

FRONT RANGE PASSENGER RAIL DISTRICT
Multiple Counties, Colorado

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**FRONT RANGE PASSENGER RAIL DISTRICT
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT	I
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUND	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND	4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND	5
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	6
NOTES TO BASIC FINANCIAL STATEMENTS	7

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 the general fund of Front Range Passenger Rail District (the "District"), as of and for the year ended December 31, 2025, 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 the general fund of Front Range Passenger Rail District as of December 31, 2025, 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.

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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.

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Other Matters

Required Supplementary 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.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid.

Wipfli LLP
Denver, Colorado

September 2, 2026

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BASIC FINANCIAL STATEMENTS

FRONT RANGE PASSENGER RAIL DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,388,013
Cash and Investments - Restricted	8,900
Prepaid Insurance	9,723
Prepaid Expenses	9,150
Office Space Deposit	8,500
Capital Assets:	
Capital Assets Net of Depreciation	123,152
Total Assets	<u>1,547,438</u>
LIABILITIES	
Accounts Payable	175,632
Accrued Liabilities	13,322
Lease Payable	<u>137,527</u>
Total Liabilities	326,481
NET POSITION	
Restricted for:	
Emergency Reserve	8,900
Unrestricted	<u>1,212,057</u>
Total Net Position	<u><u>\$ 1,220,957</u></u>

See accompanying Notes to Basic Financial Statements.

FRONT RANGE PASSENGER RAIL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 13,428,151	\$ -	\$ -	\$ -
	<u>\$ 13,428,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,428,151)</u>
Total Governmental Activities	<u>\$ 13,428,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(13,428,151)</u>
GENERAL REVENUES				
Interest Income				293,389
Other Revenue				606
Total General Revenues				<u>293,995</u>
CHANGES IN NET POSITION				
Net Position - Beginning of Year				(13,134,156)
				<u>14,355,113</u>
NET POSITION - END OF YEAR				<u>\$ 1,220,957</u>

See accompanying Notes to Basic Financial Statements.

**FRONT RANGE PASSENGER RAIL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2025**

	<u>General</u>
ASSETS	
Cash and Investments	\$ 1,388,013
Cash and Investments - Restricted	8,900
Prepaid Insurance	9,723
Prepaid Expenses	9,150
Office Space Deposit	8,500
Total Assets	<u>\$ 1,424,286</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 175,632
Accrued Liabilities	13,322
Total Liabilities	<u>188,954</u>
FUND BALANCES	
Nonspendable:	
Prepaid Expense	18,873
Restricted for:	
Emergency Reserves	8,900
Assigned to:	
Subsequent Year's Expenditures	1,101,000
Unassigned	106,559
Total Fund Balances	<u>1,235,332</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,424,286</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	123,152
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Lease Payable	(137,527)
Net Position of Governmental Activities	<u>\$ 1,220,957</u>

See accompanying Notes to Basic Financial Statements.

FRONT RANGE PASSENGER RAIL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2025

	<u>General</u>
REVENUES	
Interest Income	\$ 293,389
Other Revenue	606
Total Revenues	<u>293,995</u>
EXPENDITURES	
Current:	
Accounting	52,663
Auditing	16,112
Board Expense	4,776
Conferences/Travel - Board	12,387
Conferences/Travel - Staff	6,024
Dues and Membership	9,763
General Administration	8,732
Insurance	6,115
IT Services	12,782
Legal	190,370
Legislative Services	78,333
Miscellaneous	726
Office Space	107,850
Office Supplies - General	2,038
Office Supplies - Software	17,884
Outreach, Marketing, and Branding	188,367
Research	17,500
Station Area Planning	246,865
Utilities	2,086
Wages and Benefits	421,667
Website	1,744
Total Expenditures	<u>1,404,784</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,110,789)
OTHER FINANCING SOURCES (USES)	
Transfer Of Dedicated Funds	(12,020,000)
Total Other Financing (Uses)	<u>(12,020,000)</u>
NET CHANGE IN FUND BALANCE	(13,130,789)
Fund Balance - Beginning of Year	<u>14,366,121</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,235,332</u></u>

See accompanying Notes to Basic Financial Statements.

**FRONT RANGE PASSENGER RAIL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
THE FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Total Governmental Funds	\$ (13,130,789)
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.

Lease Issuance	95,154
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of Right to Use Lease Asset	<u>(98,521)</u>
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Changes in Net Position of Governmental Activities	<u><u>\$ (13,134,156)</u></u>
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**FRONT RANGE PASSENGER RAIL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 60,000	\$ 293,389	\$ 233,389
Other Revenue	-	606	606
Total Revenues	<u>60,000</u>	<u>293,995</u>	<u>233,995</u>
EXPENDITURES			
Accounting	70,000	52,663	17,337
Auditing	10,000	16,112	(6,112)
Board Expense	47,250	4,776	42,474
Conferences/Travel - Board	6,000	12,387	(6,387)
Conferences/Travel - Staff	13,500	6,024	7,476
Contingency	123,097	-	123,097
Dues and Membership	5,000	9,763	(4,763)
General Administration	-	8,732	(8,732)
Insurance	7,500	6,115	1,385
IT Services	23,000	12,782	10,218
Legal	150,000	190,370	(40,370)
Legislative Services	100,000	78,333	21,667
Miscellaneous	-	726	(726)
Office Space	107,850	107,850	-
Office Supplies - General	2,500	2,038	462
Office Supplies - Software	18,000	17,884	116
Outreach, Marketing, and Branding	152,500	188,367	(35,867)
Research	-	17,500	(17,500)
Station Area Planning	100,000	246,865	(146,865)
Utilities	1,855	2,086	(231)
Wages and Benefits	463,607	421,667	41,940
Website	50,000	1,744	48,256
Total Expenditures	<u>1,451,659</u>	<u>1,404,784</u>	<u>46,875</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,391,659)	(1,110,789)	280,870
OTHER FINANCING SOURCES (USES)			
Transfer Of Dedicated Funds	(12,000,000)	(12,020,000)	(20,000)
Total Other Financing (Uses)	<u>(12,000,000)</u>	<u>(12,020,000)</u>	<u>(20,000)</u>
NET CHANGE IN FUND BALANCE	(13,391,659)	(13,130,789)	260,870
Fund Balance - Beginning of Year	<u>13,972,371</u>	<u>14,366,121</u>	<u>393,750</u>
FUND BALANCE - END OF YEAR	<u>\$ 580,712</u>	<u>\$ 1,235,332</u>	<u>\$ 654,620</u>

See accompanying Notes to Basic Financial Statements.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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;

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 DEFINITION OF REPORTING ENTITY (CONTINUED)

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

- All areas within 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.
- 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.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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 committee of the state legislature and each metropolitan planning organization and rural transportation planning organization that appoints members to the Board.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 1,388,013
Cash and Investments - Restricted	<u>8,900</u>
Total Cash and Investments	<u><u>\$ 1,396,913</u></u>

Cash and investments as of December 31, 2025 consist of the following:

Deposits with Financial Institutions	\$ 53,782
Investments	<u>1,343,130</u>
Total Cash and Investments	<u><u>\$ 1,396,913</u></u>

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.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits with Financial Institutions (Continued)

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

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, 2025, the District's cash deposits had a bank balance and a carrying balance of \$53,782.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- 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

As of December 31, 2025, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted-Average Under 60 Days	\$ 1,343,130
Total		<u>\$ 1,343,130</u>

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025, follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Lease Assets, Being Amortized:				
Right to Use Lease Asset	\$ 295,564	\$ -	\$ -	\$ 295,564
Total Lease Assets Being Amortized	295,564	-	-	295,564
Less Accumulated Depreciation for:				
Right to Use Lease Asset	73,891	98,521	-	172,412
Total Accumulated Amortization	73,891	98,521	-	172,412
 Total Capital Assets, Being Depreciated, Net	 221,673	 (98,521)	 -	 123,152
 Governmental Activities Capital Assets, Net	 <u>\$ 221,673</u>	 <u>\$ (98,521)</u>	 <u>\$ -</u>	 <u>\$ 123,152</u>

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG TERM OBLIGATIONS

Office Building Lease

The District leases office space under an commercial lease. The District entered into a lease agreement with Varone Market, LLC in 2024, which will expire March 31, 2027. Principal and interest requirements to maturity under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 108,745	\$ 5,555	\$ 114,300
2027	28,782	168	28,950
Total	<u>\$ 137,527</u>	<u>\$ 5,723</u>	<u>\$ 143,250</u>

NOTE 6 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, 2025 as follows (Also see Commitments and Contingencies Note):

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserve	<u>\$ 8,900</u>
Total Restricted Net Position	<u>\$ 8,900</u>

As of December 31, 2025, the unrestricted net position was \$1,237,057.

NOTE 7 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.

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.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 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 9 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, as of December 31, 2025 there were no outstanding obligations.

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 Subdivision for the benefit of the Southwest Chief. The District will facilitate the transfer and payment of these commitments as determined by the Board. The District transferred the full committed amount to the City of Trinidad during 2025 as a part of its funding agreement (See below).

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.

Funding Agreement (City of Trinidad)

On May 28th, 2025 the District entered into an funding agreement with the City of Trinidad (the "City"). As a part of the agreement the District remitted \$12,020,000 to the City of funds previously pledged in support of the BNSF La Junta Restoration Program in 2025 (See above).

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.

**FRONT RANGE PASSENGER RAIL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 COMMITMENTS AND CONTINGENCIES (continued)

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 10 SUBSEQUENT EVENTS

CDOT Agreement

On March 26, 2026, the District entered into an intergovernmental agreement with the Colorado Department of Transportation (CDOT) for a total funding amount not to exceed \$3,000,000 to support development and implementation of a Front Range Passenger Rail Ballot Access Plan.

The agreement provides for an initial funding allocation of \$1,500,000 upon execution, with an additional \$1,500,000 contingent upon the District's satisfactory completion of specified performance benchmarks and execution of a subsequent amendment.

The contract term extends through December 31, 2026, and includes provisions related to performance reporting, allowable uses of funds, and compliance with applicable state laws and regulations. Funds are restricted to planning, technical, and administrative activities and may not be used for advocacy or campaign-related purposes.