FRONT RANGE PASSENGER RAIL DISTRICT
Multiple Counties, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

FRONT RANGE PASSENGER RAIL DISTRICT
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YEAR ENDED DECEMBER 31, 2023

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Board of Directors
Front Range Passenger Rail District
Multiple Counties, Colorado

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Front Range Passenger Rail District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Front Range Passenger Rail District as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund 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 District 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 (GAAP), 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 District'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 District'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 District'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.

Other Matters

Required Supplemental Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Wipfli LLP

Wipfli LLP
Denver, Colorado

June 16, 2025

BASIC FINANCIAL STATEMENTS

FRONT RANGE PASSENGER RAIL DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Investments	$ 1,948,337
Cash and Investments - Restricted	13,483,350
Accounts Receivable	2,000,000
Prepaid Expenses	1,408
Total Assets	17,433,095
LIABILITIES	
Accounts Payable	216,604
Accrued Liabilities	16,048
Total Liabilities	232,652
NET POSITION	
Restricted for:	
Emergency Reserve	70,600
Southwest Chief La Junta Corridor Improvements	12,020,000
Southwest Chief Thru-Car Study	159,000
Service Development Plan	1,233,750
Unrestricted	3,717,093
Total Net Position	$ 17,200,443

See accompanying Notes to Basic Financial Statements.

FRONT RANGE PASSENGER RAIL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities:					
General Government	$ 1,470,744	$ -	$ 2,348,480	$ -	$ 877,736
Total Governmental Activities	$ 1,470,744	$ -	$ 2,348,480	$ -	877,736
	GENERAL REVENUES				
	Other Revenue				5,843
	Total General Revenues and Transfers				5,843
	CHANGES IN NET POSITION				883,579
	Net Position - Beginning of Year				16,316,864
	NET POSITION - END OF YEAR				$ 17,200,443

See accompanying Notes to Basic Financial Statements.

FRONT RANGE PASSENGER RAIL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2023

	General
ASSETS	
Cash and Investments	$ 1,948,337
Cash and Investments - Restricted	13,483,350
Accounts Receivable	2,000,000
Prepaid Expenses	1,408
Total Assets	$ 17,433,095
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	$ 216,604
Accrued Liabilities	16,048
Total Liabilities	232,652
FUND BALANCES	
Nonspendable:	
Prepaid Expense	1,408
Restricted for:	
Emergency Reserves	70,600
Southwest Chief La Junta Corridor Improvements	12,020,000
Southwest Chief Thru-Car Study	159,000
Service Development Plan	1,233,750
Assigned to:	
Subsequent Year's Expenditures	3,889,996
Unassigned	(174,311)
Total Fund Balances	17,200,443
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 17,433,095

See accompanying Notes to Basic Financial Statements.

FRONT RANGE PASSENGER RAIL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023

	General
REVENUES	
Other Revenue	$ 5,843
Intergovernmental Revenue	2,348,480
Total Revenues	2,354,323
EXPENDITURES	
Current:	
Accounting	31,255
Board Expense	70,540
Dues and Membership	4,090
Events/Travel	7,698
Grant Writing	22,819
Insurance	5,841
IT Services	16,549
Legal	323,563
Miscellaneous	973
Office Supplies and Expenses	1,469
Operation Supplies	7,763
PR Advocacy, Meetings, Lobbying	121,476
Service Development Plan	589,089
Travel and Entertainment	5,503
Wages and Benefits	221,970
Website	40,146
Total Expenditures	1,470,744
NET CHANGE IN FUND BALANCES	883,579
Fund Balances - Beginning of Year	16,316,864
FUND BALANCES - END OF YEAR	$ 17,200,443

See accompanying Notes to Basic Financial Statements.

FRONT RANGE PASSENGER RAIL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Other Revenue	$ -	$ 5,843	$ 5,843
Intergovernmental Revenue	-	2,348,480	2,348,480
Total Revenues	-	2,354,323	2,354,323
EXPENDITURES			
Accounting	3,795	31,255	(27,460)
Board Expense	-	70,540	(70,540)
Directors' Fees	6,650	-	6,650
Dues and Membership	590	4,090	(3,500)
Events/Travel	1,650	7,698	(6,048)
Grant Writing	137,500	22,819	114,681
Insurance	11,308	5,841	5,467
IT Services	-	16,549	(16,549)
Legal	96,000	323,563	(227,563)
Miscellaneous	3,600	973	2,627
Office Supplies and Expenses	-	1,469	(1,469)
Operation Supplies	4,410	7,763	(3,353)
PR Advocacy, Meetings, Lobbying	3,360	121,476	(118,116)
Service Development Plan	1,640,000	589,089	1,050,911
Travel and Entertainment	4,415	5,503	(1,088)
Wages and Benefits	201,787	221,970	(20,183)
Website	10,398	40,146	(29,748)
Total Expenditures	2,125,463	1,470,744	654,719
NET CHANGE IN FUND BALANCE	(2,125,463)	883,579	3,009,042
Fund Balance - Beginning of Year	4,351,328	16,316,864	11,965,536
FUND BALANCE - END OF YEAR	$ 2,225,865	$ 17,200,443	$ 14,974,578

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Front Range Passenger Rail District (District), a quasi-municipal corporation and a political subdivision of the state of Colorado, was organized by order and decree of the Colorado State Legislature on June 30, 2021 with the passage of Senate Bill 21-238, the Front Range Passenger Rail District Act (the Act). The purpose of the District is to research, develop, construct, operate, and maintain an interconnected passenger rail system within the Front Range that is competitive in terms of travel time for comparable trips with other modes of surface transportation.

Pursuant to the provisions of the Act (Title 32, Article 22 Colorado Revised Statutes), the District is also required to do the following:

- Collaborate with the Regional Transportation District (RTD) to ensure connectivity with any passenger rail system operated by or for RTD;
- If deemed appropriate by the Board and RTD, share capital costs associated with the shared use of rail line infrastructure in the Northwest Rail Line Corridor for passenger rail service;
- Collaborate with Amtrak on interconnectivity with Amtrak's Southwest Chief, California Zephyr and Winter Park Express trains, including rerouting Amtrak's Southwest Chief passenger train;
- Coordinate with the Department of Transportation (CDOT) to ensure that the District's rail system is well-integrated into Colorado's multi-modal transportation system including at least one joint meeting annually of the Board and the state's Transportation Commission;
- Hold at least one meeting annually of the Board and the Board of Directors of the I-70 Coalition to ensure that the District's rail system interconnects with any rail system that services the I-70 mountain corridor;
- Hold at least one meeting annually with the Board of Directors of RTD to discuss and resolve operational and interconnectivity issues;
- Complete an alternatives analysis related to the preferred alignment for the Northern Segment of the main north-south passenger rail line through the Northwest Rail Corridor in accordance with the National Environmental Policy Act of 1969. The District is directed to prioritize the initiation of construction and completion of that corridor.

The District extends from Wyoming to New Mexico and includes the City and County of Broomfield and the City and County of Denver. The District encompasses:

- All areas within Adams, Arapahoe, Boulder, Douglas, El Paso, Huerfano, Jefferson, Larimer, Las Animas, and Pueblo counties that are located within the territory of a metropolitan planning organization and all areas within Weld County that are located within the city of Longmont and the town of Erie;
- All areas within Huerfano, Las Animas and Pueblo counties that are not located within the territory of a metropolitan planning organization and are located within five miles of the public right-of-way of Interstate Highway 25;
- All areas withing Larimer that are not located within the territory of a metropolitan planning organization and that are north of the City of Fort Collins and located within five miles of the public right-of-way of Interstate Highway 25.

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

The District is governed by a Board of Directors (the Board) consisting of:

- Six directors appointed by the Governor and confirmed by the Senate of the State of Colorado. At least one of the appointed Directors must be a resident of a county, city and county or municipality through which light or commuter rail service was planned as part of the voter-approved Fastracks Transit Expansion Program of the RTD but has not been constructed.
- Ten directors appointed subject to Senate confirmation by metropolitan planning organizations and rural transportation planning for state transportation planning regions that include the territory of the District. Each metropolitan planning organization that represents more than one million five hundred thousand residents in the District shall appoint four directors unless a single city and county or municipality has 55% or more of the total population of the metro planning organization's territory. When a single city and county or municipality has 55% or more of the total population of the metro planning organization’s territory, they shall appoint one of the four directors that would otherwise be appointed by the metro planning organization.
- Two directors from each metropolitan planning organization that represents more than five hundred thousand but fewer than one million residents in the District, shall appoint two directors. This includes Pikes Peak Area Council of Governments and the North Front Range Metropolitan Planning Organization. If a single city and county or municipality has 55% or more of the total population of the metro planning organization’s territory, the city and county or municipality shall appoint one of the four directors that would otherwise be appointed by the metro planning organization.
- One director appointed by the Pueblo Area Council of Governments
- One director appointed by the South Central Council of Governments
- One director appointed by the Executive Director of the Department of Transportation
- Three non-voting directors may be appointed by each of BNSF Railway, Union Pacific Railroad and Amtrak
- One non-voting director appointed by RTD
- One non-voting director appointed by the Board of the I-70 Mountain Corridor Coalition
- Two non-voting directors may be appointed by each of the states of New Mexico and Wyoming

The District is successor to the Southwest Chief and Front Range Passenger Rail Commission (the Commission). As such, the District received all of the contractual rights and obligations of the Commission (See Commitments and Contingencies Note). To the extent permitted by law, the District is also the successor to the Commission for the purpose of pursuing pending Commission applications to receive federal grants.

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Redemption of bonds is recorded as a reduction in liabilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and specific ownership taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental fund:

> The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Reporting Requirement

Pursuant to the Act, beginning on January 31, 2024 and no later than each January 31 thereafter, the District is required to publish and present a comprehensive annual report of its activities for the prior District fiscal year to a certain committees of the state legislature and each metropolitan planning organization and rural transportation planning organization that appoints members to the Board. The District has prepared and provided an annual report without audited financial statements and, therefore, may not be compliant to this statute.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	$ 1,948,337
Cash and Investments - Restricted	13,483,350
Total Cash and Investments	$ 15,431,687

Cash and investments as of December 31, 2023, consist of the following:

Deposits with Financial Institutions	$ 15,431,687
Total Cash and Investments	$ 15,431,687

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Pursuant to the Act the District may invest funds of the District in any manner provided by Part 6 of Article 75 of Title 24 of the Colorado Revised Statutes:

- Obligations of the United States,
- Certain U.S. government agency securities, and securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements Bankers’ acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

Additionally, the District may direct a corporate trustee to invest money in investments or deposits other than those specified by Part 6 if the board determines, by resolution, that the investment or deposit meets the standard established by in Section 15-1-304 Standard for Investments, the income is comparable to allowed investment and the investment will assist the District in the financing, construction, operation, or maintenance of a passenger rail system.

At December 31, 2023, the District's cash deposits had a bank balance and a carrying balance of $15,431,687. The District had no investments at December 31, 2023.

NOTE 4 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2023, as follows (See Commitments and Contingencies Note):

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	$ 70,600
Southwest Chief La Junta Corridor Improvements	12,020,000
Southwest Chief Thru-Car Study	159,000
Service Development Plan	1,233,750
Total Restricted Net Position	$ 13,483,350

As of December 31, 2023, the unrestricted net position was $3,717,093.

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 5 RISK MANAGEMENT (CONTINUED)

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 6 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3.00% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Prior Fiscal Commitments

The District is the successor of the Southwest Chief and Front Range Passenger Rail Commission. As such, the District has assumed certain commitments made by the predecessor organizations, remaining amounts are as follows:

Southwest Chief La Junta Corridor Improvements	$ 12,020,000
Southwest Chief Thru-Car Study	159,000
Service Development Plan	1,233,750
	$ 13,412,750

NOTE 7 COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Board passed resolution 2022-F001 in 2022 to recognize the commitments above. In 2019, the Commission pledged a local match for the 2019 Consolidated Rail Infrastructure and Safety Improvement Grant (CRISI) for the Southwest Chief Thru-Car Study Alternative Analysis, a technical analysis evaluating potential new rail service. In 2020 and 2021, the Commission pledged a total of $1,645,000 for the 2020 CRISI grant for the front range passenger rail preliminary service development plan and alternative analysis. In November 2022, the District entered into a CRISI grant partner agreement with CDOT to formalize the transfer of the $1,645,000 of matching funds committed by the Commission to the 2020 CRISI grant. The contribution from the District represents 41.91% of costs incurred to match funding for the Front Range Passenger Rail Preliminary Service Development Plan. Under the grant partner agreement, the District will pay its contribution in four quarterly installments in conjunction with milestone progress reports provided by CDOT. As of December 31, 2023, the District had $1,233,750 of committed funds remaining.

In 2021, the Commission pledged $12,020,000 in American Rescue Plan Funding and other grants for signal and infrastructure improvements to the BNSF La Junta Subdivison for the benefit of the Southwest Chief. The District will facilitate the transfer and payment of these commitments as determined by the Board.

Additionally in 2021, the Commission entered into a Memorandum of Understanding with the CDOT, whereby the parties agreed that CDOT will administer the funds pledged and oversee the consultants of both feasibility studies.

Federally Assisted Grant Programs

The District participates in a number of federal and state grant programs, which are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. District management believes disallowances, if any, will be insignificant.

Funding Sources

The current and future availability and sources of funding for the District include federal, state, and local funding. The District does not currently have a recurring revenue source and requires continued funding from federal, state and local sources to maintain operations, including payroll and fund projects. While the District does not anticipate any lack of future funding, there is no guarantee that the other governments will provide adequate levels of resources.

NOTE 8 SUBSEQUENT EVENTS

Funding Agreement

On May 28, 2025, the District entered into an intergovernmental agreement with the City of Trinidad to fund the Southwest Chief La Junta Restoration Program in a total amount of $12,020,000. On May 28, 2025, the District transferred the total amount to the City of Trinidad.