

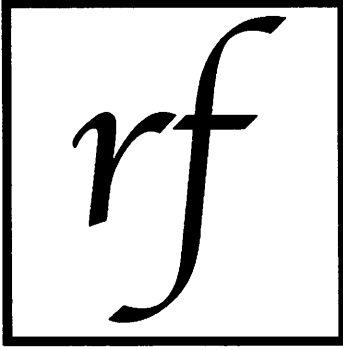
Historic Arkansas Riverwalk Authority of Pueblo

Financial Statements

December 31, 2025

**Historic Arkansas Riverwalk Authority of Pueblo
Table of Contents
December 31, 2025**

	Page
Table of Contents	i
Management’s Discussion and Analysis	ii
Independent Auditor’s Report	1
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Fund	10
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	11
Statement of Cash Flows - Proprietary Fund	12
Notes to the Financial Statements	13
Required Supplementary Information:	
Schedule of Revenues and Expenditures - Budget & Actual- General Fund	20
Notes to the Required Supplementary Information	21
Supplementary Information:	
Schedule of Revenues and Expenditures - Budget & Actual – Enterprise Fund	22



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, 2025, 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, 2025, 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, llc

March 11, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

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, 2025. 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 2024.

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, 2025 totaled \$799,691 while the Authority's change in net position was an increase of \$129,910.
- Total revenues for the year ended December 31, 2025 were \$1,714,971 and total expenses for the same period were \$1,691,404. Revenues increased by \$23,221 during 2025 compared to 2024, and expenses decreased during the same period by \$134,892.

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, 2025 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, 2025 and 2024:

TABLE A
CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current assets	\$ 638,523	\$ 343,837	\$ 191,592	\$ 143,835	\$ 830,115	\$ 487,672
Noncurrent assets	<u>304,880</u>	<u>211,805</u>	<u>16,811</u>	<u>25,769</u>	<u>321,691</u>	<u>237,574</u>
Total Assets	<u>943,403</u>	<u>555,642</u>	<u>208,403</u>	<u>169,604</u>	<u>1,151,806</u>	<u>725,246</u>
Current liabilities	346,678	51,613	3,295	2,388	349,973	54,001
Long term liabilities	<u>2,142</u>	<u>1,463</u>	<u>-</u>	<u>-</u>	<u>2,142</u>	<u>1,463</u>
Total Liabilities	<u>348,820</u>	<u>53,076</u>	<u>3,295</u>	<u>2,388</u>	<u>352,115</u>	<u>55,464</u>
Net investment in capital assets	304,880	170,306	16,811	25,769	321,691	196,075
Unrestricted	289,703	332,260	188,297	141,447	478,000	473,707
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 594,583</u>	<u>\$ 502,566</u>	<u>\$ 205,108</u>	<u>\$ 167,216</u>	<u>\$ 799,691</u>	<u>\$ 669,782</u>

On December 31, 2025, the Authority's net position was \$799,691 and as demonstrated in Table B, the Authority's revenue exceeded its expenses by \$129,910. The entity's net investment in capital assets saw a substantial increase in 2025 due to \$106,343 in 1A-related capital outlay.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues –						
Charges for services	\$ 248,191	\$ 338,884	\$ 358,573	\$ 306,961	\$ 606,764	\$ 645,845
Operating grants and contributions	1,190,945	1,009,602	-	-	1,190,945	1,009,602
Capital grants and contributions	20,662	20,060	-	-	20,662	20,060
Investment earnings	-	331	-	8	-	339
Gain on sale of assets	-	-	-	-	-	-
Other	2,937	15,905	6	-	2,943	15,905
Total Revenues	<u>1,462,735</u>	<u>1,384,782</u>	<u>358,579</u>	<u>306,969</u>	<u>1,821,314</u>	<u>1,691,751</u>
Expenditures –						
General government	1,370,718	1,531,492	-	-	1,370,718	1,531,492
Business-type activities	-	-	320,687	294,804	320,687	294,804
Total Expenditures	<u>1,370,718</u>	<u>1,531,492</u>	<u>320,687</u>	<u>294,804</u>	<u>1,691,405</u>	<u>1,826,296</u>
Change in net position before transfers	92,017	(146,710)	37,893	12,165	129,910	(134,545)
Increase (decrease) in net position	92,017	(146,710)	37,893	12,165	129,910	(134,545)
Net position, January 1	<u>502,566</u>	<u>649,276</u>	<u>167,215</u>	<u>155,051</u>	<u>669,781</u>	<u>804,327</u>
Net position, December 31	<u>\$ 594,583</u>	<u>\$ 502,566</u>	<u>\$ 205,108</u>	<u>\$ 167,216</u>	<u>\$ 799,691</u>	<u>\$ 669,782</u>

Governmental activities – In 2025, revenue increased by 6% as a result of increased IGA contributions and 1A project funding. Expenses decreased by 11% during the same period due to decreased capital, operations & maintenance expenses.

Business-type activities – In 2025, boat ticket sales and sponsorship income increased substantially, driving much of the overall revenue increase of 17%. Expenses increased by 9% during the same period as a result of increased sponsorship expenses and personnel costs.

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, 2025, capital assets totaled \$215,348, a result of \$29,410 in asset additions and depreciation of \$46,773. Overall this is a decrease of \$22,227 from December 2024.

TABLE C
CAPITAL ASSETS (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Buildings and improvements	\$ 70,222	\$ 68,180	\$ -	\$ -	\$ 70,222	\$ 68,180
Furniture and equipment	<u>128,315</u>	<u>143,625</u>	<u>16,811</u>	<u>25,770</u>	<u>145,126</u>	<u>169,395</u>
Total	<u>\$ 198,537</u>	<u>\$ 211,805</u>	<u>\$ 16,811</u>	<u>\$ 25,770</u>	<u>\$ 215,348</u>	<u>\$ 237,575</u>

Capital assets also includes construction in progress of \$106,343, in addition to the above amounts.

Budgetary Highlights – General Fund

During the 2025 fiscal year, actual revenue and expenditures fell short of budget by \$82,500 and \$84,667, respectively. To address significant anticipated shortfalls in 2026, the organization strategically deferred both capital expenditures and revenue to the 2026 fiscal 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 Authority of Pueblo
Statement of Net Position
December 31, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and equivalents	\$ 602,999	\$ 190,443	\$ 793,442
Receivables	35,524	676	36,200
Prepaid Expense	-	473	473
Capital Assets:			
Furniture and equipment	343,928	179,502	523,430
Less: Accumulated depreciation	(145,391)	(162,691)	(308,082)
Construction in progress	106,343	-	106,343
Total Capital Assets	<u>304,880</u>	<u>16,811</u>	<u>321,691</u>
Total Assets	<u>943,403</u>	<u>208,403</u>	<u>1,151,806</u>
LIABILITIES			
Accounts payable and accrued expenses	46,383	680	47,063
Unearned Revenues	288,157	-	288,157
Customer deposits	-	2,615	2,615
Long-term liabilities:			
Due within one year:			
Compensated Absences	12,138	-	12,138
Due in more than one year:			
Compensated Absences	2,142	-	2,142
Total liabilities	<u>348,820</u>	<u>3,295</u>	<u>352,115</u>
NET POSITION			
Net Investment in capital assets	304,880	16,811	321,691
Unrestricted	289,703	188,297	478,000
Total net position	<u>\$ 594,583</u>	<u>\$ 205,108</u>	<u>\$ 799,691</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, 2025

<u>Functions/Programs</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
<u>Primary Government</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities	\$ 1,370,718	\$ 1,190,945	\$ 20,662	\$ 89,080	\$ -	\$ 89,080
Total Governmental Activities	1,370,718	1,190,945	20,662	89,080	-	89,080
Business-type activities:						
Enterprise Fund	320,686	-	-	-	37,887	37,887
Total Business-type Activities	320,686	-	-	-	37,887	37,887
Total Primary Government	\$ 1,691,404	\$ 1,190,945	\$ 20,662	\$ 89,080	\$ 37,887	\$ 126,967
General Revenues:						
Taxes:						
Miscellaneous						
Total general revenues, special items, and transfers						
Change in net position						
Net Position - Beginning						
Net Position - Ending						
	2,937			2,937	6	2,943
	92,017			92,017	37,893	129,910
	\$ 502,566			\$ 502,566	167,215	669,781
	\$ 594,583			\$ 594,583	\$ 205,108	\$ 799,691

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, 2025**

	General Fund	Total Governmental Funds
ASSETS		.
Cash and cash equivalents	\$ 602,999	\$ 602,999
Other receivables	17,383	17,383
Prepaid expenses	18,141	18,141
Total assets	638,523	638,523
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	46,383	46,383
Total liabilities	46,383	46,383
 Deferred Cash Inflow of Resources		
Deferred property taxes	288,157	288,157
 Fund Balance:		
Unassigned	303,983	303,983
Total fund balances	303,983	303,983
Total liabilities and fund balances	\$ 638,523	\$ 638,523

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, 2025**

Total fund balance, governmental funds \$ 303,983

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. 304,882

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. (14,282)

Net Position of Governmental Activities in the Statement of Net Position \$ 594,583

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, 2025

	General Fund	Total Governmental Funds
REVENUES		
Intergovernmental	\$ 1,105,264	\$ 1,105,264
Charges for services	248,191	248,191
Miscellaneous	2,937	2,937
Gifts and grants	106,343	106,343
Total revenues	1,462,735	1,462,735
EXPENDITURES		
Current:		
Administration	46,437	46,437
Operations and maintenance	612,399	612,399
Personnel	646,756	646,756
Professional services	19,223	19,223
Capital Outlay	135,753	135,753
Total Expenditures	1,460,568	1,460,568
Excess (deficiency) of revenues over expenditures	2,167	2,167
Net change in fund balances	2,167	2,167
Fund balances - beginning	301,816	301,816
Fund balances - ending	\$ 303,983	\$ 303,983

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, 2025**

Net change in fund balances - total governmental funds:	\$	2,167
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> <p>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.</p> <p>This is the amount by which capital outlay of \$135,753 was more than depreciation of \$42,678 in the current period.</p>		
		93,075
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p> <p style="padding-left: 20px;">Change in Compensated Absences not reflected on Governmental funds</p>		
		<u>(3,225)</u>
Change in net positions of governmental activities	\$	<u><u>92,017</u></u>

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, 2025

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 190,442
Accounts Receivable, net	500
Inventories	176
Prepaid Expenses	473
Total current assets	191,591
Non-current assets:	
Capital Assets:	
Furniture and equipment	179,502
Less Accumulated depreciation	(162,691)
Total non-current assets	16,811
Total assets	208,402
 LIABILITIES	
Current Liabilities:	
Accounts payable	680
Customer deposits	2,615
Total liabilities	3,295
 NET POSITION	
Net Investment in capital assets	16,811
Unrestricted	188,296
Total Net Position	\$ 205,107

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, 2025

	Enterprise Fund
OPERATING REVENUES	
Charges for services	\$ 358,579
Total operating revenues	358,579
OPERATING EXPENSES	
Personal services	61,165
Payroll taxes and benefits	8,477
Administrative costs	126,999
Repairs and maintenance	4,358
Sponsorship, facility, special events	99,850
Utilities and communications	4,212
Supplies	1,512
Advertising	5,156
Depreciation	8,958
Total Operating Expenses	320,687
Operating income	37,892
Change in net position	37,892
Total net position - beginning	167,215
Total net position - ending	\$ 205,107

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, 2025**

	Business-Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 388,279
Payments to suppliers	(250,888)
Payments to employees	(61,165)
Net cash provided (used) in operating activities	76,226
Cash Flows from Non-Capital Financing Activities	
Net increase (decrease) in customer deposits	1,240
Net cash provided (used) in non-capital activities	1,240
Net Increase (Decrease) in cash and cash equivalents	77,466
Beginning of the year cash	112,976
Ending of the year cash	190,442
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income (loss)	37,892
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	8,958
Change in assets and liabilities:	
(Increase) Decrease in Accounts Receivable	29,700
(Increase) Decrease in Prepaid Expense	(164)
(Increase) Decrease in Inventory	173
Increase (Decrease) in Accounts Payable	(333)
Net cash provided (used) from operating activities	\$ 76,226

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, 2025

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

The HARP Authority grants vacation leave based upon the following accrual schedule unless otherwise approved by the Board of Directors:

- Regular Full-Time Employee accrues 8.0 hours per completed month.

Upon request, unaccrued vacation time may be granted by the Executive Director but may not exceed 40 hours. However, any employee granted un-accrued vacation time will be required to sign an agreement with the HARP Authority stating that, in the event of cessation of employment, any outstanding balance of unearned vacation time will be deducted from the final salary due to the employee.

Upon termination or separation of employment, employees who have completed their introductory period will be paid for all earned unused vacation pay at the rate in effect at the time of termination.

No more than 6- hours vacation leave may be carried over into subsequent years unless otherwise approved by the Executive Director. All vacation leave must be approved in advance by the Executive Director.

Employees are not paid for unused sick leave; therefore, there is not an accrual at year-end.

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.

Note 3 Cash and Cash Equivalents

At December 31, 2025, the carrying amount of the Authority's deposits was \$793,442. Of the bank balance, \$250,000 was covered by federal depository insurance and \$543,442 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, 2025, deposits with the bank balance of \$543,442

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Depreciable Assets:				
Buildings and Improvements	\$ 70,408	\$ 6,941	\$ -	\$ 77,349
Furniture and Equipment	244,110	22,469	-	266,579
Total Depreciable Assets	314,518	29,410	-	343,928
Less Accumulated Depreciation:				
Buildings and Improvements	(2,228)	(4,899)	-	(7,127)
Furniture and Equipment	(100,485)	(37,779)	-	(138,264)
Net Capital Assets	<u>\$ 211,805</u>	<u>\$ (13,268)</u>	<u>\$ -</u>	<u>\$ 198,537</u>

Depreciation expense of \$42,678 was charged to the general government function.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities:				
Depreciable Assets:				
Utility System	\$ 179,502	\$ -	\$ -	\$ 179,502
Less Accumulated Depreciation	(153,732)	(8,959)	-	(162,691)
Net Capital Assets	<u>\$ 25,770</u>	<u>\$ (8,959)</u>	<u>\$ -</u>	<u>\$ 16,811</u>

Depreciation expense of \$8,959 was charged to the business-type activities function.

The Authority also has construction in progress of \$106,343.

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, 2025.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences					
Governmental	<u>\$ 11,055</u>	<u>\$ 3,225</u>	<u>\$ -</u>	<u>\$ 14,280</u>	<u>\$ 12,138</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. The Authority has not experienced risk in excess of coverage in any of the three previous years.

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, 2025, employee contributions totaled \$98,220 and the recognized pension expense of \$8,930.

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 2025, 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. No lease payments were made during 2025.

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, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,105,264	\$ 1,105,264	\$ 1,105,264	-
Charges for services	328,971	328,971	248,191	(80,780)
IA Project income	-	110,000	106,343	(3,657)
Investment earnings	500	500	-	(500)
Miscellaneous	500	500	2,937	2,437
Total revenues	<u>1,435,235</u>	<u>1,545,235</u>	<u>1,462,735</u>	<u>(82,500)</u>
EXPENDITURES				
Current:				
Administration	46,300	46,300	46,437	(137)
Operations and maintenance	610,945	610,945	512,142	98,803
Personnel	665,490	665,490	646,756	18,734
Professional services	12,500	12,500	19,223	(6,723)
Capital Outlay	100,000	100,000	135,753	(35,753)
IA Project expense	-	110,000	100,257	9,743
Total Expenditures	<u>1,435,235</u>	<u>1,545,235</u>	<u>1,460,568</u>	<u>84,667</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,167</u>	<u>2,167</u>
Net change in fund balances	-	-	2,167	2,167
Fund balances - beginning	-	-	301,816	301,816
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,983</u>	<u>303,983</u>

**Historic Arkansas Riverwalk Authority of Pueblo
Notes to the Required Supplementary Information
December 31, 2025**

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, 2025**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 358,150	\$ 358,150	\$ 358,579	\$ 429
Investment earnings	10	10	-	(10)
Total revenues	358,160	358,160	358,579	419
OPERATING EXPENSES				
Personal services, payroll taxes and benefits	76,800	70,000	69,907	93
Administrative costs	145,400	139,000	126,999	12,001
Repairs and maintenance	27,800	18,000	4,358	13,642
Sponsorship, facility, special events	102,660	91,000	99,850	(8,850)
Utilities and communications	-	-	4,212	(4,212)
Supplies	-	-	1,512	(1,512)
Advertising	5,500	5,500	5,156	344
Depreciation	-	8,960	8,958	2
Total Operating Expenses	358,160	332,460	320,952	11,508
Operating income (loss)	-	25,700	37,627	11,927
Net change in fund balances	-	25,700	37,627	(11,927)
Fund balances - beginning	-	-	155,051	(155,051)
Fund balances - ending	\$ -	\$ 25,700	\$ 192,678	\$ (166,978)