 – Risk Management

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

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

Note 14 - Related-Party Transactions

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 14 - Related-Party Transactions (continued)

Interagency charges for the Limited Gaming Fund consist of the following:

	For the Years Ended	
	2025	2024
State agency services:		
Colorado State Patrol	\$ 4,420,556	\$ 3,709,170
Colorado Division of Fire Prevention and Control	228,438	222,066
Indirect costs (Colorado Department of Revenue)	1,231,561	1,211,732
Legal Services (Colorado Department of Law)	183,663	248,326
Office of the State Auditor	26,710	25,800
Office of Information Technology Purchased Services	857,258	428,119
	<hr/>	<hr/>
Total payments to State agencies	<u>\$ 6,948,186</u>	<u>\$ 5,845,213</u>

Interagency charges for the Sports Betting Fund consist of the following:

	For the Years Ended	
	2025	2024
State agency services:		
Office of the State Auditor	\$ 26,710	\$ 25,800
Indirect costs (Colorado Department of Revenue)	306,447	156,060
Office of Information Technology Purchased Services	241,104	59,999
Legal Services (Colorado Department of Law)	86,032	126,214
	<hr/>	<hr/>
Total payments to State agencies	<u>\$ 660,293</u>	<u>\$ 368,073</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 14 - Related-Party Transactions (continued)

The Limited Gaming Fund had liabilities to other State agencies, the Responsible Gaming Grant Program Cash Fund (RGGPCF), the State's General Fund, and other governments as follows:

	June 30,	
	2025	2024
State agencies:		
Colorado State Historical Society	\$ 31,377,903	\$ 32,078,970
Colorado Department of Local Affairs	6,048,921	6,048,921
Colorado Office of Economic Development	23,000,000	23,000,000
Colorado Department of Higher Education	2,100,000	2,100,000
	<hr/>	<hr/>
Total liabilities to State agencies	62,526,824	63,227,891
Other governments:		
City of Black Hawk	8,549,358	8,837,756
City of Central City	774,362	831,762
City of Cripple Creek	1,882,674	1,787,257
Gilpin County	11,188,464	11,603,422
Teller County	2,259,209	2,144,708
	<hr/>	<hr/>
Total liabilities to other governments	24,654,067	25,204,905
Responsible Gaming Grant Program Cash Fund	2,500,000	2,500,000
State General Fund	22,383,049	23,634,954
	<hr/>	<hr/>
Total liabilities to State agencies, State General Fund, RGGPCF, and other governments	<u>\$ 112,063,940</u>	<u>\$ 114,567,750</u>

Total related party liabilities of \$112,063,940 and \$114,567,750 at June 30, 2025 and June 30, 2024, respectively, are solely related to the fiscal year 2025 and fiscal year 2024 limited gaming distributions.

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

**REQUIRED SUPPLEMENTARY INFORMATION
LIMITED GAMING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (Non-GAAP Budgetary Basis)
YEAR TO DATE June 30, 2025**

	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARD DS	ANNUAL REVISED ESTIMATED BUDGET **	100% OF OF BUDGETED AMOUNT EXCEPT FOR TAXES ***	YEAR-TO- DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:							
Gaming Taxes	\$ 174,753,689	\$ -	\$ 174,753,689	\$ 174,753,689	\$ 176,850,963	\$ 2,097,274	101.20%
License and Application Fees	763,392	-	763,392	763,392	695,611	(67,781)	91.12%
Background Investigations	864,752	-	864,752	864,752	169,430	(695,322)	19.59%
Fines and Fees	-	-	-	-	7,578	7,578	100.00%
Interest Revenue	2,477,878	-	2,477,878	2,477,878	2,820,334	342,456	113.82%
Other Revenue	-	-	-	-	3,079	3,079	100.00%
TOTAL REVENUES	178,859,711	-	178,859,711	178,859,711	180,546,995	1,687,284	100.94%
OTHER FINANCING SOURCES / USES:							
Insurance Recoveries	-	-	-	-	700	700	100.00%
TOTAL REVENUES & OTHER FIN. SOURCES	178,859,711	-	178,859,711	178,859,711	180,547,695	1,687,984	100.94%
EXPENDITURES:							
Personal Services	12,350,897	1,755,154	14,106,051	14,106,051	12,281,760	(1,824,291)	87.07%
Personal Services Rollforward	-	-	-	-	-	-	100.00%
Health, Dental and Life Insurance	-	-	-	-	-	-	100.00%
Short Term Disability	-	-	-	-	-	-	100.00%
Amortization Equalization Disbursement	-	-	-	-	-	-	100.00%
Supplemental Amort. Equal. Disbursement	-	-	-	-	-	-	100.00%
Operating Expenditures	850,828	645,500	1,496,328	1,496,328	1,121,401	(374,927)	74.94%
Operating Expenditures Rollforward	-	-	-	-	-	-	100.00%
Workers Compensation	29,064	-	29,064	29,064	29,064	-	100.00%
Risk Management	30,775	-	30,775	30,775	30,775	-	100.00%
Licensure Activities	126,078	-	126,078	126,078	88,156	(37,922)	69.92%
Pierce Building	-	-	-	-	-	-	100.00%
Leased Space	469,025	-	469,025	469,025	128,281	(340,744)	27.35%
Vehicle Lease Payments - Fixed	162,144	-	162,144	162,144	162,144	-	100.00%
Vehicle Lease Payments - Variable	83,600	-	83,600	83,600	83,600	-	100.00%
Utilities	28,925	-	28,925	28,925	23,748	(5,177)	82.10%
Capital Outlay	-	-	-	-	-	-	100.00%
CSN - (Old MNT)	-	-	-	-	-	-	100.00%
EDO - Communications	-	-	-	-	-	-	100.00%
Capitol Complex Leased Space	-	-	-	-	-	-	100.00%
Legal Services	183,663	-	183,663	183,663	183,663	-	100.00%
CORE Operations	14,605	-	14,605	14,605	14,605	-	100.00%
Payments to Office of Information Technology	706,628	-	706,628	706,628	706,628	-	100.00%
EBG Admin. Indirects	-	-	-	-	-	-	100.00%
IT Division - MIPC Phones & ISD	52,888	(6,634)	46,254	46,254	41,877	(4,377)	90.54%
IT Accessibility	-	-	-	-	-	-	100.00%
Indirect Costs - Department of Revenue	1,452,282	(6,443)	1,445,839	1,445,839	1,231,561	(214,278)	85.18%
State Agency Services	5,030,021	-	5,030,021	5,030,021	4,648,994	(381,027)	92.42%
Division Expenditures	21,571,423	2,387,577	23,959,000	23,959,000	20,776,257	(3,182,743)	86.72%
Background Expenditures	700,000	(150,000)	550,000	550,000	35,612	(514,388)	6.47%
TOTAL EXPENDITURES	22,271,423	2,237,577	24,509,000	24,509,000	20,811,869	(3,697,131)	84.92%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 156,588,288	N/A	\$ 154,350,711	\$ 154,350,711	\$ 159,735,826	\$ 5,385,115	103.49%

* Represents original information given to the Commission in May of 2024. The percent of the fiscal year elapsed through June 30, 2025 is 100.0%.

** Amount includes Long Bill items and Supplemental Appropriations.

*** The original tax projection assumed an AGP increase of 1%, which was then applied to the existing casinos' graduated tax tiers. The \$174,753,689 is this tax projection through June, which is \$2,097,274 less than the actual taxes collected for the same period.

See accompanying Notes to Required Supplementary Information.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SPORTS BETTING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (Non-GAAP Budgetary Basis)
YEAR TO DATE June 30, 2025**

	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARD DS	ANNUAL REVISED ESTIMATED BUDGET **	100.0% OF BUDGETED AMOUNT	YEAR-TO- DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED EXPENDED OF ANNUAL BUDGET
REVENUES:							
Sports Betting Taxes	\$ 32,300,199	\$ -	\$ 32,300,199	\$ 32,300,199	\$ 36,817,572	\$ 4,517,373	113.99%
License and Application Fees	216,624	-	216,624	216,624	186,283	(30,341)	85.99%
Sports Betting Operations Fees	3,070,194	-	3,070,194	3,070,194	1,634,100	(1,436,094)	53.22%
Background Investigations	192,984	-	192,984	192,984	59,068	(133,916)	30.61%
Fines and Fees	-	-	-	-	1,512	1,512	100.00%
Interest Revenue	591,094	-	591,094	591,094	804,774	213,680	136.15%
Other Revenue	-	-	-	-	41	41	100.00%
TOTAL REVENUES	36,371,095	-	36,371,095	36,371,095	39,503,350	3,132,255	108.61%
OTHER FINANCING USES:							
Transfer from Personnel	-	-	-	-	1,650	1,650	100.00%
TOTAL REVENUES & OTHER FINANCING USES	36,371,095	-	36,371,095	36,371,095	39,505,000	3,133,905	108.62%
EXPENDITURES:							
Personal Services	4,112,793	-	4,112,793	4,112,793	3,361,720	(751,073)	81.74%
Operating Expenditures	175,038	105,000	280,038	280,038	220,884	(59,154)	78.88%
Operating Expenditures Rollforward	-	-	-	-	-	-	100.00%
Workers Compensation	8,174	-	8,174	8,174	8,174	-	100.00%
Risk Management	8,655	-	8,655	8,655	8,655	-	100.00%
Licensure Activities	37,701	(10,000)	27,701	27,701	13,063	(14,638)	47.16%
Leased Space	50,433	-	50,433	50,433	32,076	(18,357)	63.60%
Vehicle Lease Payments - Fixed	20,324	-	20,324	20,324	20,324	-	100.00%
Vehicle Lease Payments - Variable	4,200	-	4,200	4,200	2,763	(1,437)	65.79%
Legal Services	86,032	-	86,032	86,032	86,032	-	100.00%
CORE Operations	4,108	-	4,108	4,108	4,108	-	100.00%
Payments to Office of Information Technology	198,739	-	198,739	198,739	198,739	-	100.00%
Indirect Costs - Department of Revenue	387,109	1,300	388,409	388,409	306,447	(81,962)	78.90%
Division Expenditures	5,093,306	96,300	5,189,606	5,189,606	4,262,985	(926,621)	82.14%
Non Personal Services Background Expenditures	106,551	(95,000)	11,551	11,551	1,817	(9,734)	15.73%
TOTAL EXPENDITURES	5,199,857	1,300	5,201,157	5,201,157	4,264,802	(936,355)	82.00%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 31,171,238	N/A	\$ 31,169,938	\$ 31,169,938	\$ 35,240,198	\$ 4,070,260	113.06%

* Represents original information given to the Commission in May of 2024.

The percent of the fiscal year elapsed through June 30, 2025 is 100.0%.

** Amount includes Long Bill items and Supplemental Appropriations.

See accompanying Notes to Required Supplementary Information.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS**

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Division's Proportion (Percentage) of the Collective Net Pension Liability	0.2114207%	0.2096103%	0.2138573%	0.1939654%	0.1882503%	0.1822451%	0.1773283%	0.1833310%	0.1918421%	0.1913726%
Division's Proportionate Share of the Collective Pension Liability	\$ 20,104,835	\$ 21,198,089	\$ 23,251,797	\$ 14,305,201	\$ 17,855,151	\$ 17,684,708	\$ 20,177,610	\$ 36,699,165	\$ 35,237,801	\$ 20,153,510
Covered Payroll	10,425,886	8,701,456	9,754,562	6,441,231	6,172,140	5,764,748	5,683,059	5,264,601	5,465,598	5,319,912
Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	192.84%	243.62%	238.37%	222.09%	289.29%	306.77%	355.05%	697.09%	644.72%	378.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.44%	64.37%	60.63%	73.05%	65.34%	62.24%	55.11%	43.20%	42.60%	56.10%

The amounts presented for each fiscal year were determined as of December 31.

See accompanying Notes to Required Supplementary Information.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily Required Contributions *	\$ 1,817,675	\$ 1,653,354	\$ 1,500,367	\$ 1,459,011	\$ 1,277,435	\$ 1,315,020	\$ 1,198,503	\$ 998,250	\$ 980,190	\$ 947,398
Contributions in Relation to the Statutorily Required Contribution	<u>1,817,675</u>	<u>1,653,354</u>	<u>1,500,367</u>	<u>1,459,011</u>	<u>1,277,435</u>	<u>1,315,020</u>	<u>1,198,503</u>	<u>998,250</u>	<u>980,190</u>	<u>947,398</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	10,425,886	8,701,456	9,754,562	7,320,678	6,425,729	6,057,844	5,537,483	5,218,241	5,247,488	5,329,669
Contribution as a Percentage of Covered Payroll	17.43%	19.00%	15.38%	19.93%	19.88%	21.71%	21.64%	19.13%	18.68%	17.78%

* The amounts presented for fiscal years 2022, 2020, and 2019 include the portion applicable to the Division of the direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis based on Senate Bill 18-200. The direct distribution provision was suspended for fiscal year 2021 under House Bill 20-1379.

The amounts presented for each fiscal year were determined as of June 30.

See accompanying Notes to Required Supplementary Information.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS**

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016
Division's Proportion (Percentage) of the Collective Net OPEB Liability	0.07022200%	0.069420800%	0.069631997%	0.062996164%	0.062426423%	0.059761700%	0.059227966%	0.010347596%	0.009566987%
Division's Proportionate Share of the Collective OPEB Liability	\$ 335,779	\$ 495,474	\$ 568,531	\$ 543,219	\$ 593,191	\$ 671,720	\$ 805,821	\$ 806,020	\$ 851,584
Covered Payroll	9,052,559	8,087,522	7,330,822	6,441,231	6,172,140	5,764,748	5,683,059	5,264,601	5,465,598
Division's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	3.71%	6.13%	7.76%	8.43%	9.61%	11.65%	14.18%	15.31%	15.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

The amounts presented for each fiscal year were determined as of December 31. Information earlier than 2017 was not available.

See accompanying Notes to Required Supplementary Information.

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) CONTRIBUTIONS AND RELATED RATIOS (CONTINUED)
LAST 10 FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions **	\$ 92,336	\$ 82,493	\$ 74,774	\$ 74,671	\$ 65,542	\$ 61,790	\$ 56,482	\$ 53,226	\$ 53,524	\$ 54,363
Contributions in Relation to the Statutorily Required Contribution	92,336	82,493	74,774	74,671	65,542	61,790	56,482	53,226	53,524	54,363
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	9,052,559	8,087,522	7,330,822	7,320,678	6,425,729	6,057,844	5,537,483	5,218,241	5,247,488	5,329,669
Contribution as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

See accompanying Notes to Required Supplementary Information.

DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 FISCAL YEARS

Note 1 - Net Pension Liability

2024 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2023:

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

2023 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2022:

- Senate Bill 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225,000 direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill 20-1379, but not fully repaid through the provisions within House Bill 22-1029. Pursuant to Senate Bill 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in Section 24-51-116 C.R.S., plus \$10,000 from the General Fund, totaling \$14,561.
- Senate Bill 12-163, enacted and effective June 6, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a "State Trooper" for the purposes of determining their service retirement eligibility.
- As of the December 31, 2023 measurement date, the total pension liability recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2021:

- House Bill 22-1029, effective upon enactment, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000 direct distribution, a warrant to PERA in the amount of \$380,000 with reductions to future direct distributions. The July 1, 2023 direct distribution will be reduced by \$190,000 to \$35,000. The July 1, 2024 direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

2021 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2020

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision assessment, statutorily recognized July, 2021, and effective July 1, 2022
- Member contribution rates increase by 0.50 percent.
- Employer contribution rates increase by 0.50 percent.
- Annual increase cap is lowered from 1.25 percent per year to 1.00 percent per year.
- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 FISCAL YEARS**

Note 1 - Net Pension Liability (continued)

2020 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2019

- House Bill 20-1379 enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's Fiscal Year 2021.
- Senate Bills 18-200 and 20-057 enacted in 2018 and 2020, respectively, expanded the definition of "State Trooper" under Colorado law as follows:
 - Beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII; and
 - New members hired on or after January 1, 2020 as a corrections officer classified as I through IV by a State Division employer.
- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than Safety Officers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for Safety Officers was changed to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than Safety Officers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The disability mortality assumption for Safety Officers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2018

- Senate Bill 18-200 was enacted on June 4, 2018, which included the adoption of the automatic adjustment provision. The following changes reflect the anticipated adjustments resulting from the 2018 automated adjustment provision, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increased by 0.50 percent.
 - Employer contribution rates increased by 0.50 percent.
 - Annual increase cap is lowered from 1.50 percent per year to 1.25 percent per year.
- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 FISCAL YEARS**

Note 1 - Net Pension Liability (continued)

2018 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2017

- The following changes were made to the plan provision as part of Senate Bill 18-20:
 - Member contribution rates increased by 0.75 percent effective July 1, 2020, and an additional 0.50 percent effective July 1, 2021.
 - An annual direct distribution of \$225,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions.
 - Annual increase cap is lowered from 2.00 percent per year to 1.50 percent per year.
 - Initial annual increase waiting period is extended from one year after retirement to three years after retirement.
 - Annual increase payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020 increases from three to five years for the State, School, and DPS Divisions and increases from one to three years for the Judicial Division.
 - The single equivalent interest rate (SEIR) for the State Division was increased from 4.72 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.

2017 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2016

- The SEIR for the State Division was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR for the State and Judicial Divisions changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

2016 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2015

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The post-retirement mortality assumption for healthy lives for the State Division was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to ages below 80 and a 108 percent factor applied to age 80 and above, projected to 2018, for males, and a 78 percent factor applied to ages below 80 and a 109 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIR for the State Division was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date.

DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 FISCAL YEARS

Note 2 - Other Postemployment Benefits

2024 Changes in Plan Provisions, Assumptions or Other Inputs Since 2023

- As of the December 31, 2024, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF was \$20.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

2023 Changes in Plan Provisions, Assumptions or Other Inputs Since 2022

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000 payment received on December 4, 2023, and a \$2,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF was \$1,033.

2022 Changes in Plan Provisions, Assumptions or Other Inputs Since 2021

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.
- The timing of the retirement decrement was adjusted to middle-of-year.

There were no changes to the 2021 Plan Provisions, Assumptions, or Other Inputs Since 2020.

2020 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

**DIVISION OF GAMING
DEPARTMENT OF REVENUE, STATE OF COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 FISCAL YEARS**

Note 2 - Other Postemployment Benefits (continued)

- The pre-retirement mortality assumption for State Troopers was changes to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no changes to the 2019 Plan Provisions, Assumptions, or Other Inputs Since 2018.

There were no changes to the 2018 Plan Provisions, Assumptions, or Other Inputs Since 2017.

There were no changes to the 2017 Plan Provisions, Assumptions, or Other Inputs Since 2016.

2016 Changes in Plan Provisions, Assumptions, or Other Inputs Since 2015

- The Entry Age actuarial cost method allocation basis was changed from a level dollar amount to a level percentage of pay.
- The investment rate of return assumption decreased, the price inflation assumption decreased, and the wage inflation assumption decreased by 0.25 percent, 0.40 percent, and 0.4 percent, respectively.
- Mortality tables related to the mortality assumption for active members, post-retirement mortality assumption for healthy lives, mortality assumption for disabled retirees were changed.
- Various other assumptions related to assumed rates, wage inflation, PERACare, initial per capita health care costs, health care cost trends, election rates, assumed age differences between future retirees and their participating spouses, and utilization rates changed.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Members of the Legislative Audit Committee and Colorado Limited Gaming Control Commission Division of Gaming, Department of Revenue, State of Colorado
Golden, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Limited Gaming Fund, Extended Limited Gaming Fund, Responsible Gaming Grant Fund, Sports Betting Fund, and Hold-Harmless Fund, special revenue funds of the Division of Gaming (Department of Revenue) (the Division), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements, and have issued our report thereon dated December 4, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Division's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Division's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Division's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Division's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Division's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
December 4, 2025



Required Auditor Communications to the Legislative Audit Committee and Colorado Limited Gaming Control Commission

Members of the Legislative Audit Committee and Colorado Limited Gaming Control Commission Division of Gaming, Department of Revenue, State of Colorado
Golden, Colorado

We have audited the accompanying financial statements of the Extended Limited Gaming Fund (Extended Gaming Fund), Responsible Gaming Grant Fund, Limited Gaming Fund, Sports Betting Fund, and Hold-Harmless Fund of the Division of Gaming, Department of Revenue, State of Colorado (the Division) as of and for the years ended June 30, 2025 and 2024, and have issued our report thereon dated December 4, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated May 22, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Division solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Division's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. The significant accounting policies used by the Division are described in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Division's financial statements relate to:

The disclosures of Distributions of Net Proceeds in Note 7 (Gaming Distributions) and Note 8 (Sports Betting Distribution), as these disclosure presents information regarding performance of the Division's commitment to funding beneficiaries throughout the State of Colorado.

The disclosure of Pension Plans in Note 10, which presents the Division's deferred inflows and outflows of resources related to the defined benefit pension plan, as well as summarizes actuarial assumptions used in determining the Division's estimated total pension liability.

The disclosure of Other Postemployment Benefits and Life Insurance in Note 12, which presents the Division's deferred inflows and outflows of resources related to other postemployment benefits, as well as summarizes actuarial assumptions used in determining Division's estimated total other postemployment benefits liability.

The disclosure of Related Party Transactions in Note 14, which discloses the nature of the Division's relationship with the State of Colorado and interdepartmental fees paid as a result of this relationship.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Division's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We have made the following modification to our auditor's report, related to the Division's relationship with the State of Colorado:

As discussed in Note 1 –Summary of Significant Accounting Policies, The Division's financial statements are intended to present only those transactions attributable to the Division. The financial statements of the Division are not intended to present financial information of the State in conformity with generally accepted accounting principles. The Division's accounts are presented in a manner consistent with presentation of State's financial activities, which are reported in accordance with accounting principles generally accepted in the United States of America for governmental units.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated December 4, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Division, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Division's auditors.

Restriction on Use

This report is intended solely for the information and use of the Members of the Legislative Audit Committee, Colorado Limited Gaming Control Commission, and management of Division of Gaming, Department of Revenue, State of Colorado, and is not intended to be, and should not be, used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
December 4, 2025