

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Historic Arkansas Riverwalk Authority of Pueblo  
Pueblo, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Historic Arkansas Riverwalk Authority of Pueblo (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity and each major fund of the Historic Riverwalk Authority of Pueblo, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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 generally accepted 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 generally accepted 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 Authority'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 4 through 7 and pages 26 through 27 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 auditing standards generally accepted in the United States of America, 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 audit 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information on page 28 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures – recreational/entertainment operations enterprise fund – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*M. Pherson, Goodwin, Poulos & Mahler, P.C.*

June 26, 2024

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2023

### INTRODUCTION

The purpose of this Management's Discussion and Analysis (MD&A) is to provide a financial review and analysis as of and for the year ended December 31, 2023. This discussion and analysis is presented in conjunction with the Historic Arkansas Riverwalk of Pueblo Authority's (the Authority) audited financial statements. The analysis includes comparative information from 2022.

The Authority was created in 1997 under the laws of the state of Colorado to promote, manage, supervise, operate, develop and maintain the public project known as the Historic Arkansas Riverwalk of Pueblo. The original Intergovernmental Agreement (IGA) establishing the Authority included the City of Pueblo, Colorado, the County of Pueblo, Colorado, the Pueblo Conservancy District and the Board of Water Works of Pueblo. The Pueblo Urban Renewal Authority (PURA) agreed to be a party to the IGA in May 2008, at which time the IGA was modified to include the PURA.

### FINANCIAL HIGHLIGHTS

- The Authority's net position on December 31, 2023 totaled \$804,328 while the Authority's change in net position for the year ended December 31, 2023 was an increase of \$51,887.
- Total revenues for the year ended December 31, 2023 were \$1,483,828 and total expenses for the same period were \$1,431,941. Revenues decreased by \$7,633 during 2023 compared to 2022.

### LAYOUT OF REPORT

In addition to this MD&A, the report consists of government-wide statements, fund financial statements, the notes to the financial statements, required supplementary information, and supplementary information. Within this view, the Authority's operations are categorized and reported as either governmental activities or business-type activities. Governmental activities include basic governmental and administration services, while the business-type activities represent the recreational/entertainment operation enterprise fund. The government-wide statements are designed to be more corporate-like so as to report all the Authority's activities in these statements.

### FINANCIAL STATEMENTS

#### Government-Wide Financial Statements

The government-wide financial statements are reported by governmental activities and business-type activities. These statements are designed to provide a broad overview of the Authority's net position and changes in net position. The governmental activities include the general fund, while the business-type activities report the recreational/entertainment operation enterprise fund.

The statement of net position presents a snapshot view of the assets and liabilities of the Authority at a point in time, while the changes in net position reports revenues and expenses over a period of time.

## Fund Financial Statements

The fund financial statements provide more detail about the Authority's activities and the funds are used to maintain control over resources that are segregated for specific purposes or activities. The Authority reports a general fund, along with the recreational/entertainment operations enterprise fund.

## Notes to Financial Statements

The notes to the financial statements provide additional disclosure required by generally accepted accounting principles and are designed to assist the reader in understanding the Authority's financial condition.

## Financial Analysis

The following tables and analysis discuss the net position and changes in net position for the Authority as of and for the year ended December 31, 2023 with comparative information for the previous year.

Net Position – Net position may serve over time as a useful indicator of the Authority's financial position. The following table reflects the condensed statement of net position as of December 31, 2023 and 2022:

TABLE A  
CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 581,689	\$ 652,556	\$ 127,872	\$ 141,371	\$ 709,561	\$ 793,927
Noncurrent assets	<u>181,361</u>	<u>3,072</u>	<u>35,223</u>	<u>47,554</u>	<u>216,584</u>	<u>50,626</u>
Total Assets	<u>763,050</u>	<u>655,628</u>	<u>163,095</u>	<u>188,925</u>	<u>926,145</u>	<u>844,553</u>
Current liabilities	112,311	22,437	8,043	69,675	120,354	92,112
Long term liabilities	<u>1,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,463</u>	<u>-</u>
Total Liabilities	<u>113,774</u>	<u>22,437</u>	<u>8,043</u>	<u>69,675</u>	<u>121,817</u>	<u>92,112</u>
Net investment in capital assets	181,361	3,072	35,223	47,554	216,584	50,626
Unrestricted	321,942	330,281	119,829	71,696	441,771	401,977
Restricted	<u>145,973</u>	<u>299,838</u>	<u>-</u>	<u>-</u>	<u>145,973</u>	<u>299,838</u>
Total Net Position	<u>\$ 649,276</u>	<u>\$ 633,191</u>	<u>\$ 155,052</u>	<u>\$ 119,250</u>	<u>\$ 804,328</u>	<u>\$ 752,441</u>

The Authority's net position was \$804,328 on December 31, 2023, and as demonstrated in Table B, the Authority's revenues exceeded its expenses by \$51,887 for the year ended December 31, 2023. In 2023, \$58,865 was expended from the 1A funds; in 2022, we expended \$3,800. We also expended \$95,000 of restricted funds for the installation of security cameras on the riverwalk in 2023.

Changes in Net Position – Table B below compares revenues and expenses of the Authority for the current year and the previous period.

TABLE B  
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues –						
Charges for services	\$ 263,694	\$ 273,520	\$ 221,096	\$ 225,608	\$ 484,790	\$ 499,128
Operating grants and contributions	970,102	857,326	-	-	970,102	857,326
Capital grants and contributions	19,210	126,251	-	-	19,210	126,251
Investment earnings	570	57	14	11	584	68
Gain on sale of assets	172	-	-	-	172	-
Other	<u>8,970</u>	<u>6,623</u>	<u>-</u>	<u>2,065</u>	<u>8,970</u>	<u>8,688</u>
Total Revenues	<u>1,262,718</u>	<u>1,263,777</u>	<u>221,110</u>	<u>227,684</u>	<u>1,483,828</u>	<u>1,491,461</u>
Expenditures –						
General government	1,246,633	1,089,869	-	-	1,246,633	1,089,869
Business-type activities	<u>-</u>	<u>-</u>	<u>185,308</u>	<u>205,515</u>	<u>185,308</u>	<u>205,515</u>
Total Expenditures	<u>1,246,633</u>	<u>1,089,869</u>	<u>185,308</u>	<u>205,515</u>	<u>1,431,941</u>	<u>1,295,384</u>
Change in net position before transfers	16,085	173,908	35,802	22,169	51,887	196,077
Transfers	<u>-</u>	<u>(18,432)</u>	<u>-</u>	<u>18,432</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	16,085	155,476	35,802	40,601	51,887	196,077
Net position, January 1	<u>633,191</u>	<u>477,715</u>	<u>119,250</u>	<u>78,649</u>	<u>752,441</u>	<u>556,364</u>
Net position, December 31	<u>\$ 649,276</u>	<u>\$ 633,191</u>	<u>\$ 155,052</u>	<u>\$ 119,250</u>	<u>\$ 804,328</u>	<u>\$ 752,441</u>

Governmental activities – In 2023, overall revenue decreased by less than 1%. The increase in IGA revenue of 112,776 related to the City and County funding agreements was negated by the decrease in revenue of \$107,041 from capital grants and contributions, primarily due to the \$95,000 capital outlay support funding received in 2022. Overall expenses increased by 14% in 2023 due to increased 1A expenses and capital repairs and maintenance.

Business-type activities – Overall revenue and expenses decreased in 2023 by 3% and 10% respectively.

Capital Assets

Table C reflects the Authority’s investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities. As of December 31, 2023, capital assets totaled \$216,584 compared to \$50,626 at December 31, 2022. The increase in capital assets is primarily due to the installation of security cameras.

TABLE C  
CAPITAL ASSETS (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 921	\$ 1,229	\$ -	\$ -	\$ 921	\$ 1,229
Furniture and equipment	<u>180,440</u>	<u>1,843</u>	<u>35,223</u>	<u>47,554</u>	<u>215,663</u>	<u>49,397</u>
Total	<u>\$ 181,361</u>	<u>\$ 3,072</u>	<u>\$ 35,223</u>	<u>\$ 47,554</u>	<u>\$ 216,584</u>	<u>\$ 50,626</u>

Budgetary Highlights – General Fund

The 2023 revenue was overbudgeted by \$207,549 and expenditures were overbudgeted by \$48,705. The majority of the overbudgeted expenditures is attributable to an increase in capital repairs and maintenance over the prior year.

**FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the Authority’s finances for all those who have an interest. Any questions should be addressed to Lynn Clark - Executive Director at the Authority’s office located at 125 Riverwalk Place, Pueblo, CO, 81003.

## **BASIC FINANCIAL STATEMENTS**

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 550,857	\$ 126,371	\$ 677,228
Accounts receivable	13,027	-	13,027
Inventory	-	1,501	1,501
Prepaid expenses	17,805	-	17,805
Capital assets, net	<u>181,361</u>	<u>35,223</u>	<u>216,584</u>
<b>TOTAL ASSETS</b>	<u>763,050</u>	<u>163,095</u>	<u>926,145</u>
<b>LIABILITIES</b>			
Accounts payable	102,719	510	103,229
Customer deposits	-	7,533	7,533
Long-term liabilities -			
Due within one year	9,592	-	9,592
Due in more than a year	<u>1,463</u>	<u>-</u>	<u>1,463</u>
<b>TOTAL LIABILITIES</b>	<u>113,774</u>	<u>8,043</u>	<u>121,817</u>
<b>NET POSITION</b>			
Net investment in capital assets	181,361	35,223	216,584
Restricted	145,973	-	145,973
Unrestricted	<u>321,942</u>	<u>119,829</u>	<u>441,771</u>
<b>TOTAL NET POSITION</b>	<u>\$ 649,276</u>	<u>\$ 155,052</u>	<u>\$ 804,328</u>

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 1,246,633	\$ 263,694	\$ 970,102	\$ 19,210	\$ 6,373	\$ -	\$ 6,373
Total governmental activities	<u>1,246,633</u>	<u>263,694</u>	<u>970,102</u>	<u>19,210</u>	<u>6,373</u>	<u>-</u>	<u>6,373</u>
Business-type activities							
Recreational/entertainment operations	185,308	221,096	-	-	-	35,788	35,788
Total business-type activities	<u>185,308</u>	<u>221,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,788</u>	<u>35,788</u>
<b>TOTAL</b>	<u>\$ 1,431,941</u>	<u>\$ 484,790</u>	<u>\$ 970,102</u>	<u>\$ 19,210</u>	<u>6,373</u>	<u>35,788</u>	<u>42,161</u>
General revenues							
Unrestricted investment earnings					570	14	584
Gain on sale of assets					172	-	172
Miscellaneous					8,970	-	8,970
Transfers					-	-	-
Total general revenues and transfers					<u>9,712</u>	<u>14</u>	<u>9,726</u>
Change in net position					16,085	35,802	51,887
Net position, January 1					<u>633,191</u>	<u>119,250</u>	<u>752,441</u>
Net position, December 31					<u>\$ 649,276</u>	<u>\$ 155,052</u>	<u>\$ 804,328</u>

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2023**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 550,857
Accounts receivable	13,027
Prepaid items	<u>17,805</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 581,689</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities -	
Accounts payable	\$ <u>102,719</u>
Total liabilities	<u>102,719</u>
 Fund balances -	
Nonspendable	17,805
Restricted	145,973
Unassigned	<u>315,192</u>
Total fund balances	<u>478,970</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 581,689</u></b>

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

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

Total fund balance - governmental fund	\$	478,970
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds</p>		
The cost of capital assets is	\$	246,260
Accumulated depreciation		<u>(64,899)</u>
		181,361
<p>Other liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund. Other liabilities at year end consist of:</p>		
Compensated absences		<u>(11,055)</u>
		<u>(11,055)</u>
Total net position - governmental activities	\$	<u>649,276</u>

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>
<b>REVENUES</b>	
Intergovernmental	\$ 970,102
Charges for services	263,694
Capital grants and contributions	19,210
Miscellaneous	9,142
Interest	570
<b>TOTAL REVENUES</b>	<u>1,262,718</u>
 <b>EXPENDITURES</b>	
Current -	
General government	1,242,030
Capital outlay	179,532
<b>TOTAL EXPENDITURES</b>	<u>1,421,562</u>
 <b>EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	 <u>(158,844)</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 (158,844)
 <b>FUND BALANCE, January 1</b>	 <u>637,814</u>
 <b>FUND BALANCE, December 31</b>	 <u>\$ 478,970</u>

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Amounts reported for governmental activities are different because:

Total net change in fund balances - governmental fund \$ (158,844)

Capital outlays are reported in the governmental fund as expenditures; however, for governmental activities these costs are shown in the statement of net position and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay

Capital outlay	\$ 179,532	
Depreciation expense	<u>(1,243)</u>	178,289

In the statement of activities, compensated absences (vacation leave) are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amounts actually paid. This year the amounts earned (\$28,268) were less than compensated absences paid (\$24,908)

(3,360)

Change in net position - governmental activities \$ 16,085

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2023**

		Business-Type Activity
		Enterprise Fund Recreational/Entertainment Operations
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$	126,371
Inventory		1,501
TOTAL CURRENT ASSETS		127,872
<b>NONCURRENT ASSETS</b>		
Capital assets		
Furniture & equipment		196,130
Accumulated depreciation		(160,907)
TOTAL CAPITAL ASSETS		35,223
TOTAL ASSETS		163,095
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable		510
Customer deposits		7,533
TOTAL CURRENT LIABILITIES		8,043
TOTAL LIABILITIES		8,043
<b>NET POSITION</b>		
Net investment in capital assets		35,223
Unrestricted		119,829
TOTAL NET POSITION	\$	155,052

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Business-Type Activity
	Enterprise Fund Recreational/Entertainment Operations
OPERATING REVENUES	
Charges for services	\$ 221,096
TOTAL OPERATING REVENUES	221,096
OPERATING EXPENSES	
Salaries	58,379
Payroll taxes and benefits	6,624
Supplies	4,969
Utilities and communications	6,793
Repairs and maintenance	11,738
Advertising	7,619
Depreciation	12,331
Administrative support	41,823
Sponsorship, facility, special events	27,290
Other	7,742
TOTAL OPERATING EXPENSES	185,308
OPERATING INCOME (LOSS)	35,788
NONOPERATING REVENUES	
Investment revenue	14
TOTAL NONOPERATING REVENUES	14
CHANGE IN NET POSITION	35,802
TOTAL NET POSITION, January 1	119,250
TOTAL NET POSITION, December 31	\$ 155,052

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Business-Type Activity
	Enterprise Fund Recreational/Entertainment Operations
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 222,755
Cash paid to employees	(64,956)
Cash paid for goods and services	(171,313)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(13,514)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	14
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>14</b>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 <b>(13,500)</b>
 CASH AND CASH EQUIVALENTS, January 1	 139,871
 CASH AND CASH EQUIVALENTS, December 31	 <b>\$ 126,371</b>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	35,788
Adjustments to reconcile operating income to net cash provided (used) by operating activities -	
Depreciation expense	12,331
Change in assets and liabilities -	
Accounts payable	(62,883)
Customer deposits	1,250
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (13,514)</b>

The accompanying notes are an integral part of this statement.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Historic Arkansas Riverwalk Authority of Pueblo (the Authority) was created in 1997 under the laws of the State of Colorado to promote, manage, supervise, operate, develop and maintain the public project known as the Historic Arkansas Riverwalk of Pueblo. The intergovernmental agreement establishing the Authority involved the City of Pueblo, Colorado, the County of Pueblo, Colorado, Pueblo Conservancy District and the Board of Water Works of Pueblo. In 2008, the intergovernmental agreement was amended to include the Pueblo Urban Renewal Authority.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting practices used by the Authority are described below.

**A. REPORTING ENTITY**

As required by generally accepted accounting principles, the Authority (the primary government) includes, if applicable, component units in its financial statements based upon financial accountability. Inasmuch as no component unit meets the criteria for inclusion, no component unit financial statements have been included.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The basic financial statements include both government-wide (based on the Authority as a whole) and fund financial statements. The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or activity. Program revenues include, if applicable, (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or activity; (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Other items not properly included among program revenues are reported instead as general revenues. The net cost by function or business-type activities is normally covered by other unrestricted revenues.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Separate fund financial statements are provided for the governmental fund and the proprietary fund which are both considered major funds.

The government-wide focus is more on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fund financial statements for the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred as is the case with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due. General capital asset acquisitions are reported as expenditures in governmental funds, while proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Intergovernmental, interest and charges for services are considered revenues susceptible to accrual while miscellaneous revenue is recorded as revenue when received in cash because it is not generally measurable until received at that time.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

Business-type activities and the proprietary fund are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the balance sheet. The proprietary fund-type operating statement presents increases (revenues) and decreases (expenses) in total net position. The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operation. The principal operating revenues of the Authority's recreational/entertainment operations enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, along with administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**GOVERNMENTAL FUND**

The Authority reports the following major governmental fund:

- The general fund is the primary operating fund of the Authority and is always classified as a major fund. The general fund is used to account for all financial resources of the Authority except those required to be accounted for in a separate fund. Major revenue sources include intergovernmental revenues and charges for services. Primary expenditures include maintenance and upkeep of the Riverwalk.

**PROPRIETARY FUND**

The following is a description of the major proprietary fund of the Authority:

- The recreational/entertainment fund was established to account for the provision of recreational and entertainment activities on the Riverwalk.

**D. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand and interest and non-interest-bearing demand deposits. For purposes of the statement of cash flows, all highly liquid investments, if any, with a maturity of three months or less when purchased are considered cash equivalents.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**E. CAPITAL ASSETS**

Capital assets, which include building improvements and furniture and equipment, are reported in the governmental activity and business-type activity columns in the government-wide financial statements. The capitalization level was established at \$5,000 for all capitalized items. This level was set to maintain a balance between accountability and managing the costs of recording and tracking these assets. Capital assets are defined as assets with an initial individual cost or estimated cost that equals or exceeds the limits identified above and have a useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at acquired value at the time received. Normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities is expensed.

Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Building improvements	15	-
Furniture and equipment	5-7	5-7

**F. COMPENSATED ABSENCES**

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees are compensated for vacation pay either through paid time off or at termination or retirement, while employees are not paid for unused sick leave at termination. Accordingly, sick pay is charged to expenditures when used and thus, no provision has been made in the financial statements for unused sick leave.

Accumulated vacation is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured; for example, as a result of employee resignations and retirements.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

**G. FUND EQUITY**

The governmental fund reports fund balances in classifications based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. Fund balance for the Authority's governmental fund consists of the following:

- Nonspendable – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances, if any.
- Restricted – includes amounts that are restricted for specific purposes stipulated by external resource providers constitutionally or through enabling legislation.
- Committed – includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the HARP Authority board of directors. Commitments may be modified or changed only by the HARP Authority board of directors approving a new resolution.
- Assigned – includes amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the executive director to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a budgetary deficit in the subsequent year's budget.
- Unassigned – includes amounts that do not meet any of the above criteria. The Authority reports positive unassigned fund balances only in the general fund.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the government-wide financial statements and proprietary fund financial statements, equity is classified as net position and displayed in the following categories:

- Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position – consists of net position with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) through constitutional provisions or enabling legislation.
- Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)**

When both restricted and unrestricted resources are available for net position use, it is the Authority's policy to use restricted resources first and then use unrestricted resources as they are needed.

**H. INTERFUND TRANSACTIONS**

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as interfund transfers.

**I. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Authority adheres to the following procedures in establishing its budgets:

On or before October 15 of each year, the executive director submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All funds, including the proprietary fund, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budget are enacted into law through the passage of appropriation resolutions. Budgetary control exists at the total fund level and the budget amounts reported reflect all amendments enacted by the Authority and these amendments were approved in accordance with state law.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are summarized as follows:

Demand deposits	<u>\$ 677,228</u>
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At December 31, 2023, the carrying amount of the Authority's deposits was \$677,228 and the bank balance was \$685,036. Of the bank balance, \$250,000 was covered by federal depository insurance and \$435,036 was collateralized in a single financial institution collateral pool maintained by the individual financial institution that holds these deposits. Colorado law requires that depository institutions must apply for and be designated as an eligible public depository before the institution can accept public fund monies. The depository institution must pledge eligible collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 – CASH AND CASH EQUIVALENTS (Cont'd)**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy for custodial risk parallels Colorado statutes as described above. As of December 31, 2023, deposits with the bank balance of \$435,036 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institution's agent.

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2023 was as follows:

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2023</u>
Governmental activities –				
Depreciable assets –				
Buildings and improvements	2,150	-	-	2,150
Furniture and equipment	<u>81,798</u>	<u>179,532</u>	<u>(17,220)</u>	<u>244,110</u>
Total capital assets being depreciated	<u>83,948</u>	<u>179,532</u>	<u>(17,220)</u>	<u>246,260</u>
Less: accumulated depreciation for –				
Buildings and improvements	(921)	(307)	-	(1,228)
Furniture and equipment	<u>(79,955)</u>	<u>(936)</u>	<u>17,220</u>	<u>(63,671)</u>
Total accumulated depreciation	<u>(80,876)</u>	<u>(1,243)</u>	<u>17,220</u>	<u>(64,899)</u>
Capital assets being depreciated, net	<u>3,072</u>	<u>178,289</u>	<u>-</u>	<u>181,361</u>
Total governmental activities capital assets, net	<u>\$ 3,072</u>	<u>\$ 178,289</u>	<u>\$ -</u>	<u>\$ 181,361</u>

Depreciation expense of \$1,243 was charged to the general government function.

	Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2023</u>
Business-type activities –				
Depreciable assets –				
Furniture and equipment	\$ 196,130	\$ -	\$ -	\$ 196,130
Less: accumulated depreciation for –				
Furniture and equipment	<u>(148,576)</u>	<u>(12,331)</u>	<u>-</u>	<u>(160,907)</u>
Total business-type activities capital assets, net	<u>\$ 47,554</u>	<u>\$ (12,331)</u>	<u>\$ -</u>	<u>\$ 35,223</u>

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 5 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities in the government-wide financial statements for the year ended December 31, 2023:

	Balance January 1, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2023</u>	<u>Due Within One Year</u>
Compensated absences	\$ 7,694	\$ 28,269	\$ (24,908)	\$ 11,055	\$ 9,592
Total governmental activities	<u>\$ 7,694</u>	<u>\$ 28,269</u>	<u>\$ (24,908)</u>	<u>\$ 11,055</u>	<u>\$ 9,592</u>

This obligation is serviced by the general fund.

**NOTE 6 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, property and casualty, errors and omissions, and employee health claims. These risks of loss are covered by commercial insurance coverage.

**NOTE 7 - EMPLOYEE BENEFITS**

The Authority contributes to the HARP Authority 457 Plan (the Plan), a defined contribution pension plan for its full-time employees. The Plan is administered by Variable Annuity Life Insurance Co.

Benefit terms, including participation criteria and contribution requirements for the Plan are established by and may be amended by the Board of Directors. For each employee, the Plan provides for employee voluntary contributions and the Authority matches those contributions up to 4% of compensation. For the year ended December 31, 2023, employee contributions totaled \$49,337 and the Authority recognized pension expense of \$11,486.

Employees are fully vested in both the Authority's contributions and their own contributions, along with the earnings on those contributions.

**NOTE 8 – RELATED PARTY**

The Authority provides management services to the HARP Foundation and during 2023, the Authority received \$30,000 for those services. The Authority also leases a building on a month to month basis from the Foundation and paid \$24,000 in lease payments during 2023.

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Colorado voters passed an amendment to the state constitution in November 1992. The amendment is commonly referred to as the Tabor Amendment and contains several limitations, including revenue raising, spending abilities and other specific requirements affecting state and local governments. The amendment is complex and subject to judicial interpretation. The Authority believes it is not subject to the amendment because it does not qualify as a governmental entity for purposes of the amendment.

**REQUIRED SUPPLEMENTARY INFORMATION**

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		Actual	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budget Basis</u>	
<b>REVENUES</b>				
Intergovernmental	\$ 983,565	\$ 970,102	\$ 970,102	\$ -
CAM fees, sponsorships, and vendor fees	281,389	234,912	233,694	(1,218)
Capital grants and contributions	19,205	19,210	19,210	-
Foundation management services	30,000	30,000	30,000	-
Interest revenue	114	501	570	69
Other	500	8,936	9,142	206
Reserves used from prior year	-	206,608	-	(206,608)
<b>TOTAL REVENUES</b>	<u>1,314,773</u>	<u>1,470,269</u>	<u>1,262,718</u>	<u>(207,551)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Current -				
Salaries	414,725	385,725	330,834	54,891
Payroll taxes and benefits	134,722	137,902	101,684	36,218
Adminstration	57,180	64,927	61,039	3,888
Professional and consulting fees	7,250	10,281	15,789	(5,508)
Maintenance	450,387	461,764	476,046	(14,282)
Supplies	4,950	4,950	4,808	142
Telephone	8,100	7,180	7,769	(589)
Occupancy	47,000	53,500	56,911	(3,411)
Repairs and maintenance	10,927	164,508	187,150	(22,642)
Capital outlay	179,532	179,532	179,532	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>1,314,773</u>	<u>1,470,269</u>	<u>1,421,562</u>	<u>48,707</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	-	-	(158,844)	(158,844)
<b>FUND BALANCE, January 1</b>	-	-	637,814	637,814
<b>FUND BALANCE, December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,970</u>	<u>\$ 478,970</u>

**HISTORIC ARKANSAS RIVERWALK AUTHORITY OF PUEBLO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**BUDGETARY INFORMATION**

Historic Arkansas Riverwalk Authority of Pueblo (HARP) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedule.

The HARP Intergovernmental Agreement directs the HARP Board to consult with the appropriate officers of each of the IGA partners (City of Pueblo, Pueblo County, Pueblo Conservancy District, the Board of Water Works of Pueblo, and the Pueblo Urban Renewal Authority) in the preparation of an annual operating plan and line-item budget for the promotion, management, supervision, maintenance, development, and operation of HARP. The HARP Authority is required to conduct a joint meeting with the IGA partners no later than August 20 of each year and then submit its annual plan and budget to each of the IGA partners no later than August 31. The HARP Authority then adopts its budget after the appropriations of each of the IGA partners have been set by their respective governing bodies.

The HARP Authority is also subject to Colorado state budget law, in which the executive director, on or before October 15, submits to the board of directors a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board of directors to obtain taxpayer comments. The Authority adopts budgets for all funds. All funds, including the proprietary fund, use the current financial resources measurement focus and the modified accrual basis of accounting in preparing the budgets.

Expenditure estimates in the annual budget are enacted into law by the passage of appropriation resolutions. Budgetary control exists at the total fund level and encumbrance accounting is not employed as a part of the budgetary process. The budget amounts reported reflect all amendments enacted by the Authority and these amendments were approved in accordance with state law.

**SUPPLEMENTARY INFORMATION**

**HISTORIC ARKANSAS RIVERWALK OF PUEBLO AUTHORITY  
SCHEDULE OF REVENUES AND EXPENDITURES  
RECREATIONAL/ENTERTAINMENT OPERATIONS ENTERPRISE FUND  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	<u>Final Budget</u>	Actual (Non-GAAP Basis)	<u>Variance With Final Budget</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Charges for services	221,170	221,096	(74)
Miscellaneous	950	-	(950)
Interest	12	14	2
	<u>222,132</u>	<u>221,110</u>	<u>(1,022)</u>
<b>EXPENDITURES</b>			
Current -			
Salaries	57,298	58,379	(1,081)
Payroll taxes and benefits	11,602	6,624	4,978
Supplies	7,523	4,969	2,554
Advertising/logistics	22,315	7,619	14,696
Utilities and communications	5,621	6,793	(1,172)
Repairs & maintenance	16,000	11,738	4,262
Administrative support	41,823	41,823	-
Sponsorship, facility, special events	48,833	27,290	21,543
Other	11,117	7,742	3,375
	<u>222,132</u>	<u>172,977</u>	<u>49,155</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>			
	<u>\$ -</u>	48,133	<u>\$ 48,133</u>
<b>GAAP ADJUSTMENTS</b>			
Depreciation		<u>(12,331)</u>	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			
		<u>\$ 35,802</u>	