



OFFICE OF THE STATE AUDITOR



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December 4, 2017

QUESTIONS ARISE OVER GAMING CITIES' USE OF STATE HISTORICAL FUND CASH

DENVER—the Colorado Office of the State Auditor has released a performance audit looking at how the cities of Black Hawk, Central City, and Cripple Creek have used the monies they receive from the State Historical Fund and found that it is unclear whether spending by all three cities is aligned with the original intent of the Colorado Constitution and state statute.

Colorado voters approved a constitutional amendment in 1990 allowing casino gaming in the three cities with a provision that a portion of the gaming taxes paid by casinos be deposited into the State Historical Fund and distributed to the cities for the purposes of preservation and restoration. Statute requires the cities to use the monies for historic restoration and preservation. From 2014 to 2016, the cities received \$14.7 million in distributions—\$11 million to Black Hawk, \$1.3 million to Central City, and \$2.4 million to Cripple Creek.

When auditors looked how Black Hawk spent its distributions, they found that grants to homeowners for restoring historic private houses did not consistently comply with the federal historic preservation standards that are required by statute. In a sample of six grants totaling \$5.95 million in State Historical Fund monies between 2013 and 2017, the city did not assess the

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historic character of any house interiors prior to demolition, and replaced or demolished some historic features against the advice of historic preservation consultants. Further, Black Hawk's Historic Preservation Commission did not review significant portions of the grants or project plans, as required by statute.

When auditors looked at Cripple Creek, they found that it wasn't clear whether its grants for exterior improvements to historic structures consistently complied with historic preservation standards and statutes. In a sample of six grants totaling \$37,782 between 2014 and 2017, Cripple Creek spent \$5,147 to replace potentially historic features without documenting whether they were historic or the rationale for replacement rather than repair.

Black Hawk only partially agreed with the auditor's recommendation, while Cripple Creek agreed with the recommendation made to it. Auditors did not have specific audit recommendations for Central City.

The full report is available @ www.colorado.gov/auditor.

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.