

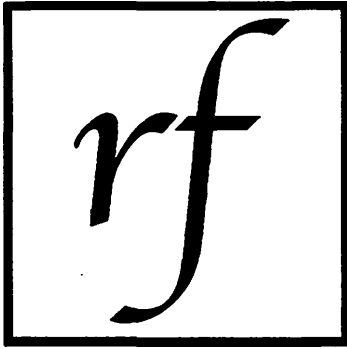
Historic Arkansas Riverwalk Authority of Pueblo

Financial Statements

December 31, 2024

**Historic Arkansas Riverwalk Authority of Pueblo  
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December 31, 2024**

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*Independent Auditor's Report*

Board of Directors  
Historic Arkansas Riverwalk Authority of Pueblo  
Pueblo CO

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Historic Arkansas Riverwalk Authority of Pueblo (the "Authority"), of and for the year ended December 31, 2024, 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Authority, as of December 31, 2024, 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 (GAAS). 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's 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 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.

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.

### ***Auditor's 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 auditor's 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 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, 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 on pages ii through v and the required supplementary information pages 20 and 21, 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 accompanying supplementary information on page 22 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*rfarmer, Uc*  
April 10, 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## DECEMBER 31, 2024

### 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, 2024. 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 2023.

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, 2024 totaled \$669,782 while the Authority's change in net position was a decrease of (\$134,545).
- Total revenues for the year ended December 31, 2024 were \$1,691,751 and total expenses for the same period were \$1,826,296. Revenues increased by 14%, or \$207,924 during 2024 compared to 2023, primarily due to increased sponsorship income and administrative transfers. Expenses also increased during the same period by 28%, or \$394,355 and are related to increased personnel costs, operations/maintenance and IA expenditures.

### 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 other additional 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, 2024 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, 2024 and 2023:

TABLE A  
CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 343,837	\$ 581,689	\$ 143,835	\$ 127,872	\$ 487,672	\$ 709,561
Noncurrent assets	<u>211,805</u>	<u>181,361</u>	<u>25,769</u>	<u>35,223</u>	<u>237,574</u>	<u>216,584</u>
Total Assets	<u>555,642</u>	<u>763,050</u>	<u>169,604</u>	<u>163,095</u>	<u>725,246</u>	<u>926,145</u>
Current liabilities	51,613	112,311	2,388	8,043	54,001	120,354
Long term liabilities	<u>1,463</u>	<u>1,463</u>	-	-	<u>1,463</u>	<u>1,463</u>
Total Liabilities	<u>53,076</u>	<u>113,774</u>	<u>2,388</u>	<u>8,043</u>	<u>55,464</u>	<u>121,817</u>
Net investment in capital assets	170,306	181,361	25,769	35,223	196,075	216,584
Unrestricted	332,260	321,942	141,447	119,829	473,707	441,771
Restricted	-	<u>145,973</u>	-	-	-	<u>145,973</u>
Total Net Position	<u>\$ 502,566</u>	<u>\$ 649,276</u>	<u>\$ 167,216</u>	<u>\$ 155,052</u>	<u>\$ 669,782</u>	<u>\$ 804,328</u>

On December 31, 2024, the Authority's net position was \$669,782 and as demonstrated in Table B, the Authority's expenses exceeded its revenue by \$134,545. The majority of this shortfall is related to the receipt of 1A income recorded in 2019, while expenses totaling \$100,297 were incurred in 2024. In 2023, \$58,865 was expended from the 1A fund.

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues –						
Charges for services	\$ 338,884	\$ 263,694	\$ 306,961	\$ 221,096	\$ 645,846	\$ 484,790
Operating grants and contributions	1,009,602	970,102	-	-	1,009,602	970,102
Capital grants and contributions	20,060	19,210	-	-	20,060	19,210
Investment earnings	331	570	8	14	339	584
Gain on sale of assets	-	172	-	-	-	172
Other	<u>15,905</u>	<u>8,970</u>	<u>-</u>	<u>-</u>	<u>15,905</u>	<u>8,970</u>
Total Revenues	<u>1,384,782</u>	<u>1,262,718</u>	<u>306,969</u>	<u>221,110</u>	<u>1,691,752</u>	<u>1,483,828</u>
Expenditures –						
General government	1,531,492	1,246,633	-	-	1,531,492	1,246,633
Business-type activities	<u>-</u>	<u>-</u>	<u>294,804</u>	<u>185,308</u>	<u>294,804</u>	<u>185,308</u>
Total Expenditures	<u>1,531,492</u>	<u>1,246,633</u>	<u>294,804</u>	<u>185,308</u>	<u>1,826,296</u>	<u>1,431,941</u>
Change in net position before transfers	(146,710)	16,805	12,165	35,802	(134,545)	51,887
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(146,710)	16,805	12,165	35,802	(134,545)	51,887
Net position, January 1	<u>649,276</u>	<u>633,191</u>	<u>155,051</u>	<u>119,250</u>	<u>804,327</u>	<u>752,441</u>
Net position, December 31	<u>\$ 502,566</u>	<u>\$ 649,276</u>	<u>\$ 167,216</u>	<u>\$ 155,052</u>	<u>\$ 669,782</u>	<u>\$ 804,328</u>

**Governmental activities** – In 2024, overall revenue increased by 10% and is related to increases in administrative transfers, sponsorship income and a small percentage from IGA funding. Expenses also increased by 23% during the same period and is the result of increased personnel costs, security, capital maintenance/repairs and 1A expenses.

**Business-type activities** – In 2024, sponsorship income increased substantially, driving much of the overall revenue increase of 39%. Ticket sales and facility rentals also surpassed 2023 numbers. The 59% increase in expenses in 2024 is predominantly related to the increased administrative transfer, followed by smaller increases in operations/maintenance and sponsorship expenses.

## 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, 2024, capital assets totaled \$240,433 compared to \$216,584 at December 31, 2023. The increase in capital assets is primarily due to the Boettcher remodel and elevator upgrade which were offset by asset disposals totaling \$16,628.

TABLE C  
CAPITAL ASSETS (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Buildings and improvements	\$ 68,180	\$ 921	\$ -	\$ -	\$ 68,180	\$ 921
Furniture and equipment	<u>146,483</u>	<u>180,440</u>	<u>25,770</u>	<u>35,223</u>	<u>172,253</u>	<u>215,663</u>
Total	<u>\$ 214,663</u>	<u>\$ 181,361</u>	<u>\$ 25,770</u>	<u>\$ 35,223</u>	<u>\$ 240,433</u>	<u>\$ 216,584</u>

## Budgetary Highlights – General Fund

In 2024, both revenue and expenditures were underbudgeted by \$192,129 and \$14,974 respectively. The revenue variance is due entirely to 1A funding received in previous years and general operating carryover of \$87,781.

## **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 Authority of Pueblo  
Statement of Net Position  
December 31, 2024**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and equivalents	\$ 297,848	\$ 112,977	\$ 410,825
Receivables	45,989	30,549	76,538
Prepaid Expense	-	309	309
Furniture and equipment	314,518	179,502	494,020
Less: Accumulated depreciation	(102,713)	(153,733)	(256,446)
Total Capital Assets	<u>211,805</u>	<u>25,769</u>	<u>237,574</u>
Total Assets	<u>555,642</u>	<u>169,604</u>	<u>725,246</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	42,021	1,013	43,034
Customer deposits	-	1,375	1,375
Long-term liabilities			
Due within one year:			
Compensated Absences	9,592	-	9,592
Due in more than one year:			
Compensated Absences	1,463	-	1,463
Total liabilities	<u>53,076</u>	<u>2,388</u>	<u>55,464</u>
<b>NET POSITION</b>			
Net Investment in capital assets	170,306	25,769	196,075
Unrestricted	332,260	141,447	473,707
Total net position	<u>\$ 502,566</u>	<u>\$ 167,216</u>	<u>\$ 669,782</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**

Functions/Programs Primary Government	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
General Government	\$ 1,531,492	\$ 338,884	\$ 1,029,662	\$ (162,946)	\$ -	\$ (162,946)
Total Governmental Activities	<u>1,531,492</u>	<u>338,884</u>	<u>1,029,662</u>	<u>(162,946)</u>	<u>-</u>	<u>(162,946)</u>
Business-type activities:						
Enterprise Fund	294,804	306,961	-	-	12,157	12,157
Total Business-type Activities	<u>294,804</u>	<u>306,961</u>	<u>-</u>	<u>-</u>	<u>12,157</u>	<u>12,157</u>
Total Primary Government	<u>\$ 1,826,296</u>	<u>\$ 645,845</u>	<u>\$ 1,029,662</u>	<u>(162,946)</u>	<u>12,157</u>	<u>(150,789)</u>
<b>General Revenues:</b>						
Unrestricted investment earnings				331	8	339
Miscellaneous				15,905	-	15,905
Total general revenues, special items, and transfers				<u>16,236</u>	<u>8</u>	<u>16,244</u>
Change in net position				(146,710)	12,165	(134,545)
Net Position - Beginning				649,276	155,051	804,327
Net Position - Ending				<u>\$ 502,566</u>	<u>\$ 167,216</u>	<u>\$ 669,782</u>

The accompanying notes to financial statements are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo  
Balance Sheet  
Governmental Funds  
December 31, 2024**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 297,847	\$ 297,847
Other receivables	27,167	27,167
Prepaid expenses	18,822	18,822
Total assets	343,836	343,836
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	42,021	42,021
Total liabilities	42,021	42,021
 <b>Fund Balance:</b>		
Unassigned	301,815	301,815
Total fund balances	301,815	301,815
Total liabilities and fund balances	\$ 343,836	\$ 343,836

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
December 31, 2024**

Total fund balance, governmental funds \$ 301,815

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 211,807

Net Pension Assets are not an asset for fund reporting  
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (11,056)

Net Position of Governmental Activities in the Statement of Net Position \$ 502,566

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Governmental Funds**  
**For the Year Ended December 31, 2024**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>		
Intergovernmental	\$ 1,029,662	\$ 1,029,662
Charges for services	338,884	338,884
Investment earnings	331	331
Miscellaneous	15,905	15,905
Total revenues	1,384,782	1,384,782
<b>EXPENDITURES</b>		
Current:		
Administration	49,818	49,818
Operations and maintenance	839,058	839,058
Personnel	578,985	578,985
Professional services	25,818	25,818
Capital Outlay	68,258	68,258
Total Expenditures	1,561,937	1,561,937
Excess (deficiency) of revenues over expenditures	(177,155)	(177,155)
Net change in fund balances	(177,155)	(177,155)
Fund balances - beginning	478,970	478,970
Fund balances - ending	\$ 301,815	\$ 301,815

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Net Positions of Governmental**  
**Funds to the Statement of Activities**  
**For the Year Ended December 31, 2024**

Net change in fund balances - total governmental funds: \$ (177,155)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlay of \$68,258 was more than depreciation of \$37,814 in the current period.

30,447

Rounding

(2)

Change in net positions of governmental activities

\$ (146,710)

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2024**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 112,976
Accounts Receivable, net	30,200
Inventories	349
Prepaid Expenses	309
Total current assets	143,834
Non-current assets:	
Capital Assets:	
Furniture and equipment	179,502
Less Accumulated depreciation	(153,733)
Total non-current assets	25,769
Total assets	169,603
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	1,013
Customer deposits	1,375
Total liabilities	2,388
 <b>NET POSITION</b>	
Net Investment in capital assets	25,769
Unrestricted	141,447
Total Net Position	\$ 167,216

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended December 31, 2024**

	<b>Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 306,962
Total operating revenues	306,962
 <b>OPERATING EXPENSES</b>	
Personal services	51,201
Payroll taxes and benefits	8,742
Administrative costs	125,383
Repairs and maintenance	28,861
Sponsorship, facility, special events	45,712
Utilities and communications	15,543
Supplies	2,455
Advertising	7,454
Depreciation	9,454
Total Operating Expenses	294,805
Operating income	12,157
 <b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	8
Total non-operating revenue (expenses)	8
Change in net position	12,165
Total net position - beginning	155,051
Total net position - ending	\$ 167,216

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo  
Statement of Cash Flows-Proprietary Fund  
For the year ended December 31, 2024**

	<b>Business-Type Activities Enterprise Fund</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 276,762
Payments to suppliers	(232,804)
Payments to employees	(51,201)
Net cash provided (used) in operating activities	(7,243)
 <b>Cash Flows from Non-Capital Financing Activities</b>	
Net increase (decrease) in customer deposits	(6,160)
Net cash provided (used) in non-capital activities	(6,160)
 <b>Cash Flows from Investing Activities</b>	
Interest received on Investments	8
Net cash provided (used) in investing activities	8
 Net Increase (Decrease) in cash and cash equivalents	 (13,395)
 Beginning of the year cash	 126,371
Ending of the year cash	112,976
 <b>Reconciliation of Operating Income to Net Cash</b>	
Provided by Operating Activities:	
Operating income (loss)	12,157
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	9,454
Change in assets and liabilities:	
(Increase) Decrease in Accounts Receivable	(30,200)
(Increase) Decrease in Prepaid Expense	(309)
(Increase) Decrease in Inventory	1,152
Increase (Decrease) in Accounts Payable	503
Net cash provided (used) from operating activities	\$ (7,243)

The accompanying notes to financial statements  
are an integral part of these statements.

**Historic Arkansas Riverwalk Authority of Pueblo**  
**Notes to the Financial Statements**  
**December 31, 2024**

**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.

**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.

**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.

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.

### **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.

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.

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.

The Authority reports the following major proprietary fund:

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

### **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.

### **Capital Assets**

Capital assets, which include building improvements, 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 years	-
Furniture and Equipment	5-7 years	5-7 years

### **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.

### **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 Authority board of directors. Commitments may be modified or changed only by the 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.”

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.

### **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.

### **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.

The general fund overspent its budget, which may be a violation of Colorado Revised Statutes.

## **Note 3 Cash and Cash Equivalents**

At December 31, 2024, the carrying amount of the Authority's deposits was \$410,825. Of the bank balance, \$250,000 was covered by federal depository insurance and \$160,825 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.

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, 2024, deposits with the bank balance of \$160,825 are uninsured but are not exposed to custodial credit risk because they are collateralized with securities held by the pledging financial institutions agent.

**Note 4 Capital Assets**

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Depreciable Assets:</b>				
Buildings and Improvements	\$ 2,150	\$ 68,258	\$ -	\$ 70,408
Furniture and Equipment	244,110	-	-	244,110
Total Depreciable Assets	246,260	68,258	-	314,518
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(1,228)	(1,000)	-	(2,228)
Furniture and Equipment	(63,671)	(36,814)	-	(100,485)
Net Capital Assets	<u>\$ 181,361</u>	<u>\$ 30,444</u>	<u>\$ -</u>	<u>\$ 211,805</u>

Depreciation expense of \$37,814 was charged to the general government function.

<b>Business-Type Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Depreciable Assets:</b>				
Utility System	\$ 196,130	\$ -	\$ (16,628)	\$ 179,502
Less Accumulated Depreciation	(160,907)	(9,453)	16,628	(153,732)
Net Capital Assets	<u>\$ 35,223</u>	<u>\$ (9,453)</u>	<u>\$ -</u>	<u>\$ 25,770</u>

**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, 2024.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated Absences					
Governmental	<u>\$ 11,055</u>	<u>\$ -</u>	<u>\$ -</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, 2024, employee contributions totaled \$92,029 and the recognized pension expense of \$16,235.

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 2024, 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 2024.

**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 Authority of Pueblo  
Budget and Actual  
General Fund  
For the year ended December 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,030,727	\$ 1,029,662	\$ 1,029,662	-
Charges for services	335,314	340,687	338,884	(1,803)
Investment earnings	114	331	331	-
IA	102,555	102,555	-	(102,555)
Carryover from prior year	87,781	87,781	-	(87,781)
Miscellaneous	500	15,895	15,905	10
Total revenues	<u>1,556,991</u>	<u>1,576,911</u>	<u>1,384,782</u>	<u>(192,129)</u>
<b>EXPENDITURES</b>				
Current:				
Administration	52,282	50,907	49,818	1,089
Operations and maintenance	623,305	635,245	738,801	(103,556)
Personnel	600,069	580,879	578,985	1,894
Professional services	23,000	25,880	25,818	62
Capital Outlay	155,780	181,445	68,258	113,187
IA	102,555	102,555	100,257	2,298
Total Expenditures	<u>1,556,991</u>	<u>1,576,911</u>	<u>1,561,937</u>	<u>14,974</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(177,155)</u>	<u>(177,155)</u>
Net change in fund balances	-	-	(177,155)	(177,155)
Fund balances - beginning	-	-	478,970	478,970
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,815</u>	<u>301,815</u>

**Historic Arkansas Riverwalk Authority of Pueblo  
Notes to the Required Supplementary Information  
December 31, 2024**

**Note 1            Budgetary Information**

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

The Authority’s Intergovernmental Agreement directs the Authority’s 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 the Authority. The 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 Authority then adopts its budget after the appropriations of each of the IGA partners have been set by their respective governing bodies.

The 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.

## **Other Supplementary Information**

**Historic Arkansas Riverwalk Authority of Pueblo  
Budget and Actual  
Enterprise Fund  
For the year ended December 31, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 278,515	\$ 303,202	\$ 306,962	\$ 3,760
Investment earnings	-	-	8	8
Total revenues	<u>278,515</u>	<u>303,202</u>	<u>306,970</u>	<u>3,768</u>
<b>OPERATING EXPENSES</b>				
Personal services	90,815	61,015	59,943	1,072
Administrative costs	73,700	115,700	125,383	(9,683)
County landfill	-	-	28,861	(28,861)
Repairs and maintenance	24,200	36,731	45,712	(8,981)
Utilities and communications	24,200	22,904	15,543	7,361
Supplies	6,500	3,311	2,455	856
Advertising	20,000	8,212	7,454	758
Capital outlay	39,100	38,481	-	38,481
Total Operating Expenses	<u>278,515</u>	<u>286,354</u>	<u>285,351</u>	<u>1,003</u>
Operating income (loss)	<u>-</u>	<u>16,848</u>	<u>21,619</u>	<u>4,771</u>
<b>RECONCILING ITEMS</b>				
Depreciation	-	-	(9,454)	9,454
Net change in fund balances	-	16,848	12,165	4,683
Fund balances - beginning	-	-	155,051	(155,051)
Fund balances - ending	<u>\$ -</u>	<u>\$ 16,848</u>	<u>\$ 167,216</u>	<u>\$ (150,368)</u>