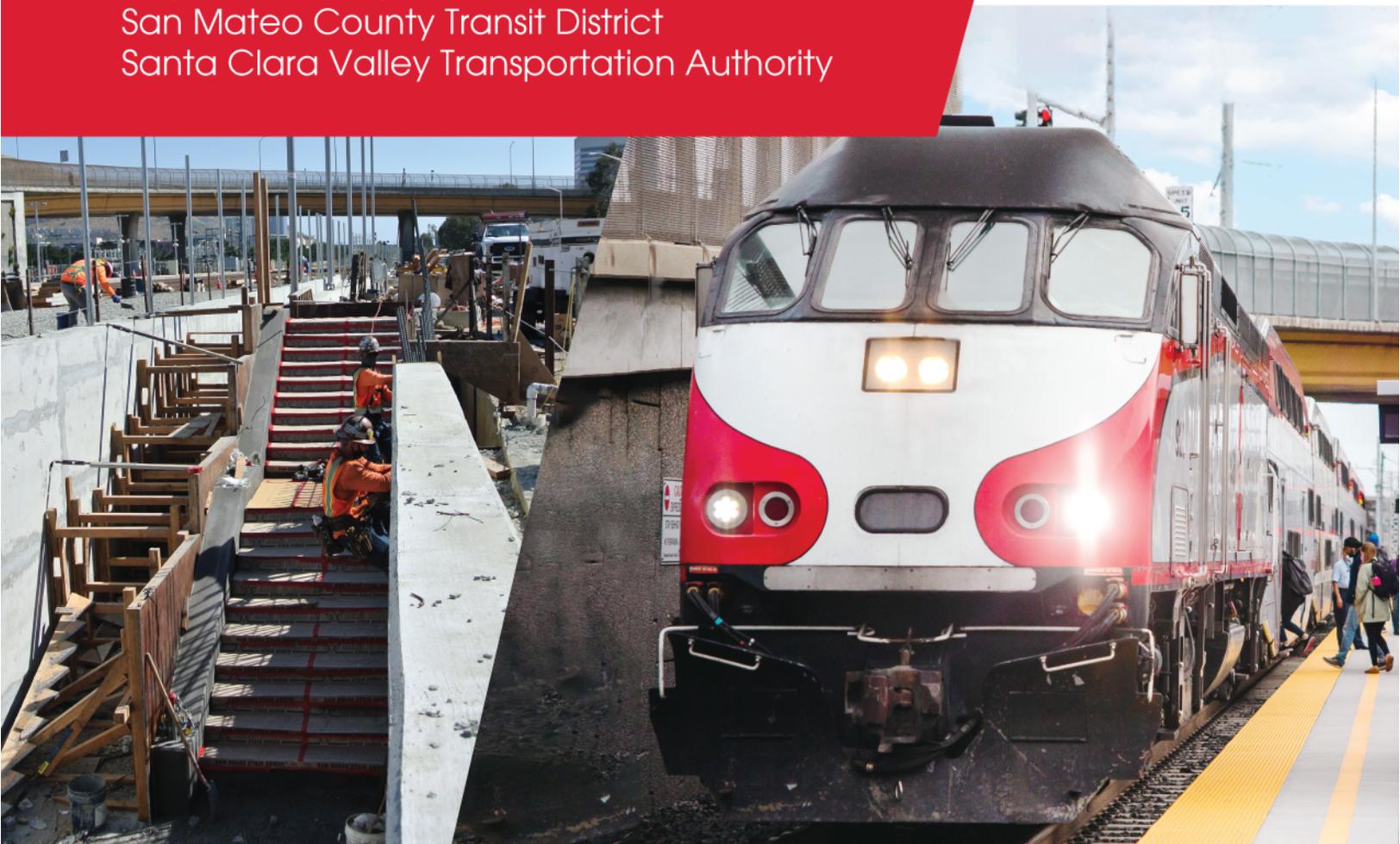


Peninsula Corridor Joint Powers Board San Carlos, California



A Joint Powers Authority
Established by Agreement among:

City and County of San Francisco
San Mateo County Transit District
Santa Clara Valley Transportation Authority



Annual Comprehensive Financial Report

Fiscal Years Ended June 30, 2022 and 2021

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**PENINSULA CORRIDOR
JOINT POWERS BOARD**

San Carlos, California

Annual Comprehensive Financial Report
Fiscal Years Ended June 30, 2022 and 2021

Prepared by the Finance Division

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INTRODUCTORY

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PENINSULA CORRIDOR JOINT POWERS BOARD

LETTER OF TRANSMITTAL



October 12, 2022

**To the Board of Directors of the Peninsula Corridor Joint Powers Board and the Citizens of San Francisco, San Mateo and Santa Clara Counties
San Carlos, California**

Annual Comprehensive Financial Report Year Ended June 30, 2022

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Peninsula Corridor Joint Powers Board (JPB) for the fiscal year July 1, 2021 through June 30, 2022. This transmittal letter provides a summary of the JPB's finances, services, achievements and economic prospects for readers without a technical background in accounting or finance. This fiscal year reflects continued challenges as the agency moves forward in our recovery from the COVID pandemic. This letter will address those impacts where appropriate. Readers desiring a more detailed discussion of the JPB's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

Management assumes sole responsibility for all the information contained in this report, including its presentation and the adequacy of its disclosures. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the JPB's assets from loss, to identify and record transactions accurately and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not exceed the likely benefits, the JPB's internal control system intends to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

To test the performance of the internal control system, the JPB contracted for independent auditing services from Brown Armstrong Accountancy Corporation, a certified public accounting firm licensed to practice in the State of California. The auditor expressed an opinion that the JPB's financial statements are fairly stated in all material respects and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind, commonly known as an "unmodified" or "clean" opinion.

PROFILE OF THE ORGANIZATION

Purpose

The JPB is responsible for the Caltrain passenger rail service on the San Francisco Peninsula and south into Santa Clara County. Caltrain owns and operates the rail system that has been a central part of Peninsula communities since 1865. The rail line on which service is operated currently extends from San Francisco 77 miles south to Gilroy,

PENINSULA CORRIDOR JOINT POWERS BOARD

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serving 31 stations. Spanning San Francisco, San Mateo and Santa Clara counties, Caltrain directly serves 20 cities and provides critical connections to other transit services. The JPB owns 51 miles of the rail line and operates on Union Pacific owned track for the remaining 26 miles.

Entity

The JPB is a Joint Powers Authority that is legally and financially independent from its three member agencies, namely the San Mateo County Transit District (District), the Santa Clara Valley Transportation Authority (VTA) and the City and County of San Francisco (CCSF), and is not a component unit of any other organization. Furthermore, the JPB has no component unit organizations under its control. Therefore, this ACFR and the financial statements contained within represent solely the activities, transactions, and status of the JPB.

History

In 1980, after two years of negotiations, the California Department of Transportation (Caltrans) and the Southern Pacific Transportation Company (Southern Pacific) executed a purchase-of-service agreement for maintaining passenger rail service between San Francisco and San Jose. Service under this agreement began in 1980 with Southern Pacific operating the trains while receiving subsidies to cover its operating costs from Caltrans and the three member agencies and with Caltrans providing contract administration, service planning, marketing, engineering, scheduling, fare management, customer support and performance monitoring.

In 1988, CCSF, District and VTA commissioned a study that recommended transferring responsibility for the rail service from the state to the local level. The three member agencies accomplished this objective in October 1991, executing a new joint powers agreement that formed the current JPB. Two months later, the JPB purchased the rail right of way between San Francisco and San Jose (Mainline) and perpetual trackage rights between San Jose and Gilroy (Gilroy Extension) from Southern Pacific.

The JPB Member Agencies and the California Transportation Commission funded this acquisition. The JPB holds title to all right of way property located in the County of San Francisco and the County of Santa Clara. The JPB holds title to all right of way property in the County of San Mateo as tenants in common with the District, each to an undivided 50% share. In addition, the JPB holds trackage rights that extend south from the end of its property ownership in San Jose to Gilroy over a rail line owned by the Union Pacific Railroad. Those rights include the rights to operate five daily two-way train pairs.

The JPB assumed responsibility for the operation of Caltrain service from Caltrans in 1992. Amtrak served as the JPB's contracted rail operator until May 2012. The Caltrain Board of Directors, at its September 2011 meeting, authorized the award of a new operating contract to Transit America Services, Inc. (TASI). The contract carried a 5-year base term with the ability to execute 5 additional one-year options. In 2017, the JPB exercised all 5 of the option years, extending the contract with TASI to June 2022. In January 2021, the JPB extended the contract through June 2027, in order to enable the completion of construction of the Federal Transit Administration (FTA)-funded corridor electrification project and subsequent start-up of service in the electrified environment.

Governance

The joint powers agreement establishes a nine-person Board of Directors (Board) that governs the operations, maintenance, repair, improvements and expansion of Caltrain. Each of the three Member Agencies appoints three persons to serve on the Board. The JPB also created a nine-person Citizens Advisory Committee (CAC) composed of three citizens from each JPB county. The principal objective of the CAC is to articulate the interests and needs of current and future customers.

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Administration

The joint powers agreement as first executed in 1988, and as amended and restated in 1996, designates the District as the Managing Agency to provide management, administrative and staff services for Caltrain under the direction and oversight of the JPB Board. In August 2022, the JPB and the Member Agencies executed a Memorandum of Understanding (“2022 MOU”) modifying the District’s role as Managing Agency. The JPB reimburses the District for the direct and administrative costs incurred in providing the Managing Agency services. Some administrative costs are determined by overhead rates approved by the Federal Transit Administration (FTA). Currently, the District provides the following services:

The *Executive Office* is responsible for directing and overseeing all activities and for providing support to the Board of Directors.

The *Finance Division* is responsible for financial accounting and reporting, capital budgeting, operational budgeting, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, risk management, and information technology.

The *Bus Division* is responsible for some functions related to the railroad including managing employer and other shuttles.

The *Rail Division* is responsible for Caltrain operations and maintenance oversight (including administration of the rail service-operating contract), state of good repair, operations planning, engineering, capital project planning and delivery including design, construction and integration of electrified service. The *Caltrain Modernization Program (CalMod)* is responsible for the implementation of the electrification project that will upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain's commuter rail service.

The *Communications Division* is responsible for customer service, marketing, sales, advertising, distribution services, public information, fare media, media relations, legislative activities and community outreach.

The *Planning, Grants, and Transportation Authority Division* is responsible for oversight of voter-approved Transportation Expenditure Plans, and performance, grant administration, and property management.

The *Administrative Division* provides management assistance to executive divisions and is responsible for human resources and safety and security.

Budgetary Control

State law requires the JPB to adopt an annual budget by resolution of the Board. In the spring preceding the start of each fiscal year, staff presents an annual budget based on established agency goals, objectives and performance measures to the Board. The Board monitors budget-to-actual performance through monthly staff reports. The Financial Section of this report includes a supplemental schedule that compares actual results on a budgetary basis of accounting to the final adopted budgets.

Once adopted, the Board has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the JPB maintains stricter control at division, departmental and line item levels to serve various needs. Cost center managers monitor budget-to-actual performance on a monthly basis. The Board has delegated the

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authority to transfer budget amounts between divisions and departments to the Executive Director or his designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the JPB uses an encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

The JPB employs the same basis and principles of accounting for both budgeted and actual revenues and expenses, except that actual proceeds from the sale of capital assets, unrealized investment gains and losses, depreciation and amortization and inter-fund transfers are not included in the budget. As a special purpose organization established pursuant to joint powers legislation, the JPB is not subject to the State of California's Gann Act requiring adherence to an annual appropriation limit.

FINANCIAL AND ECONOMIC OUTLOOK

Local Economy

The second half of 2021 reflected a year of slow but steady job growth due to continuing concerns around the new coronavirus disease (COVID) variants, Delta and Omicron. Moving into 2022, California and the Bay Area have recovered from the record unemployment we saw in 2020 and now boast lower unemployment rates than pre-pandemic levels (Feb 2020). Despite these improvements, there is still a tight labor market particularly in the leisure and hospitality sectors, which incurred massive job losses due to COVID. For the remainder of 2022 and into 2023, high inflation, fuel price instability, and rising consumer prices present challenges in staving off a recession and continuing the rebound from the pandemic.

According to the state of California Employment Development Department (EDD), the unemployment rate in the San Francisco-Redwood City-South San Francisco Metropolitan Area was 2.1 percent in June 2022, up from a revised 1.8 percent in May 2022, and below the year-ago estimate of 5.6 percent. The unemployment rate in the San Jose-Sunnyvale-Santa Clara Area was 2.3 percent in June 2022, up from a revised 1.9 percent in May 2022, and below the year ago estimate of 5.5 percent. This compares with an unadjusted unemployment rate of 4.0 percent for California and 3.8 percent for the nation during the same period.

The unemployment rate was 2.2 percent in San Francisco County, 2.0 percent in San Mateo County, and 2.2 percent in Santa Clara County. Per the EDD, between June 2021 and June 2022, the total number of jobs in the counties of San Francisco and San Mateo increased by 84,300 or 7.7 percent. In the same time frame, the combined employment in the South Bay Counties of San Benito and Santa Clara increased by 60,400 or 5.5 percent.

COVID, and the changes it brought to the workplace as we knew it, has had a more dramatic impact on Caltrain's ridership than any occurrence in its history. With ridership dropping by 97 percent in the early days of the shelter-in-place order, the pandemic posed a unique and serious challenge to Caltrain as the service adapted to the new normal. Caltrain's historical reliance on farebox revenues made the agency especially vulnerable to that drop, resulting in substantial budget deficits. However, despite these challenges, Caltrain was quick to react in order to protect the health and safety of its riders and employees. In addition, Caltrain received federal funds to reduce the budget deficits.

Fortunately, Caltrain's ridership continues to trend upward. In June 2022, weekday ridership exceeded 18,000 on average, approximately 30% of the pre-COVID level. Weekend ridership recovery has been exceptionally strong, growing to nearly 75% of pre-COVID levels on Saturdays and actually exceeding pre-COVID levels on Sundays. Caltrain has also seen strong demand for special event services, with trains to Giants games in particular attracting significant numbers of riders throughout the spring.

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Additionally, Caltrain began operating a new schedule in August 2021, which surpassed pre-pandemic service levels. The offering of 104 trains each weekday, including hourly all-stop Local trains throughout the day and the return of Baby Bullet express trains, was designed to increase ridership by improving service for essential workers and transit-dependent riders, consistent with key service components of the Agency's Framework for Equity, Connectivity Recovery and Growth. The new schedule provides riders with increased service and frequency throughout the day and into the evening.

In May 2022, the Caltrain Board voted to delay the implementation of certain previously approved fare increases over the next year to continue supporting the Caltrain Fare Policy framework adopted in 2018, which includes as a consideration the structuring of fares to incentivize rider behavior in support of the agency's policy goals. Maintaining the current pricing structure will provide stability for riders at a time when the agency is focused on encouraging customers to return to public transit and continuing to support essential workers who have relied on Caltrain service throughout the pandemic. Caltrain has taken additional steps during the pandemic to enhance affordability – for example, providing a 50% discounted fare promotion in both September 2021 and April 2022 in addition to implementing a Go Pass donation program. Caltrain has also formed a Ridership Recovery Task Force to develop specific strategies intended to increase use of the system by new and existing customers alike, while also potentially identifying additional sources of funding through partnerships, special events, and promotions.

Housing production has increased in recent years but is projected to be primarily made up of apartments and condominiums. Housing affordability remains a major issue for the entire Bay Area, with median home prices at \$1.4 million in San Francisco and San Mateo Counties, and \$1.2 million in Santa Clara County. Rents did decline during the pandemic but as tech workers return to the area due to offices re-opening, and with interest rates having risen steadily as the Fed combats inflation, prospective home buyers are likely to be priced out, driving up rent prices even further. With the overall lack of affordability and flexibility of remote work, population growth is likely to be very low.

Due to the Bay Area's and Silicon Valley's depth and diversity of innovation, there is still a plethora of high wage and high prestige jobs. That is reflected as Real Income per capita in 2020 was \$118,820, \$136,495, and \$137,135 in Santa Clara County, San Francisco County, and San Mateo County, respectively, placing the three counties among the wealthiest regions in California.

Measure RR

Measure RR was a ballot measure approved in 2020 by the voters of San Francisco, San Mateo and Santa Clara Counties, establishing a 1/8th cent sales tax for 30 years that will generate approximately \$100 million for the system annually. This will help to sustain Caltrain through the pandemic, as well as allow the agency to fully maximize the benefits of electrification.

As the only Bay Area transit system without a dedicated revenue source prior to the passage of Measure RR, Caltrain was heavily reliant on passenger fares to maintain operations, making the service especially vulnerable to a pandemic. The measure will allow Caltrain to invest in the operation and expansion of faster, more frequent electrified service with added capacity necessary to accommodate expected increases in ridership demand in the decades to come. It will also allow the system to advance equity policies to help ensure Caltrain is accessible and affordable to all members of the communities it serves.

Despite operating without a dedicated funding source for so many years, Caltrain had grown to become the seventh largest commuter railroad in the country, the largest carrier of bikes of any American transit system, and the nation's most efficient railroad pre-COVID.

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Long-Term Financial and Strategic Planning

In 2017, Caltrain launched a Business Plan process that was intended to run through the majority of 2020 and provide a major update to Caltrain's plans, policies and financial projections.

As part of the Business Plan process, in October 2019, the Caltrain Board of Directors unanimously adopted a Long-Range Service Vision for the railroad, which provides high-level policy guidance to evolve the Caltrain corridor and service from a traditional commuter railroad to a regional rail system operating at transit-level frequencies throughout the day. The adopted Service Vision directs staff to plan for a level of service of eight peak period trains per hour per direction while simultaneously working with the region and State towards development of a larger regional rail system. Business Plan implementation was put on hold to allow the Caltrain team to focus on COVID response and recovery, while also participating in the Metropolitan Transportation Commission (MTC) led Blue Ribbon Transit Recovery Task Force initiative (Task Force).

In July 2021, the Task Force approved 27 specific near-term actions to accelerate regional recovery and create a better connected, more efficient and more customer-focused Bay Area transit system. Caltrain has been a leader in many Task Force-initiated projects, including the Network Management Business Case evaluation and Rail Partnership and Governance Assessment. Both initiatives are focused on creating frameworks for better regional decision-making on capital projects, operations, and funding. Caltrain will continue to collaborate with our regional partners, in particular the rail operators, to provide a better customer experience and greater value to corridor communities.

Caltrain is currently developing strategies to address near-term and long-term budget issues and will comprehensively evaluate a variety of factors that influence the system's operating results including: fare policy and pass programs; incremental impacts of added service on operating revenues and costs; cost containment strategies and other solutions.

Caltrain's capital program focuses on maintaining the JPB's assets in a state-of-good-repair, enhancing the reliability of the system, and delivering electrified service from San Francisco to San Jose by 2024. The capital program also reflects Caltrain's ongoing planning for the next generation of system improvements that are needed through the fiscal year 2024 timeframe to expand system capacity and continue preparations for Caltrain/High Speed Rail (HSR) blended system.

Over the coming year, Caltrain will continue to work with its funding partners to develop Caltrain's 10-year Capital Improvement Plan (CIP) and funding plan and identify additional funding to implement the CIP in total. The projects included in the CIP will continued to be reviewed in light of the pandemic as well as reflect the needs of the Business Plan. Among other options, Caltrain will explore both traditional (e.g., grants) and innovative funding strategies, including the possibility of new public and private partnerships, as well as utilization of the recently approved Measure RR funds.

MAJOR INITIATIVES

Caltrain Electrification

The Peninsula Corridor Electrification Project (PCEP) is the largest component of the Caltrain Capital Improvement Program. PCEP will electrify the Caltrain Corridor from San Francisco's 4th and King Caltrain Station to approximately the Tamien Caltrain Station, convert diesel-hauled to Electric Multiple Unit (EMU) trains, and increase service up to six Caltrain trains per peak hour per direction. PCEP includes electrification and other projects that will upgrade the performance, efficiency, capacity, safety and reliability of Caltrain's service. Electrification

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provides the foundation for future improvements, including full conversion to an electric fleet, platform and station improvements, the extension of service to Downtown San Francisco, and other projects that allow Caltrain to grow and evolve with the Bay Area.

Regional Service Coordination

Caltrain is at the heart of the Peninsula transportation network and collaborates with other Bay Area transit agencies to provide connections between systems. These connections are with the District, the San Francisco Municipal Transportation Agency (SFMTA/Muni), the Bay Area Rapid Transit District (BART), VTA, Capitol Corridor, Altamont Commuter Express (ACE), Dumbarton Express and the Alameda-Contra Costa Transit District (AC Transit) as follows:

- SamTrans Bus Service: Passengers may connect to SamTrans at most stations in San Mateo County.
- Muni Light Rail and Muni Bus: Passengers may connect to the Muni Light Rail N-Judah and T-Third lines and the Muni Bus lines 30 and 45 across from the San Francisco Caltrain Station.
- BART: Passengers may connect to BART at the Millbrae Transit Center.
- VTA Light Rail: Caltrain passengers may connect to the VTA system at the Mountain View station and the Diridon and Tamien stations in San Jose.
- VTA Bus Service: Passengers may connect to VTA buses at most stations in Santa Clara County.
- Amtrak's Capitol Corridor: Passengers may connect to Caltrain at the San Jose Diridon station.
- ACE: Passengers may connect to Caltrain at the Santa Clara and San Jose Diridon stations.
- Dumbarton Express (DB Express): Passengers may connect to the DB Express at the Palo Alto station.

In addition to service connectivity, Caltrain is one of the Bay Area transit agencies that is a partner in Clipper, an electronic fare payment card. The program is coordinated by the Metropolitan Transportation Commission, which is the region's planning organization.

State-of-Good-Repair Program

This program includes system-wide, scheduled improvements on infrastructure, tracks, bridges, signal and communication equipment, stations, right of way fencing, ticket vending equipment, and preventative maintenance and strategic replacement of the Caltrain rolling stock. In order to ensure these assets are kept in a state of good repair, replacement and rehabilitation of these assets must be done at intervals recommended by industry or manufacturer standards. Failure to maintain this program could lead to higher costs of operating these assets due to higher maintenance costs and operational delays that occur when these assets are out of service or in a state of disrepair.

Projects reaching substantial completion in FY22 include South San Francisco Station Improvements, Mary Ave Traffic Signal Preemption, Ticket Vending Machines (TVM) Upgrade Ph3, and 25th Avenue Grade Separation.

Projects currently underway include Guadalupe River Bridge Replacement in San Jose which reached final design; the Bayshore Station Overpass Pedestrian Bridge Rehab in San Francisco which entered construction; the San Francisquito Creek Bridge Replacement which advanced to 35% design; the Migration to Digital Voice Radio System which advanced to 65% design; and the Broadband Wireless Communication System project which advanced to soliciting proposals for design services.

Rolling stock activities completed in FY22 include various component replacements on locomotives and cars to improve reliability, safety and customer experience. Of note, a complete mid-life overhaul project is currently in progress on six MP-36-3C locomotives that will remain in service following electrification. The first vehicle was

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shipped to the vendor's facility in July 2020 for overhaul and was returned to Caltrain in December 2021. Two vehicles are currently undergoing rehabilitation. The remaining three vehicles are scheduled to begin rehabilitation within the next year.

Caltrain Safety Improvement Program

The Caltrain Safety Improvement Program includes station redesign, grade crossing improvements, construction of grade separations, right of way fencing, and closed circuit camera systems (CCTV).

Improvements to stations will include demolition of existing narrow center platforms and construction of new platforms, installation of center fencing between the existing mainline tracks through the platform area, and installation of new pedestrian underpasses and/or signalized pedestrian at-grade crossings with pedestrian gates. The South San Francisco Station is an example of such a station project.

The grade crossing improvement program was developed to make grade crossings in San Francisco, San Mateo and Santa Clara Counties safer for both vehicular and pedestrian traffic. Projects are developed using a hazard analysis tool.

Grade crossing improvement projects undertaken in FY22 included San Mateo Grade Crossing Improvements on 4th and 5th Avenues, which advanced to 100% design; in the City of Atherton, the Watkins Avenue Grade Crossing Safety Improvements advanced to 100% design; and in the City of Palo Alto, the Churchill Avenue Grade Crossing advanced to 100% design.

Grade separation projects aim to improve safety by separating vehicle traffic from rail crossings. Caltrain is working with numerous other cities to help plan, design and eventually construct grade separations at some of the busiest intersections along the rail line. In FY22, those efforts included the Broadway Burlingame Grade Separation project that advanced to 65% design; the Mountain View Transit Center and Grade Separation project that advanced to 35% design; and the Rengstorff Grade Separation project that advanced to 35% design.

The safety-fencing project is an ongoing annual project to install high security fencing along the right-of-way to deter trespassing as well as illegal dumping.

FUTURE OF CALTRAIN – SYSTEM EXPANSION AND CONNECTIONS

Prior to California High Speed Rail's anticipated arrival, additional system upgrades must also be planned, funded and constructed. These include high-speed rail station modifications and the rail extension from the Caltrain 4th and King station to the new Transbay Transit Center in downtown San Francisco. The blended system may also include passing tracks that allow high-speed rail trains to bypass the Caltrain trains; grade crossing upgrades, including potential grade separations; a storage and maintenance facility and other system upgrades such as expanded platforms that allow for longer trains and level boarding.

Prior to the onset of the pandemic, Caltrain operated 92 diesel locomotive-hauled trains per day on weekdays between San Francisco and San Jose with limited service further south to Gilroy. In the peak period, it operated 5 trains per peak hour per direction. The railroad expanded service to 104 trains per day at the end of August 2021 with an emphasis on more frequent service during off-peak and evening hours. After the completion of electrification, Caltrain currently plans to expand its service to 114 trains per weekday using a mixed fleet of diesel locomotive-hauled rolling stock and new Electric Multiple Unit (EMU) trains but is actively considering a range of potential service scenarios that may result in more trains being operated.

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As discussed above, the 2040 Long Range Service Vision (Service Vision) was adopted by the JPB to guide the long-range development of the Caltrain rail service and supporting plans, policies and projects. The Service Vision was based on detailed technical analysis undertaken by Caltrain and its partner agencies as part of the Caltrain Business Plan process during 2018 and 2019. The Service Vision directs the railroad to plan for substantially expanded rail service that, by 2040, will address the local and regional mobility needs of the corridor while supporting local economic development activities. When fully realized, this service will provide:

- A mixture of express and local services operated in an evenly spaced, bidirectional pattern.
- Provide minimum peak and off-peak hour frequencies of trains per hour.
- Accommodation of California High Speed Rail, Capitol Corridor, Altamont Corridor Express and freight services in accordance with the terms of existing agreements.
- Incremental development of corridor projects and infrastructure.
- Continued planning for a potential “higher” growth level of service as well as potential new regional and mega-regional connections.

The Service Vision will be periodically reaffirmed to ensure that it continues to provide relevant and useful guidance to the railroad. Such reaffirmations will occur in regular intervals of no less than five years and in response to significant changes to JPB or partner projects that materially influence the substance of the Service Vision.

FINANCIAL POLICIES

The JPB uses a comprehensive set of internal and board adopted financial policies. These policies address items such as cash management, reserves, and debt management. The policies are reviewed regularly by staff and are brought to the JPB Board for amendment and/or re-adoption as necessary.

AWARDS AND ACKNOWLEDGMENTS

The JPB staff and its contracted service providers bring an effective combination of skill, experience and dedication to carrying out the agency's mission. Together, they plan, develop and finance the creation of a modern, coordinated multimodal transportation system offering convenient access to the many attributes of the Bay Area and beyond.

The Government Finance Officers Association (GFOA) recognized the JPB's 2021 Annual Comprehensive Financial Report for excellence in financial reporting and the Certificate of Achievement appears immediately following this transmittal letter. To be awarded a certificate, a report must be easy to read and efficiently organized, while satisfying both generally accepted accounting principles and applicable legal requirements. We believe our 2022 Annual Comprehensive Financial Report also meets the requirements for a Certificate of Achievement and have submitted it to the GFOA for evaluation. We would like to thank our independent audit firm, Brown Armstrong Accountancy Corporation, for its timely and expert guidance in this matter.

PENINSULA CORRIDOR JOINT POWERS BOARD

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The Annual Comprehensive Financial Report requires the dedicated effort of many individuals working together as a team. We would like to extend our grateful recognition to all the individuals who assisted in both the preparation of this report and the processing of financial transactions throughout the fiscal year. Finally, we wish to thank the Board of Directors for their interest and support in the development of a reliable financial management and reporting system.

Respectfully submitted,



Michelle Bouchard
Acting Executive Director



Grace Martinez, CPA
Acting Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Peninsula Corridor Joint Powers Board
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

PENINSULA CORRIDOR JOINT POWERS BOARD

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Monique Zmuda

Shamann Walton

Representing San Mateo County Transit District:

Charles Stone, Vice Chair

Jeff Gee

Dave Pine

Representing Santa Clara Valley Transportation Authority:

Cindy Chavez

Devora “Dev” Davis

Glenn Hendricks

PENINSULA CORRIDOR JOINT POWERS BOARD

EXECUTIVE MANAGEMENT

ACTING EXECUTIVE DIRECTOR

Michelle Bouchard

EXECUTIVE OFFICERS

Grace Martinez – Acting Chief Financial Officer

David Olmeda – Chief Operating Officer, Bus

David Santoro – Acting Chief Operating Officer, Rail

Casey Fromson – Chief Communications Officer

Pranaya Shrestha – Chief Officer, Caltrain Planning, CalMod

April Chan – Chief Officer, Planning, Grants, Real Estate/Transportation Authority

Dora Seamans – Executive Officer, District Secretary/Executive Administration

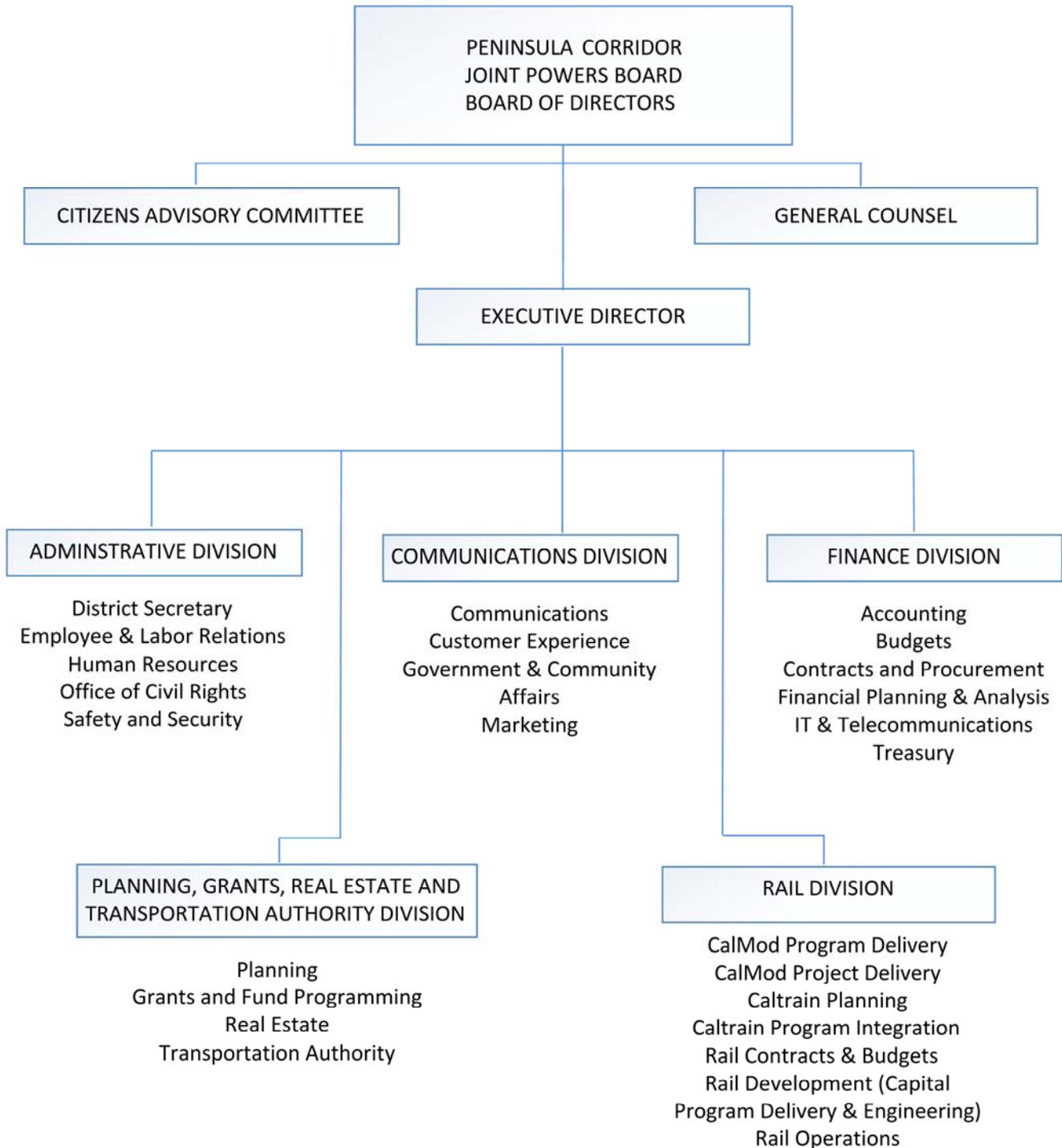
GENERAL COUNSEL

Olson Remcho, LLP

James Harrison, Esq.

PENINSULA CORRIDOR JOINT POWERS BOARD

ORGANIZATION CHART



Note: This organizational chart reflects Caltrain's organization structure under the 1996 JPA, pursuant to which the SamTrans General Manager serves as the Caltrain Executive Director. In 2021, the SamTrans General Manager delegated those duties to an Acting Executive Director who oversees the Rail Division. This chart will be updated in next year's ACFR to reflect the changes made as result of the 2022 MOU.

PENINSULA CORRIDOR JOINT POWERS BOARD

MAP



PENINSULA CORRIDOR JOINT POWERS BOARD

TABLE OF CREDITS

The following individuals contributed to the production of the fiscal year 2022 Annual Comprehensive Financial Report:

Finance:

Acting Chief Financial Officer

Director, Accounting

Director, Treasury

Director, Financial Planning and Analysis

Manager, Grants and Capital Accounting

Grace Martinez, CPA

Jennifer Ye, CPA

Connie Mobley-Ritter, MBA, CTP

Ryan Hinchman

Brian Lee

Audit Firm:

Partner

Manager

Ryan L. Nielsen, CPA

Melissa L. Cabezzas, CPA

Section II

FINANCIAL

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

- Statements of Net Position
- Statements of Revenues, Expenses, and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements

Supplementary Information

- Supplementary Schedule of Revenues and Expenses – Comparison of Budget to Actual (Budgetary Basis)
- Notes to Supplementary Schedule

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Peninsula Corridor Joint Powers Board
San Carlos, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Peninsula Corridor Joint Powers Board (JPB) as of and for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the JPB's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the JPB, as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 JPB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2022, the JPB adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 JPB'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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the JPB'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 JPB'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 management's discussion and analysis, as presented in the table of contents, 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 JPB's basic financial statements. The accompanying supplementary schedule of revenues and expenses – comparison of budget to actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of revenues and expenses – comparison of budget to actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

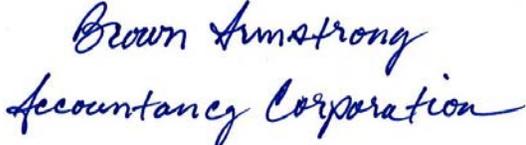
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022, on our consideration of the JPB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JPB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JPB's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION


Bakersfield, California
October 12, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Peninsula Corridor Joint Powers Board's (JPB) financial performance provides an overview of the JPB's activities for the fiscal year ended June 30, 2022, with comparisons to prior fiscal years ended June 30, 2020, and June 30, 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter contained in the Introductory Section and with the statements and related notes contained in the Financial Section.

FINANCIAL HIGHLIGHTS

- At June 30, 2022, the JPB's assets exceeded its liabilities and deferred inflows of resources by \$3,228.4 million (net position). Of this amount, \$280.6 million represents unrestricted net position, which may be used to meet the JPB's ongoing obligations. At June 30, 2021, the JPB's assets exceeded its liabilities and deferred inflows of resources by \$2,723.2 million. Of this amount, \$71.1 million represents unrestricted net position.
- The JPB's total net position increased by \$505.1 million and \$366.1 million in fiscal years 2022 and 2021, respectively, mainly because of capital contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of this report presents the JPB's financial statements as two components: basic financial statements and notes to the financial statements. It also includes supplementary information.

Basic Financial Statements

The *Statement of Net Position* presents information on assets, liabilities, and deferred inflows of resources, with the difference between them reported as *net position*. Changes in net position over time may provide an indicator as to whether the financial position of the JPB is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* reports how net position has changed during the year. It compares related operating revenues and operating expenses connected with the JPB's principal business of providing rail service. Operating expenses include the cost of direct services to passengers, administrative expenses, contracted services, and depreciation on capital assets. All other revenues and expenses are reported as nonoperating.

The *Statement of Cash Flows* reports inflows and outflows of cash, classified into four major categories:

- *Cash flows from operating activities* include transactions and events reported as components of operating income in the statement of revenues, expenses, and changes in net position.
- *Cash flows from noncapital financing activities* include operating grant proceeds and operating subsidy payments from third parties as well as other nonoperating items.
- *Cash flows from capital and related financing activities* include the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets, and the proceeds of capital grants and contributions.
- *Cash flows from investing activities* include proceeds from the sale of investments, receipt of interest, and changes in the fair value of investments subject to reporting as cash equivalents. Outflows in this category include the purchase of investments.

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

Notes to the Financial Statements

Various notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are found immediately following the financial statements to which they refer.

Other Information

This report also presents certain *supplementary* information concerning compliance with the JPB's annual budget. This *supplementary* information, as well as associated notes can be found immediately following the *basic financial statements* and the accompanying notes.

Analysis of Basic Financial Statements

Total assets increased by \$710.7 million or 23.5% to \$3,741.1 million at June 30, 2022, compared to June 30, 2021, and increased by \$435.6 million or 16.8% at June 30, 2021, compared to June 30, 2020. The increase for fiscal year 2022 was mainly due to activities in construction in progress and restricted investment with fiscal agents. The increase for fiscal year 2021 was mainly due to activities in construction in progress and due from other governmental agencies. Current assets increased by \$180.2 million or 55.8% to \$503.1 million in fiscal year 2022. In fiscal year 2021, current assets increased by \$95.9 million or 42.3% compared to fiscal year 2020. The increase for fiscal year 2022 was due to increases in cash and cash equivalents, restricted investment with fiscal agents, and receivables – transaction and use tax. The increase for fiscal year 2021 was due to increases in due from other governmental agencies and other current assets.

Total capital assets, net of accumulated depreciation and amortization increased by \$530.4 million or 19.6% at June 30, 2022, to \$3,237.5 million from \$2,707.1 million on June 30, 2021, and increased by \$339.2 million or 14.3% from \$2,367.9 million at June 30, 2021, compared to June 30, 2020. Investments in capital assets, before depreciation and amortization, consist of acquisitions and improvements to the right-of-way (\$1,436.1 million or 32.9%), rail vehicles (\$338.1 million or 7.7%), facilities and equipment (\$145.2 million or 3.3%), office equipment (\$13.8 million or 0.3%), intangible asset – trackage rights (\$8.0 million or 0.2%), and construction in progress (\$2,424.0 million or 55.5%) in fiscal year 2022. In fiscal year 2021, investments in capital assets, before depreciation and amortization, consist of acquisitions and improvements to the right-of-way (\$1,425.7 million or 37.8%), rail vehicles (\$337.0 million or 8.9%), facilities and equipment (\$145.1 million or 3.8%), office equipment (\$13.8 million or 0.4%), intangible asset – trackage rights (\$8.0 million or 0.2%), and construction in progress (\$1,840.8 million or 48.8%).

Total right-to-use leased assets, net increased by \$0.1 million or 15.1% to \$0.6 million at June 30, 2022, compared to June 30, 2021. The fiscal year 2022 increase was due to an increase in right-to-use leased assets for office space.

Total liabilities increased by \$204.7 million or 67.0% to \$510.4 million at June 30, 2022, compared to June 30, 2021, and increased by \$66.6 million or 27.9% to \$305.7 million at June 30, 2021, compared to June 30, 2020. The fiscal year 2022 increase was mainly due to increases in revolving credit facility and revenue bonds payable – long-term, partially offset by a decrease in unearned member contributions. The fiscal year 2021 increase was mainly due to increases in accounts payable and accrued liabilities and revolving credit facility, partially offset by a decrease in unearned revenue.

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

Total deferred inflows of resources increased by \$0.9 million or 57.1% to \$2.4 million at June 30, 2022, compared to June 30, 2021. The fiscal year 2022 increase was due to increases in unrealized gain related to fuel-hedge derivatives and leases.

Total net position was \$3,228.4 million at June 30, 2022, which represents an increase of \$505.1 million or 18.5% from June 30, 2021, and \$2,723.2 million at June 30, 2021, which represents an increase of \$367.5 million or 15.6% from June 30, 2020. The increase was largely due to capital contributions received associated with the Caltrain electrification project. Net investment in capital assets was \$2,947.8 million at June 30, 2022, representing 91.3% of the total net position, \$2,652.2 million at June 30, 2021, representing 97.4% of total net position, and \$2,312.7 million at June 30, 2020, representing 98.2% of total net position. The JPB's net investment in capital assets represents right-of-way improvements, rail vehicles, and facilities and equipment, less any related outstanding debt that was used to acquire those assets. The JPB uses these capital assets to provide a variety of services to its customers. Accordingly, these assets are not available for future spending. Although the JPB's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balances of \$280.6 million, \$71.1 million, and \$43.0 million were unrestricted at June 30, 2022, 2021, and 2020, respectively, and may be used to meet the JPB's ongoing obligations to its citizens and creditors.

NET POSITION (in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets:			
Current assets	\$ 503,067	\$ 322,821	\$ 226,903
Capital assets, net of depreciation/amortization	3,237,478	2,707,058	2,367,857
Right-to-use leased assets, net	593	515	-
Total assets	<u>3,741,138</u>	<u>3,030,394</u>	<u>2,594,760</u>
Liabilities:			
Current liabilities	285,008	249,824	183,403
Long-term liabilities	225,412	55,854	55,672
Total liabilities	<u>510,420</u>	<u>305,678</u>	<u>239,075</u>
Deferred inflows of resources			
Derivatives	1,826	1,346	-
Leases	525	151	-
Total deferred inflows of resources	<u>2,351</u>	<u>1,497</u>	<u>-</u>
Net position:			
Net investment in capital assets	2,947,760	2,652,168	2,312,715
Unrestricted	280,607	71,051	42,970
Total net position	<u>\$ 3,228,367</u>	<u>\$ 2,723,219</u>	<u>\$ 2,355,685</u>

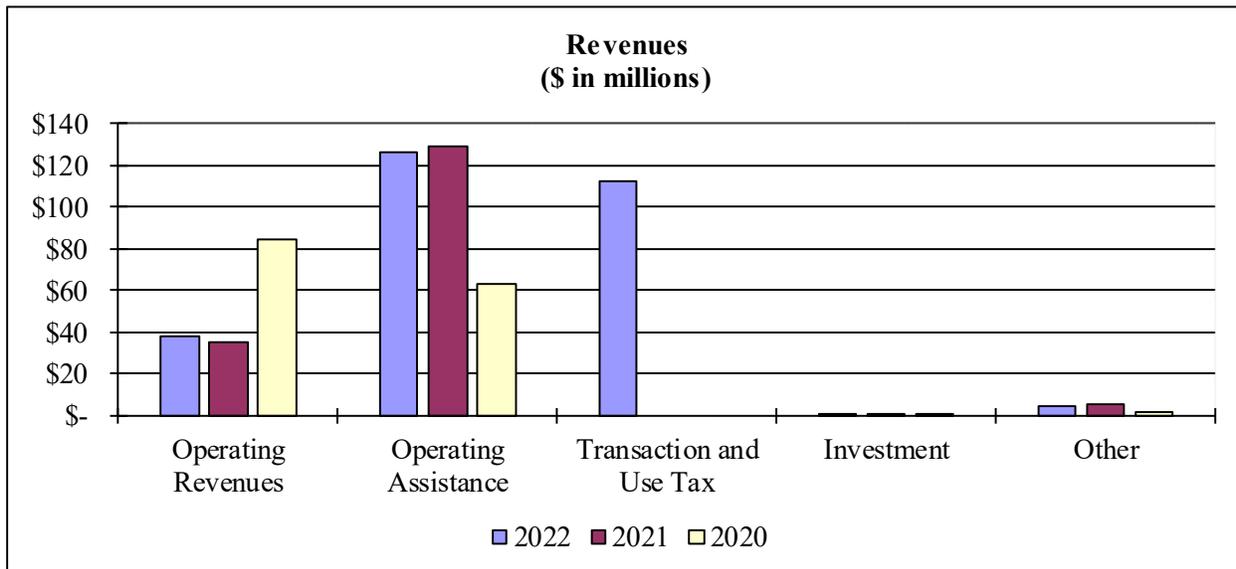
PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

Revenue Highlights

Operating revenues increased to \$37.7 million in fiscal year 2022, a \$2.5 million or 7.1% increase from fiscal year 2021 and decreased to \$35.2 million in fiscal year 2021, a \$49.3 million or 58.3% decrease from fiscal year 2020. The increase in fiscal year 2022 was mostly due to an increase in parking, shuttle, and pass revenues. The decrease in fiscal year 2021 was mostly due to a decrease in passenger fares and/or ridership as a result of the COVID-19 pandemic.

Nonoperating revenues increased by \$108.6 million or 80.4% to \$243.8 million at June 30, 2022, compared to June 30, 2021, and increased by \$69.9 million or 107.1% in fiscal year 2021 compared to fiscal year 2020. The increase in fiscal year 2022 was mainly due to the transaction and use tax (Measure RR) funding of \$112.6 million and the American Rescue Plan Act (ARPA) funding of \$116.0 million. The increase in fiscal year 2021 was mainly due to federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding of \$41.5 million and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding of \$46.7 million.

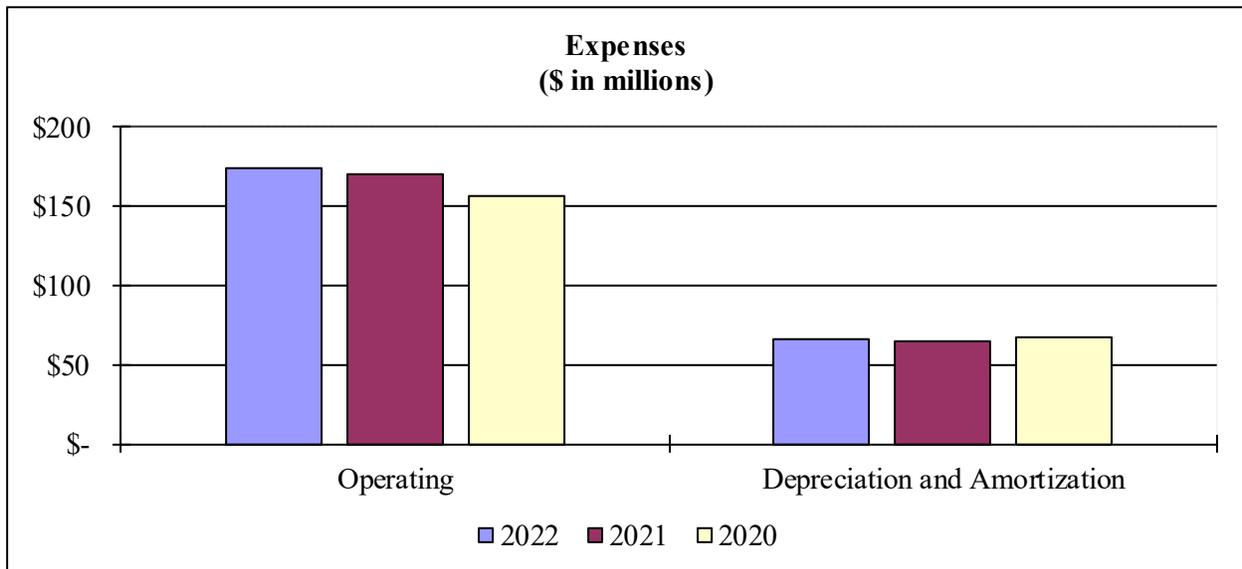


PENINSULA CORRIDOR JOINT POWERS BOARD

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021**

Expense Highlights

Total operating expenses of \$174.4 million in fiscal year 2022 were \$3.5 million or 2.1% higher than fiscal year 2021, and in fiscal year 2021, \$13.8 million or 8.8% higher than fiscal year 2020. Total expense increase in fiscal year 2022 was mostly due to increases in utilities and supplies and fuel. Total expense increase in fiscal year 2021 was mostly due to an increase in contract services. Depreciation and amortization for fiscal year 2022 was \$65.7 million, a \$0.5 million or 0.8% increase over fiscal year 2021. In fiscal year 2021, depreciation and amortization was \$65.1 million, a \$1.9 million or 2.8% decrease over fiscal year 2020. The increase in depreciation and amortization expenses in fiscal year 2022 was due to additional assets capitalized and depreciated.



PENINSULA CORRIDOR JOINT POWERS BOARD

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022 AND 2021**

**CHANGES IN NET POSITION
(in thousands)**

	2022	2021	2020
Operating revenues:			
Passenger fares	\$ 33,236	\$ 32,440	\$ 76,094
Parking, shuttle, and pass revenues	2,778	1,547	6,045
Advertising	412	114	1,469
Other	1,268	1,108	849
Total operating revenues	<u>37,694</u>	<u>35,209</u>	<u>84,457</u>
Operating expenses:			
Contract services	124,425	122,030	107,037
Insurance	6,147	8,473	4,166
Fuel	13,491	7,088	9,311
Parking, shuttle, and pass revenues	3,254	3,211	5,591
Professional services	2,969	11,061	5,535
Wages and benefits	12,582	13,068	17,355
Utilities and supplies	5,118	2,083	2,059
Maintenance services	609	503	1,391
Temporary services, rent, and other	5,793	3,330	4,579
Total operating expenses	<u>174,388</u>	<u>170,847</u>	<u>157,024</u>
Operating loss before depreciation and amortization	(136,694)	(135,638)	(72,567)
Depreciation and amortization	<u>(65,656)</u>	<u>(65,112)</u>	<u>(66,966)</u>
Operating loss	(202,350)	(200,750)	(139,533)
Nonoperating revenues			
Federal, state, and local operating assistance	126,118	129,634	63,044
Transaction and use tax	112,620	-	-
Rental income	1,237	1,125	534
Investment income	679	334	495
Other income	3,172	4,085	1,201
Total nonoperating revenues	<u>243,826</u>	<u>135,178</u>	<u>65,274</u>
Nonoperating expenses	<u>(4,940)</u>	<u>(2,890)</u>	<u>(2,641)</u>
Net loss before capital contributions	36,536	(68,462)	(76,900)
Capital contributions	<u>468,612</u>	<u>434,567</u>	<u>361,303</u>
Change in net position	505,148	366,105	284,403
Net position - beginning of year, as restated	<u>2,723,219</u>	<u>2,357,114</u>	<u>2,071,282</u>
Net position - end of year	<u>\$ 3,228,367</u>	<u>\$ 2,723,219</u>	<u>\$ 2,355,685</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

Capital Program

The JPB incurred capital expenses of \$595.1 million and recognized related revenue in the form of capital contributions of \$468.6 million in fiscal year 2022, which was a \$34.0 million or 7.8% increase in capital contributions in fiscal year 2022 over fiscal year 2021. The fiscal year 2022 capital sources mainly consisted of federal grants (\$277.2 million or 59.2%), state grants (\$140.5 million or 30.0%), and local assistance including the three member agencies (\$50.9 million or 10.9%).

The JPB incurred capital expenses of \$403.4 million and recognized related revenue in the form of capital contributions of \$434.6 million in fiscal year 2021, which was a \$73.2 million or 20.3% increase in capital contributions in fiscal year 2021 over fiscal year 2020. The JPB's capital contributions are comprised of federal grants, state grants, and local assistance including member agencies which are on a reimbursement basis and therefore tied to the related capital expenses. The reason for the increase in both fiscal years 2022 and 2021 was due to more activities on right-of-way improvement projects.

Following is a summary of the JPB's major capital expenses for fiscal year 2022:

- Peninsula Corridor Electrification program (\$432.0 million).
- Caltrain modernization program (\$159.7 million).
- Station improvements and repairs (\$18.7 million).

Additional information about the JPB's capital activities appears in Note 6 – Capital Assets in the notes to the financial statements.

Debt

At the end of fiscal year 2022, the JPB had \$225.3 million in outstanding revenue bonds, including the unamortized premium, \$170.4 million more than the bonds outstanding at the end of fiscal year 2021. In February 2019, the JPB issued \$56,218,000 in 2019 Series A Farebox Revenue Bonds; this issuance used \$24,087,000 of the proceeds to fully pay and legally defease the 2007 Series A Farebox Revenue Bonds and \$11,363,000 used to fully payoff the 2015 Series A Farebox Revenue Bonds. In addition, \$20,768,000 of the proceeds were used for building acquisitions. Principal on the 2019 Series A Farebox Revenue Bonds is payable on October 1, 2021, and annually thereafter on October 1 of each year through 2049. In February 2022, JPB issued \$140,000,000 in 2022 Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) Series A along with a premium of \$32,179,642. \$150,463,899 of the proceeds are allocated to certain improvements to the Caltrain system, including electrification; \$21,000,000 of the proceeds were set aside to fund capitalized interest costs of the bonds. More information regarding the JPB's long-term debt activity can be found in Note 9 – Revenue Bonds Payable in the notes to the financial statements.

Economic Factors and Next Year's Budget

The JPB Board of Directors (Board) approved the Fiscal Year 2023 Operating Budgets on June 2, 2022. The Fiscal Year 2023 Operating Budgets continue to support a high level of service and reliability that the community has come to expect from Caltrain, as it makes every effort to control costs.

The Fiscal Year 2023 Operating Budgets consist of \$176.6 million and \$179.2 million in revenues and expenses, respectively. The major components of revenue include operating revenue of \$51.0 million, primarily from Caltrain fares and Go Pass, and \$125.6 million in contributed revenue, which mainly includes State Transit Assistance formula funds and Measure RR funds. Operating expenses are projected

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

to be \$146.2 million with the Rail Operator Contract, security service costs, fuel costs, insurance costs, facilities and equipment maintenance costs, and utility costs making up a significant part of the budget. Administrative expenses are projected to be \$30.0 million.

The Fiscal Year 2023 Capital Budget was also approved on June 2, 2022. The \$91.0 million Capital Budget consists primarily of critical infrastructure and equipment state of good repair (SOGR), operational improvements, and planning. The fiscal year 2023 Capital Budget will be funded by federal, State, regional, and local grants as well as funds provided by Measure RR and the Member Agencies. The adopted budget includes \$5.9 million contributions from the Member Agencies.

Some of the highlights of the capital budget include:

- Guadalupe River Bridge Replacement.
- SOGR Track.
- Broadband Communication.
- South Linden and Scott Grade Separation.
- Mary Ave/Sunnyvale Ave Grade Separation.
- Rengstorff Grade Separation.
- Bernardo Ave Undercrossing.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the JPB's finances and to demonstrate accountability for the funds it manages. Please direct any questions about this report or requests for additional information about the JPB's finances to: Peninsula Corridor Joint Powers Board, Attn: Chief Financial Officer, 1250 San Carlos Avenue, San Carlos, California 94070-1306.

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BASIC FINANCIAL STATEMENTS

PENINSULA CORRIDOR JOINT POWERS BOARD**STATEMENTS OF NET POSITION (in thousands)
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS:		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 200,370	\$ 85,015
Restricted cash (Note 3)	5,545	11,057
Total cash and cash equivalents	205,915	96,072
Due from other governmental agencies	162,014	186,358
Receivables - transaction and use tax	21,619	-
Receivables from member agencies (Note 16)	12,246	20,736
Accounts receivable - other, net of allowance	3,544	6,115
Lease receivable	529	152
Inventory	8,084	8,110
Prepaid items	-	840
Commodity derivative contracts	4,672	2,155
Restricted investments with fiscal agents (Note 3)	84,444	2,283
Total current assets	<u>503,067</u>	<u>322,821</u>
Noncurrent assets:		
Capital assets (Note 6):		
Right-of-way improvements	1,199,128	1,188,736
Rail vehicles	338,072	337,025
Facilities and equipment	145,177	145,065
Office equipment	13,750	13,767
Capital assets, gross	1,696,127	1,684,593
Less accumulated depreciation and amortization	(1,127,638)	(1,063,334)
Construction in progress (Note 2L)	2,424,021	1,840,831
Right-of-way	236,968	236,968
Intangible assets - trackage rights (Note 6)	8,000	8,000
Total capital assets, net	<u>3,237,478</u>	<u>2,707,058</u>
Right-to-use leased assets, net (Note 15)	593	515
Total noncurrent assets	<u>3,238,071</u>	<u>2,707,573</u>
Total assets	<u>3,741,138</u>	<u>3,030,394</u>

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD**STATEMENTS OF NET POSITION (in thousands) (Continued)**
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	133,477	130,143
Interest payable	1,165	1,000
Self-insurance claims liabilities (Note 10)	2,292	1,683
Unearned member contributions (Note 16)	31,405	36,277
Unearned revenue	18,460	18,389
Revolving credit facility (Note 17)	95,716	60,300
Current portion of long-term debt (Note 9)	1,805	1,384
Current portion of lease liabilities (Note 15)	632	592
Other	56	56
Total current liabilities	<u>285,008</u>	<u>249,824</u>
Noncurrent liabilities:		
Self-insurance claims liabilities - long-term (Note 10)	1,897	2,347
Revenue bonds payable - long-term (Note 9)	223,515	53,506
Lease liabilities - long-term (Note 15)	-	1
Total noncurrent liabilities	<u>225,412</u>	<u>55,854</u>
Total liabilities	<u>510,420</u>	<u>305,678</u>
DEFERRED INFLOWS OF RESOURCES:		
Derivatives (Note 12)	1,826	1,346
Leases	525	151
Total deferred inflows of resources	<u>2,351</u>	<u>1,497</u>
NET POSITION:		
Net investment in capital assets	2,947,760	2,652,168
Unrestricted	280,607	71,051
Total net position	<u>\$ 3,228,367</u>	<u>\$ 2,723,219</u>

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(in thousands)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Passenger fares	\$ 33,236	\$ 32,440
Parking, shuttle, and pass revenues	2,778	1,547
Advertising	412	114
Other	1,268	1,108
Total operating revenues	<u>37,694</u>	<u>35,209</u>
OPERATING EXPENSES:		
Contract services (Note 13A)	124,425	122,030
Insurance	6,147	8,473
Fuel	13,491	7,088
Parking, shuttle, and pass expenses	3,254	3,211
Professional services	2,969	11,061
Wages and benefits	12,582	13,068
Utilities and supplies	5,118	2,083
Maintenance services	609	503
Temporary services, rent, and other	5,793	3,330
Total operating expenses before depreciation and amortization	<u>174,388</u>	<u>170,847</u>
Depreciation and amortization	<u>65,656</u>	<u>65,112</u>
Total operating expenses	<u>240,044</u>	<u>235,959</u>
Operating loss	<u>(202,350)</u>	<u>(200,750)</u>
NONOPERATING REVENUES (EXPENSES):		
Federal, state, and local operating assistance (Note 7)	126,118	129,634
Transaction and use tax	112,620	-
Rental income	1,237	1,125
Investment income	679	334
Interest expense	(4,940)	(2,890)
Other income	3,172	4,085
Total nonoperating revenues, net	<u>238,886</u>	<u>132,288</u>
Loss before capital contributions	36,536	(68,462)
Capital contributions (Note 11)	<u>468,612</u>	<u>434,567</u>
Change in net position	505,148	366,105
NET POSITION:		
Beginning of year, as previously stated	2,723,219	2,355,685
GASB 87 restatement	-	1,429
Beginning of year, as restated	<u>2,723,219</u>	<u>2,357,114</u>
End of year	<u>\$ 3,228,367</u>	<u>\$ 2,723,219</u>

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD**STATEMENTS OF CASH FLOWS (in thousands)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 40,639	\$ 35,692
Rent and other cash receipts	4,033	5,210
Payments to vendors for services	(162,820)	(155,727)
Payments to employees	(12,582)	(13,068)
	<u>(130,730)</u>	<u>(127,893)</u>
Net cash used for operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	126,118	129,634
Transaction and use tax	91,001	-
	<u>217,119</u>	<u>129,634</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(592,781)	(341,556)
Capital contributions from grants	496,644	297,209
Proceeds from (payments on) the revolving credit facility	35,416	35,300
Payment of capital debt	(1,749)	(264)
Proceeds from revenue bond	172,180	-
Interest paid on capital debt	(4,775)	(2,889)
	<u>104,935</u>	<u>(12,200)</u>
Net cash provided by (used for) capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment	(82,160)	(840)
Investment income received	679	334
	<u>(81,481)</u>	<u>(506)</u>
Net cash used for investing activities		
Net increase (decrease) in cash and cash equivalents	109,843	(10,965)
Cash and cash equivalents, beginning of year	96,072	107,037
Cash and cash equivalents, end of year	<u>\$ 205,915</u>	<u>\$ 96,072</u>

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD**STATEMENTS OF CASH FLOWS (in thousands) (Continued)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	\$ (202,350)	\$ (200,750)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization	65,656	65,112
Rent and other cash receipts	4,409	5,210
Effect of changes in:		
Receivables	2,571	485
Lease receivables	(3)	-
Inventory	26	(148)
Commodity derivative contracts	(1,198)	(561)
Other liabilities	-	(97)
Claims liabilities	159	2,856
Net cash used for operating activities	<u>\$ (130,730)</u>	<u>\$ (127,893)</u>
NONCASH INVESTING AND CAPITAL ACTIVITIES:		
Change in fair value of investments	\$ 1,826	\$ 1,346
Noncash capital contributions	<u>-</u>	<u>-</u>
Net noncash investing and capital activities	<u>\$ 1,826</u>	<u>\$ 1,346</u>

The accompanying notes are an integral part of the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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Notes are essential to present fairly the information contained in the overview level of the basic financial statements. Narrative explanations are intended to communicate information that is not readily apparent or cannot be included in the statements and schedules themselves, and to provide additional disclosures as required by the Governmental Accounting Standards Board.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATION

In 1987, representatives of the City and County of San Francisco (CCSF), the San Mateo County Transit District (District), and the Santa Clara Valley Transportation Authority (VTA) formed the Peninsula Corridor Joint Powers Board (JPB) to plan for the full transfer of administrative and financial responsibility for the Caltrain rail service from the State of California to the local level. In October 1991, a Joint Powers Agreement (Agreement) signed by the three parties (Member Agencies) stipulated the JPB membership and powers, specified financial commitments for each member, and detailed other administrative procedures, including designating the District as the Managing Agency.

The JPB acquired the rail corridor right-of-way between San Francisco and San Jose (Mainline) and perpetual trackage rights between San Jose and Gilroy (Gilroy Extension) from Southern Pacific Transportation Company in December 1991, with contributions provided by the District, the San Mateo County Transportation Authority, VTA for Gilroy trackage rights only, and the California Transportation Commission. The JPB holds title to the Mainline located in all three counties. Because the District advanced an initial contribution in the amount of \$82 million on behalf of all the Member Agencies to complete the funding package to acquire the right-of-way, the JPB and the District are currently tenants in common as to all right-of-way property located in San Mateo County. However, pursuant to a memorandum of understanding (MOU) between the JPB and the Member Agencies, the District will convey its interest in the right-of-way to the JPB upon payment by the Metropolitan Transportation Commission to the District of \$19.6 million, which is expected to occur by the end of fiscal year 2023.

Under a 2008 agreement between the JPB and the three Member Agencies, the District is authorized to serve as Managing Agency of the JPB until it no longer chooses to do so. The District continues to serve as Managing Agency, as modified by the 2022 MOU, which transfers some authority to the JPB.

The JPB assumed an expanded role in July 1992 as the State of California Department of Transportation (Caltrans) and the District coordinated the transfer of Caltrain operations and administration to the JPB. The JPB selected the National Railroad Passenger Corporation (Amtrak) as the contract operator, and Amtrak operated the rail service from July 1, 1992, through May 25, 2012. TransitAmerica Services, Inc., (TASI) assumed operations and maintenance of the service on May 26, 2012.

The JPB is governed by a nine-member Board of Directors (Board) representing the three Member Agencies. The base term of the Agreement establishing the JPB expired in 2001, but the Agreement provides that it continues on a year-to-year basis, with a Member Agency's withdrawal requiring a minimum one-year advance written notice to the JPB and the other Member Agencies.

To enhance public involvement, the JPB established a Citizen Advisory Committee (CAC) comprised of three representatives from each of the JPB counties. The CAC's principal function is to assist the JPB by articulating the interests and needs of transit users and potential customers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The accompanying financial statements include the financial activities of the JPB only.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Implementation of Governmental Accounting Standards Board (GASB) Statements

Effective this Fiscal Year

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The JPB implemented the provisions of GASB Statement No. 87 in the current year. See Note 15 for detailed discussion of the effects of the JPB's financial statements as a result of implementing this standard.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this statement are effective for reporting periods beginning after December 15, 2020, or fiscal year 2021/2022. There is no net effect to the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021 or fiscal year 2021/2022, except for GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments, which are effective upon issuance. There is no net effect to the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Implementation of Governmental Accounting Standards Board Statements (Continued)

Effective this Fiscal Year (Continued)

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, or fiscal year 2021/2022. There is no net effect to the financial statements.

Effective in Future Fiscal Years

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this statement are to address those and other accounting and reporting implications resulting from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and providing an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, or fiscal year 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Implementation of Governmental Accounting Standards Board Statements (Continued)

Effective in Future Fiscal Years (Continued)

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, or fiscal year 2022/2023. The JPB is evaluating the impact of this statement on the financial statements.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The JPB will implement GASB Statement No. 99 if and where applicable.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The JPB will implement GASB Statement No. 100 if and where applicable.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The JPB will implement GASB Statement No. 101 if and where applicable.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The JPB accounts for its transactions in a single enterprise fund and maintains its records 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Cash and Cash Equivalents

For purpose of the statement of cash flows, the JPB considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents also include amounts invested in the Local Agency Investment Fund (LAIF) and the San Mateo County Pool (see Note 3).

E. Accounts Receivable – Other

During the course of normal operations, the JPB carries various receivable balances for services and rent. At June 30, 2022 and 2021, the allowances for doubtful accounts included in accounts receivable – other, were \$178,353 and \$187,189, respectively.

F. Inventories

Inventories consist principally of spare parts that are recorded when purchased and expensed when used. Inventories are stated at average cost which approximates market and are maintained by TASI as part of its contractual agreement.

G. Investments

Investment transactions are recorded on the trade date at fair value. Fair value is defined as the amount that the JPB could reasonably expect to receive for an investment in a current sale from a willing buyer and is based on current market prices.

H. Restricted Investments with Fiscal Agents

Provisions of the JPB's trust agreements related to its farebox and Measure RR transaction and use tax revenue bonds require that certain restricted investments accounts be established. These accounts are held by the fiscal agent and include funds for payment of principal and interest on the farebox and Measure RR transaction and use tax revenue bonds.

I. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for the same purpose (e.g., construction projects), the JPB's policy is to use all available restricted resources first before unrestricted resources are utilized.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets

Capital assets are recorded at historical cost or appraised value. However, donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any. The JPB defines capital assets as assets with a cost greater than \$5,000 and an estimated useful life in excess of one year. Donated assets are recorded at acquisition value on the date donated. Major additions and replacements are capitalized. Maintenance repairs and additions of a minor nature are expensed as incurred.

K. Depreciation and Amortization

Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

- Right-of-way improvements – 3 to 40 years
- Rail vehicles – 10 to 36 years
- Facilities and equipment – 4 to 35 years
- Office equipment – 3 to 5 years
- Right-to-use leased assets – 2 years

L. Construction in Progress

(In thousands)	<u>2022</u>	<u>2021</u>
Caltrain Modernization program	\$ 2,088,620	\$ 1,533,748
Bridge improvements	11,985	5,712
Rolling stock - purchase/improvements	32,758	35,707
Grade crossing and separations	203,520	190,087
System-wide track improvements	562	3,295
Station improvements	84,681	68,323
Safety	1,418	3,703
Communications	477	256
Total Construction in Progress	<u>\$ 2,424,021</u>	<u>\$ 1,840,831</u>

Caltrain Modernization program includes purchases of new Electric Multiple Unit (EMU) trains.

M. Bond Issuance Costs

Bond issuance costs are expensed upon the issuance of related debt.

N. Unearned Member Contributions

Unearned member contributions are the result of advances from the Member Agencies. To the extent that these amounts exceed committed funds (see Note 16), they may be refunded to the Member Agencies or used to offset future required contributions.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Unearned Revenue

Unearned revenue represents fares, rents, and state assistance amounts received which have not yet been earned. Advance ticket sales are included as unearned revenue until earned.

P. Member Agency Assistance

Amounts received from Member Agencies for operations are recognized as revenues when operating and administrative expenses are incurred. Amounts received from Member Agencies for acquisition of assets or matching grants are recognized as capital contributions when capital expenses are incurred.

Q. Federal, State, and Local Operating Assistance

Federal, state, and local operating assistance are recorded as revenue when operating expenses are incurred.

R. Wages and Benefits

Personnel costs of the JPB represent the allocated costs of District employees addressing JPB functions in the District's capacity as Managing Agency. Participation in pension plans, compensated absences, and postretirement health care benefits for these employees are administered by the District.

S. Operating/Nonoperating Revenues and Expenses

The JPB distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from directly providing services in connection with the JPB's principal operations of commuter rail service. These revenues are primarily passenger fares, parking, shuttle, and pass revenues. Operating expenses include the cost of sales and services, administrative expenses, contracted services, and depreciation on capital assets. All other revenues and expenses (including member contributions) not meeting this definition are reported as nonoperating revenues and expenses.

T. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements.

U. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Deferred Outflows and Deferred Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

V. Fair Value Measurements

Accounting principles generally accepted in the United States of America provide guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to a hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs include inputs that are directly observable for the investment including quoted price for similar investments and inputs that are not directly observable but are derived from observable market data through correlation; and Level 3 inputs are significant unobservable inputs.

W. Reclassifications

For the year ended June 30, 2022, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2022 presentation.

X. Subsequent Events

Subsequent events have been evaluated through October 12, 2022, the date these financial statements were available to be issued.

NOTE 3 – CASH AND INVESTMENTS

The JPB's investments are carried at fair value, as required by accounting principles generally accepted in the United States of America. The JPB adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and includes the effects of these adjustments in income for that fiscal year.

The JPB is in compliance with the Board approved Investment Policy and California Government Code requirements.

The JPB's cash and investments as of June 30 are classified in the statement of net position as follows (in thousands):

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 – CASH AND INVESTMENTS (Continued)

	2022	2021
Cash and cash equivalents	\$ 200,370	\$ 85,015
Restricted cash	5,545	11,057
Restricted investments with fiscal agents	84,444	2,283
Total Cash and Investments	\$ 290,359	\$ 98,355
	2022	2021
Cash on hand	\$ 1	\$ 4
Deposits with financial institutions	205,283	70,421
Investments	85,075	27,930
Total Cash and Investments	\$ 290,359	\$ 98,355

Investments Authorized by the California Government Code and the JPB’s Investment Policy

The table below identifies the investment types that are authorized for the JPB by the California Government Code or the JPB’s investment policy, when more restrictive, that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the JPB, rather than the general provisions of the JPB’s investment policy.

Authorized Investment Type	Minimum Credit Rating	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	15 years	100%	N/A
U.S. Agency Securities	None	15 years	100%	N/A
Banker's Acceptances	None	180 days	40%	30%
Commercial Paper (\$500 Mil. Min. Assets). Local agencies with less than \$100M of investment assets under management may invest no more than 25% of the agency's money in eligible commercial paper	A1/P1/F1	270 days	40%	10%
Negotiable Certificates of Deposit	None	5 years	30%	N/A
Repurchase Agreements	None	1 year	100%	N/A
Reverse Repurchase Agreements	None	92 days	20%	N/A
Medium-Term Notes	A	5 years	30%	10%
Shares of Beneficial Interest Issued by Diversified Management Companies	None	N/A	20%	10%
Local Government Investment Pools	None	N/A	100%	N/A
Asset-Backed and Mortgage-Backed Securities	AA	5 years	20%	N/A
Municipal Obligations	None	10 years	100%	N/A
Supranational Obligations	AA	5 years	30%	N/A
Local Agency Investment Fund (LAIF)	None	N/A	None	\$75 million
San Mateo County Investment Pool	None	N/A	Up to the current state limit	N/A

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California government code or the JPB's investment policy. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years and money market funds.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk incurred when changes in market interest rates adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the JPB manages its exposure to interest rate risk is by purchasing a combination of short and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

The JPB's weighted average maturity of its investment portfolio at June 30, 2022, was as follows (in thousands):

Investment Type	Amount	Weighted Average Maturity (in years)
Local Agency Investment Fund (LAIF)	\$ 87	0.80
San Mateo County Investment Pool	544	1.81
Held by Bond Trustee:		
Money Market Mutual Fund	84,444	-
Total Investment Portfolio	\$ 85,075	
Portfolio Weighted Average Maturity		0.75

The JPB's weighted average maturity of its investment portfolio at June 30, 2021, was as follows (in thousands):

Investment Type	Amount	Weighted Average Maturity (in years)
Local Agency Investment Fund (LAIF)	\$ 25,087	0.80
San Mateo County Investment Pool	560	1.81
Held by Bond Trustee:		
Money Market Mutual Fund	2,283	-
Total Investment Portfolio	\$ 27,930	
Portfolio Weighted Average Maturity		0.75

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the JPB’s investment policy, or debt agreements, and the actual rating as of June 30, 2022 and 2021, for each investment type (in thousands):

Investment Type	Amount	Rating as of June 30, 2022	
		S&P Rating AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 87	\$ -	\$ 87
San Mateo County Pool	544	-	544
Held by Bond Trustee:			
Money Market Mutual Funds	84,444	84,444	-
Total	\$ 85,075	\$ 84,444	\$ 631

Investment Type	Amount	Rating as of June 30, 2021	
		S&P Rating AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 25,087	\$ -	\$ 25,087
San Mateo County Pool	560	-	560
Held by Bond Trustee:			
Money Market Mutual Funds	2,283	2,283	-
Total	\$ 27,930	\$ 2,283	\$ 25,647

Concentration of Credit Risk

The investment policy of the JPB contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The JPB does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the JPB’s total investments at June 30, 2022, or June 30, 2021.

Fair Value Measurements

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical asset assets; Level 2 inputs include inputs that are directly observable for the investment including quoted price for similar investments and inputs that are not directly observable but are derived from observable market data through correlation; and Level 3 inputs are significant unobservable inputs. Investments in LAIF and the San Mateo County Investment Pool are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The following is the JPB’s fair value hierarchy table as of June 30, 2022 (in thousands):

<u>Investment Type</u>	<u>Total</u>	<u>Level 2 Inputs</u>	<u>Uncategorized</u>
Local Agency Investment Fund (LAIF)	\$ 87	\$ -	\$ 87
San Mateo County Pool	544	-	544
Money Market Mutual Funds	<u>84,444</u>	<u>84,444</u>	<u>-</u>
Total Investments by Fair Value Type	<u>\$ 85,075</u>	<u>\$ 84,444</u>	<u>\$ 631</u>

The following is the JPB’s fair value hierarchy table as of June 30, 2021 (in thousands):

<u>Investment Type</u>	<u>Total</u>	<u>Level 2 Inputs</u>	<u>Uncategorized</u>
Local Agency Investment Fund (LAIF)	\$ 25,087	\$ -	\$ 25,087
San Mateo County Pool	560	-	560
Money Market Mutual Funds	<u>2,283</u>	<u>2,283</u>	<u>-</u>
Total Investments by Fair Value Type	<u>\$ 27,930</u>	<u>\$ 2,283</u>	<u>\$ 25,647</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the JPB will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, the JPB will not be able to recover the value of its investment or collateral securities that are in possession of another party. The California Government Code and the JPB’s Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the JPB’s deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2022 and 2021, the JPB had \$290,358,685 and \$98,355,483, respectively, of deposits with financial institutions. Additionally, the JPB is required to hold certain capital fund amounts in interest bearing accounts. These balances are in excess of the \$250,000 FDIC limit; however due to California State Law, the excess balances are collateralized with pledged securities by the financial institutions holding the JPB’s deposits.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment in San Mateo County Investment Pool

The JPB is a voluntary participant that invested in the San Mateo County Treasurer’s Investment Pool (County Pool) at June 30, 2022 and 2021, in the amount of \$544,072 and \$559,894, respectively.

The County Pool is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. It is not registered with the Securities and Exchange Commission. The fair value of the JPB’s investment in this pool is reported in the accompanying financial statements at amounts based upon the JPB’s pro-rata share of the fair value provided by the County Pool for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Pool, which are recorded on an amortized cost basis.

Investment in State Investment Pool

The JPB is a voluntary participant in LAIF which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the JPB’s investment in this pool is reported in the accompanying financial statements at amounts based upon the JPB’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

As of June 30, 2022, the JPB had a contractual withdrawal value of \$87,125 in the pool. As of June 30, 2021, the JPB had a \$25,087,225 contractual withdrawal value in the pool.

NOTE 4 – GILROY EXTENSION

The JPB holds trackage rights that extend south from the end of its property ownership in San Jose to Gilroy over a rail line owned by the Union Pacific Railroad. Those rights include the rights to operate five two-way train pairs. In addition, the Santa Clara Valley Transportation holds the rights to operate five additional train pairs to Gilroy.

NOTE 5 – CONTRIBUTED ASSETS FROM CALTRANS

In order to facilitate the purchase of the Mainline and the Gilroy Extension on a timely basis, and to provide for an orderly transition to local administration in a manner that would assure no service interruption, Caltrans and the JPB executed an agreement memorializing various commitments. Caltrans granted the JPB the right to use and control various real and personal property. These properties included: stations, locomotives, passenger cars (“rolling stock”), inventories, and other property associated with Caltrain service. The agreement required that Caltrans transfer all of its rights, titles, and interests in these properties to the JPB, in accordance with Public Utilities Code Section 99234.7.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 5 – CONTRIBUTED ASSETS FROM CALTRANS (Continued)

On April 4, 1996, the JPB's Board approved a resolution accepting transfer of rolling stock and station sites subject to certain terms and conditions outlined in the resolution. The transfer of rolling stock to the JPB was completed in December 1996, and the transfer of station sites was completed in May 1997. The rolling stock and station sites transferred were recorded at their appraised value as contributed capital in the amount of \$106,710,000 and \$60,432,365, respectively. Station sites consist principally of land and were capitalized as right-of-way.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows (in thousands):

	Balance June 30, 2021	Additions and Transfers	Deletions and Transfers	Balance June 30, 2022
Depreciable and amortized capital assets:				
Right-of-way improvements	\$ 1,188,736	\$ 10,392	\$ -	\$ 1,199,128
Rail vehicles	337,025	1,047	-	338,072
Facilities and equipment	145,065	461	(349)	145,177
Office equipment	13,767	(2)	(15)	13,750
Total depreciable and amortized capital assets	<u>1,684,593</u>	<u>11,898</u>	<u>(364)</u>	<u>1,696,127</u>
Accumulated depreciation for:				
Right-of-way improvements	710,610	51,071	(1)	761,680
Rail vehicles	265,139	8,627	-	273,766
Facilities and equipment	74,279	4,794	(348)	78,725
Office equipment	13,306	176	(15)	13,467
Total accumulated depreciation	<u>1,063,334</u>	<u>64,668</u>	<u>(364)</u>	<u>1,127,638</u>
Capital assets nondepreciable:				
Right-of-way	236,968	-	-	236,968
Construction in progress	1,840,831	595,088	(11,898)	2,424,021
Intangible asset - trackage rights	8,000	-	-	8,000
Total nondepreciable capital assets	<u>2,085,799</u>	<u>595,088</u>	<u>(11,898)</u>	<u>2,668,989</u>
Capital assets, net	<u>\$ 2,707,058</u>	<u>\$ 542,318</u>	<u>\$ (11,898)</u>	<u>\$ 3,237,478</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance June 30, 2020	Additions and Transfers	Deletions and Transfers	Balance June 30, 2021
Depreciable and amortized capital assets:				
Right-of-way improvements	\$ 1,192,985	\$ 731	\$ (4,980)	\$ 1,188,736
Rail vehicles	333,025	6,499	(2,499)	337,025
Facilities and equipment	145,121	1,020	(1,076)	145,065
Office equipment	13,354	606	(193)	13,767
Total depreciable and amortized capital assets	1,684,485	8,856	(8,748)	1,684,593
Accumulated depreciation for:				
Right-of-way improvements	666,115	49,478	(4,983)	710,610
Rail vehicles	258,607	9,031	(2,499)	265,139
Facilities and equipment	70,530	4,826	(1,077)	74,279
Office equipment	13,228	271	(193)	13,306
Total accumulated depreciation	1,008,480	63,606	(8,752)	1,063,334
Capital assets nondepreciable:				
Right-of-way	236,340	628	-	236,968
Construction in progress	1,447,512	402,803	(9,484)	1,840,831
Intangible asset - trackage rights	8,000	-	-	8,000
Total nondepreciable capital assets	1,691,852	403,431	(9,484)	2,085,799
Capital assets, net	\$ 2,367,857	\$ 348,681	\$ (9,480)	\$ 2,707,058

Depreciation expense for the years ended June 30, 2022 and 2021 was \$64,667,724 and \$63,605,703, respectively.

NOTE 7 – OPERATING ASSISTANCE

Member Agencies provided operating funding to the JPB prior to fiscal year 2022. Net operating and administrative costs were apportioned on the basis of mutually agreed contribution rates, updated on an annual basis prior to fiscal year 2022. In fiscal year 2022, due to the funding from Measure RR transaction and use tax, the JPB did not request member agencies contributions. Funding allocations for the years ended June 30 were:

	2022	2021
District - Operating	0.00%	31.10%
VTA - Operating	0.00%	41.45%
CCSF - Operating	0.00%	27.45%

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 7 – OPERATING ASSISTANCE (Continued)

Federal, state, and local operating assistance revenue amounts included in the statements of revenues, expenses, and changes in net position for the years ended June 30 were (in thousands):

	2022	2021
Member Agency local funds	\$ -	\$ 28,538
Assembly Bill 434 operating assistance	80	167
American Rescue Plan Act (ARPA)	115,996	-
Federal CARES Act	-	41,510
Federal CRRSAA Act	-	46,692
State transit assistance	10,042	10,425
Other	-	2,302
	<hr/>	<hr/>
Total	\$ 126,118	\$ 129,634

NOTE 8 – CAPITAL ASSISTANCE

Capital expenses are primarily funded by federal and state grants, equal annual contributions from all three Member Agencies, and proceeds from Revenue Bonds (See Note 9 – Revenue Bonds Payable). Costs of capital replacement and enhancement projects that are not covered by outside funding sources are allocated to the Member Agencies based upon the terms of the Joint Powers Agreement.

A. Member Agencies

On an annual basis, the Board determines the amount to be contributed to a Capital Contingency Fund (CCF) to cover unanticipated necessary capital improvements. The total amount contributed to the CCF was \$990,000 for each of the years ended June 30, 2022 and 2021.

In fiscal years 2022 and 2021, the JPB received capital reimbursements and capital advances from the Member Agencies totaling \$43,744,085 and \$107,891,352, respectively. The unexpended amounts at June 30, 2022 and 2021, are shown as Unearned Member Contributions. (See Note 16 – Related Parties.)

B. Federal and State Grants

At June 30, 2022 and 2021, the JPB had federal, state, and local grants/allocations that provide funding for Caltrain capital projects. Capital additions for the years ended June 30, 2022 and 2021, applicable to these projects were \$468,612,379 and \$434,567,214, respectively. The related federal participation was \$277,219,356 and \$179,027,224 for fiscal years ended June 30, 2022 and 2021, respectively.

The JPB had receivables of \$43,960,063 and \$40,422,077 at June 30, 2022 and 2021, respectively, for qualifying capital project expenditures under Federal Transit Administration (FTA) grant contracts in excess of reimbursements, which is reported as due from other governmental agencies. In addition, the JPB has receivables of \$99,333,706 and \$117,954,855 at June 30, 2022 and 2021, respectively, for qualifying capital project expenditures under various state grants, which also is reported as due from other governmental agencies.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 8 – CAPITAL ASSISTANCE (Continued)

B. Federal and State Grants (Continued)

Under the terms of the grants, proceeds from equipment sold during its useful life are refundable to the federal government in proportion to the related capital grant funds received, unless the net book value or proceeds from sale are under grant-prescribed limits.

NOTE 9 – REVENUE BONDS PAYABLE

Composition and Changes

The JPB generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The JPB's debt issues and transactions are summarized below and discussed in detail thereafter.

Long-term debt activity for the year ended June 30, 2022, was as follows (in thousands):

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
2019 Series A Revenue Bonds	\$ 47,635	\$ -	\$ 1,120	\$ 46,515	\$ 1,175
Add: Unamortized premium, net	7,255	-	264	6,991	264
2022 Series A Revenue Bonds	-	140,000	-	140,000	-
Add: Unamortized premium, net	-	32,180	366	31,814	366
Total long-term debt	<u>\$ 54,890</u>	<u>\$ 172,180</u>	<u>\$ 1,750</u>	<u>\$ 225,320</u>	<u>\$ 1,805</u>

Long-term debt activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
2019 Series A Revenue Bonds	\$ 47,635	\$ -	\$ -	\$ 47,635	\$ 1,120
Add: Unamortized premium, net	7,518	-	263	7,255	264
Total long-term debt	<u>\$ 55,153</u>	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ 54,890</u>	<u>\$ 1,384</u>

Description of the JPB's Long-Term Debt Issues

A. 2019 Series A Farebox Revenue Bonds

In February 2019, the JPB issued \$47,635,000 in 2019 Series A Farebox Revenue Bonds along with a premium of \$8,111,446 and other sources related to the defeasance of prior bond issuances netted proceeds of \$56,217,759; \$24,087,000 of the proceeds were used to fully pay and legally defease the 2007 Series A Farebox Revenue Bonds and \$11,363,000 were used to fully payoff 2015 Series A Farebox Revenue Bonds. \$20,768,000 of the proceeds are allocated for building acquisitions or to finance other improvements to Caltrain. The 2019 Series A Farebox Revenue Bonds carry a fixed coupon of 5.0 percent with interest due on April 1 and October 1 of each year through October 1, 2037. Principal on the 2019 Series A Farebox Revenue Bonds is payable on October 1, 2021, and annually thereafter on October 1 of each year through 2049.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 9 – REVENUE BONDS PAYABLE (Continued)

Description of the JPB’s Long-Term Debt Issues (Continued)

A. 2019 Series A Farebox Revenue Bonds (Continued)

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$84,342. The JPB completed the refunding to reduce its total debt service payments over the next 11.9 years (average life of the refunded 2007 Series A Farebox Revenue Bonds) by \$3.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3.6 million (present value of prior debt and net present value savings).

The 2019 Series A Farebox Revenue Bonds are special obligations of the JPB payable from and secured by a pledge of farebox revenues. For pledge purposes, the term “farebox revenues” means the amounts generated and collected in connection with the operation of Caltrain, including passenger fares, parking, shuttle, and pass revenues, and other revenues from operations. Farebox revenues does not include grants from the state or the federal government. The amount and terms of pledged revenue are the outstanding secured debt service as noted on the debt service requirement schedule in the following paragraph.

B. 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified)

In February 2022, the JPB issued \$140,000,000 in 2022 Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) Series A along with a premium of \$32,179,642. \$150,463,899 of the proceeds are allocated to certain improvements to the Caltrain system, including electrification; \$21,000,000 of the proceeds were set aside to fund capitalized interest costs of the bonds; and, \$715,743 of the proceeds were allocated to cost of issuance of the bonds. The 2022 Series A Measure RR Sales Tax Revenue Bonds carry a coupon of 5.0% with interest payable semiannually on June 1 and December 1, commencing June 1, 2022. Principal payments on the 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) begins June 1, 2025, and are payable annually thereafter on June 1 of each year through 2051.

The 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) are limited obligations of the JPB payable from and secured by certain revenues from sales and use tax on taxable transactions within the City and County of San Francisco, San Mateo County, and Santa Clara County, at a rate of one-eighth of one percent (1/8%) after deducting amounts payable to the California Department of Tax and Fee Administration (CDTFA) in connection with the collection and disbursement of the sales tax pursuant to the agreement between the CDTFA and the JPB.

C. Pledged Revenues and Annual Debt Service Payments

The amount of farebox pledged revenues recognized during the fiscal years ended June 30, 2022 and 2021, were \$37,695,156 and \$35,205,724, respectively. The amount of Measure RR Sales Tax pledged revenues recognized during the year ended June 30, 2022, were \$112,619,647. The total debt service requirement for the 2019 Series A Farebox Revenue Bonds and for the 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) for the fiscal years ended June 30, 2022 and 2021, were \$5,204,306 and \$2,381,750, respectively; the first payment on

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 – REVENUE BONDS PAYABLE (Continued)

Description of the JPB’s Long-Term Debt Issues (Continued)

C. Pledged Revenues and Annual Debt Service Payments (Continued)

2019 Series A Farebox Revenue Bonds debt was October 1, 2019, with additional repayments of principal paid on October 1, 2020, and October 1, 2021, and a scheduled payment for October 1, 2022. Annual principal and interest payments for the 2019 Series A Farebox Revenue Bonds were as follows (in thousands):

Year Ending June 30:	Principal	Interest	Total
2023	\$ 1,175	\$ 2,296	\$ 3,471
2024	1,235	2,236	3,471
2025	1,300	2,173	3,473
2026	1,365	2,106	3,471
2027	1,435	2,036	3,471
2028-2032	8,365	8,998	17,363
2033-2037	10,725	6,623	17,348
2038-2042	7,450	4,189	11,639
2043-2047	7,775	2,433	10,208
2048-2050	5,690	436	6,126
Total	\$ 46,515	\$ 33,526	\$ 80,041

The 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) were the first bonds issued by the JPB as Green Bonds as certified by Climate Bonds Initiative (CBI) and verified by Kestrel Verifiers under the standards of the 2015 Paris Agreement. The bonds were issued with ratings of AA+ by Standard & Poor’s Rating Services (S&P) and AAA by Kroll Bond Rating Agency, LLC (KBRA). The first principal payment for the 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) debt is scheduled for June 1, 2025. Annual debt service payments are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	\$ -	\$ 7,000	\$ 7,000
2024	-	7,000	7,000
2025	2,560	7,000	9,560
2026	2,690	6,872	9,562
2027	2,825	6,738	9,563
2028-2032	16,380	31,423	47,803
2033-2037	20,905	26,898	47,803
2038-2042	26,685	21,122	47,807
2043-2047	34,055	13,749	47,804
2048-2051	33,900	4,341	38,241
Total	\$ 140,000	\$ 132,143	\$ 272,143

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 – INSURANCE PROGRAMS

The JPB is exposed to various risks of loss including, but not limited to, those related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The JPB is self-insured for a portion of its public liability and damage to property. As of June 30, 2022 and 2021, coverage provided by self-insurance and excess coverage (purchased by or for the JPB) is generally summarized as follows:

Type of Coverage	Self-Insured Retention	Excess Insurance
Railroad Liability	\$2,000,000 Self-Insured Retention	\$323,000,000 Per Occurrence/ Annual Aggregate (\$200,000,000 carried by the JPB and \$100,000,000 carried by the Caltrain operator, TASI) plus an additional \$23,000,000 xs \$300,000,000 carried by JPB for a total of \$323,000,000
Real and Personal Property	\$250,000 Maximum Self-Insured Retention	\$400,000,000
Public Official Liability	\$75,000 Self-Insured Retention	\$15,000,000 Aggregate
Special Events	\$25,000 Self-Insured Retention Per Occurrence	\$2,000,000 Per Occurrence / \$4,000,000 Aggregate
Environmental Liability	\$50,000 Self-Insured Retention	\$10,000,000 2-Year Policy Aggregate (FY21-FY22)

All rolling stock is insured at full replacement value. Total insurable values (TIV) covering all rolling stock, real and personal property, tunnels, bridges, and stations exceeds \$1 billion. The JPB carries a \$400,000,000 loss limit per occurrence. Terrorism coverage is included. The JPB owns four parcels of vacant property that do not require flood insurance. Earthquake coverage remains cost prohibitive; as such, it is not procured. To date, there have been no significant reductions in any of the JPB’s insurance coverage. Settlements have not exceeded coverages for each of the past three fiscal years.

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Annual expense is charged using various allocation methods that include actual costs, trends in claims experience, and number of participants. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims. It is the JPB’s practice to obtain full actuarial studies annually. Changes in the balances of self-insured claims liabilities for public liability and property damage for the years ended June 30, 2022 and 2021, were as follows (in thousands):

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 10 – INSURANCE PROGRAMS (Continued)

	2022	2021
Self-insured claims liabilities, beginning of year	\$ 4,030	\$ 1,174
Incurred claims and changes in estimates	383	2,935
Claim payments and related costs	(224)	(79)
Total self-insured claims liabilities	4,189	4,030
Less current portion	2,292	1,683
Noncurrent portion	\$ 1,897	\$ 2,347

NOTE 11 – CAPITAL CONTRIBUTIONS

The JPB receives capital grants and contributions from the federal, state, and local governments for the acquisition and improvement of capital assets. Capital grants and contributions used for capital purposes are recorded as capital contributions and the cost of the related assets is included in capital assets.

Depreciation and amortization on assets acquired with capital contributions is included in the statement of revenues, expenses, and changes in net position. Capital contributions earned for the years ended June 30 were as follows (in thousands):

	2022	2021
Contributions from the federal government	\$ 277,219	\$ 179,027
Contributions from the state	140,466	192,977
Contributions from local governments	50,927	62,563
Total	\$ 468,612	\$ 434,567

NOTE 12 – HEDGE PROGRAM

In order to create more certain future diesel fuel costs and to manage the budget risk caused by uncertain future diesel fuel prices, the JPB established a diesel fuel hedging program. The hedging instruments used are New York Harbor Ultra Low Sulfur Diesel (“NYHRBRULSD”) futures contracts with a notional amount of 42,000 gallons each as listed on the NYMEX. As of June 30, 2022, the JPB had 87 futures contracts. As of June 30, 2022, the aggregate fuel hedge contracts covered a period from July 2022 through June 2023. As of June 30, 2021, the JPB had 82 futures contracts. As of June 30, 2021, the aggregate fuel hedge contracts covered a period from July 2021 through December 2022.

The JPB enters into futures contracts to hedge its price exposures to diesel fuel which is used in its vehicles to provide transportation. These contracts are derivative instruments. The effectiveness of the hedge is determined according to GASB Statement No. 53 (*Accounting and Financial Reporting for Derivative Instruments*) rules, which require a statistically strong relationship between the price of the futures contracts and the JPB’s cost of diesel fuel from its supplier in order to insure that the futures

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 12 – HEDGE PROGRAM (Continued)

contracts effectively hedge the expected cash flows associated with diesel fuel purchases/exposures. The JPB applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow on the statement of net position. For the reporting period, all of the JPB’s derivatives meet the effectiveness tests. Net gains/losses from completed hedges become an element of diesel fuel cost.

For diesel fuel futures contracts, the fair values are determined according to exchange settlement prices and the prices at which the futures contracts were purchased where each contract has a volume of 42,000 gallons. The following is a summary of the fair values and notional amounts of derivative instruments (diesel futures contracts) outstanding as of June 30, 2022 and 2021 (in thousands).

	2022 Change in Fair Value		Fair Value June 30, 2022		Notional
	Classification	Amount	Classification	Amount	
Effective Cash Flow Hedges					
Futures contracts	Deferred Inflow	\$ 480	Derivative Instruments	\$ 1,826	3,938 Gallons

	2021 Change in Fair Value		Fair Value June 30, 2021		Notional
	Classification	Amount	Classification	Amount	
Effective Cash Flow Hedges					
Futures contracts	Deferred Inflow	\$ 1,346	Derivative Instruments	\$ 1,346	3,444 Gallons

Credit Risk

The JPB is exposed to credit risk in the amount of the derivative’s fair value. When the fair value of any derivative has a positive market value, the risk is that the Counterparty will not fulfill its obligations. The counterparty for diesel futures contracts is the New York Mercantile Exchange Clearinghouse. Futures do not have credit risk because the clearing house guarantees against default risk by taking both sides of all transactions where positions are marked-to-market on a daily basis. Futures contracts are highly regulated by the Commodity Futures Trading Commission.

Basis Risk

The JPB is exposed to basis risk on its expected fuel hedge contracts because the future fuel purchases are based on a pricing point different from the pricing point at which the future contracts are expected to settle NYHRBRULSD.

Market Risk

The JPB is exposed to market risk arising from adverse changes in the market prices of the commodity.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 13 – COMMITMENT AND CONTINGENCIES

A. Operating Contract

The JPB Board awarded a contract to TASI of St. Joseph, MO, at the September 1, 2011 Board meeting. TASI provides rail operations, maintenance, and support services for a base term of five years plus five months of mobilization, with five, one-year option terms. Mobilization efforts began on October 1, 2011, and TASI began its service on May 26, 2012. The contract with TASI has been extended to 2027. Amtrak continued to provide services through the mobilization period.

This is a Cost Plus Performance Fee based contract. All direct costs are reimbursable and TASI has the opportunity to earn up to \$4.5 million per year as a performance fee. The first year budget plus mobilization costs were negotiated prior to contract award. A performance fee program and quantifiable metrics are discussed and agreed upon annually by the parties in key areas such as safety and on-time performance. These metrics are measured quarterly with the exception of adherence to the budget which will be measured annually. TASI's reported results are also independently verified and validated by a third party consultant. The expenses billed to the JPB by TASI for providing rail operation services for the years ended June 30, 2022 and 2021, are recorded as Contract Services in the statements of revenues, expenses, and changes in net position.

B. Litigation

As of June 30, 2022 and 2021, the JPB had accrued amounts that management believes are adequate to resolve claims and lawsuits which arose during the normal course of business. A few claims and lawsuits remain outstanding for which the JPB cannot determine the ultimate and resulting liability, if any. However, the JPB's management and its counsel believe the ultimate outcome of these claims and lawsuits will not materially impact the JPB's financial position.

Caltrain Collision with Hi-Rail Maintenance Vehicles on March 10, 2022

On March 10, 2022, a southbound Caltrain train struck three stationary on-track (or hi-rail) maintenance vehicles near San Bruno, California. The maintenance vehicles were on-track as part of the ongoing electrification construction project. The locomotive derailed, and all three maintenance vehicles were destroyed. Leaking fuel from the hi-rail maintenance vehicles resulted in a fire that spread to one of the passenger rail cars. Fourteen people reported injuries: 12 passengers, one train crew member, and one employee of a contractor. As a result of the incident, Caltrain suspended the electrification construction project for approximately two weeks. TransitAmerica Services, Inc. (TASI) provides signaling services on the right-of-way for Caltrain. The National Transportation Safety Board (NTSB) is investigating the incident but in a preliminary statement, NTSB stated that the roadway worker-in-charge released exclusive track occupancy while the hi-rail vehicles were still on the track. To date, no lawsuits have been filed against the JPB, but the JPB has received numerous claims related to the incident, including from the injured employee of a contractor, the train crew member, seven passengers, and the electrification project contractor, which seeks compensation for, among other things, property damage and labor costs associated with the temporary suspension of work. TASI has agreed to indemnify and defend the JPB against these claims subject to a reservation of rights.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 13 – COMMITMENT AND CONTINGENCIES (Continued)

C. PTMISEA Grants

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of \$4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, \$3.6 billion in the PTMISEA is available to project sponsors in California for allocation to eligible public transportation projects. The following table shows the changes in activity related to the PTMISEA grant funds during the fiscal years as well as the remaining commitment as of June 30, 2022 and 2021 (in thousands):

	PTMISEA South Terminal Project (Fund 3605)	PTMISEA Community Based Overlay Signal System (Fund 3607)	PTMISEA Rolling Stock State of Good Repair (Fund 3623)	PTMISEA Rolling Stock State of Good Repair (Fund 3634)
Total Allocations as of June 30, 2021	\$ 959	\$ 345	\$ 770	\$ 464
Adjustments	-	-	-	-
Net Expenditures	<u>(84)</u>	<u>(135)</u>	<u>(78)</u>	<u>(334)</u>
Unspent balance at June 30, 2022	<u>\$ 875</u>	<u>\$ 210</u>	<u>\$ 692</u>	<u>\$ 130</u>

	PTMISEA Electrification Improvements (Fund 3638)	PTMISEA Community Based Overlay Signal System (Fund 3647)	PTMISEA Interest Earned (Fund 3636)
Total Allocations as of June 30, 2021	\$ 36	\$ 1,314	\$ 313
Adjustments	-	-	-
Interest Earned, Net of Bank Charges	-	-	2
Net Expenditures	<u>-</u>	<u>(997)</u>	<u>(94)</u>
Unspent balance at June 30, 2022	<u>\$ 36</u>	<u>\$ 317</u>	<u>\$ 221</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 13 – COMMITMENT AND CONTINGENCIES (Continued)

C. PTMISEA Grants (Continued)

	PTMISEA South Terminal Project (Fund 3605)	PTMISEA Community Based Overlay Signal System (Fund 3607)	PTMISEA Rolling Stock State of Good Repair (Fund 3623)	PTMISEA Rolling Stock State of Good Repair (Fund 3634)
Total Allocations as of June 30, 2020	\$ 959	\$ 359	\$ 807	\$ 527
Adjustments	-	-	-	-
Net Expenditures	-	(14)	(37)	(63)
Unspent balance at June 30, 2021	<u>\$ 959</u>	<u>\$ 345</u>	<u>\$ 770</u>	<u>\$ 464</u>

	PTMISEA Electrification Improvements	PTMISEA Community Based Overlay Signal System	PTMISEA Interest Earned
Total Allocations as of June 30, 2020	\$ 36	\$ 2,216	\$ 310
Adjustments	-	-	-
Interest Earned, Net of Bank Charges	-	-	3
Net Expenditures	-	(902)	-
Unspent balance at June 30, 2021	<u>\$ 36</u>	<u>\$ 1,314</u>	<u>\$ 313</u>

NOTE 14 – LEASING TRANSACTIONS

In February 2002, the JPB entered into a leasing transaction (the 2002 Lease Transaction) with respect to 38 Nippon Sharyo trailer cars, 14 Nippon Sharyo cab cars, and 13 GM F40PH-2 locomotives (collectively, the “Equipment”). The JPB leased the Equipment to a trust under a Head Lease and simultaneously leased back the Equipment under a Sublease. The leasing transaction terminated and restructured a portion of “a 1996 leasing transaction” (the “1996 Transaction”) that had not been previously terminated. The JPB received net proceeds in the amount of \$2,392,510, which represents the difference between the appraised value of the Equipment and the termination cost associated with the remaining portion of the 1996 Transaction and certain required deposits and expenses. The Equipment remains on the books of the JPB at its original cost and is being depreciated over the original useful life determined at the date of acquisition. The net proceeds have been recorded as Lease-Leaseback income for the year ended June 30, 2002. The JPB has an option to purchase the Equipment for an agreed upon purchase price in January 2026.

At the outset of the lease, a portion of the Head Lease payment was deposited under agreements with two debt payment undertakers whose repayment obligations are guaranteed, as the case may be, by Assured Guaranty Municipal Corporation (“AGM”) as successor to Financial Security Assurance (“FSA”), or Swiss Reinsurance Corporation (“Swiss Re”). Another portion of the Head Lease payment was deposited under an agreement with an equity payment undertaker whose repayment obligations are guaranteed by AGM as successor to FSA. The repayment obligations of AGM and Swiss Re under their respective debt undertaking agreements are due in amounts and at times that correspond to the JPB’s scheduled payments under the Sublease. The repayment obligations of AGM under the equity payment agreement are due in amounts and at times that correspond to the JPB’s purchase option dates under the 2002 Lease Transaction.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 14 – LEASING TRANSACTIONS (Continued)

At the time of the 2002 Lease Transaction, FSA was rated “Aaa/AAA” by Moody’s Investors Service (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”). Although the debt and equity payment undertaking arrangements do not represent a legal defeasance of the JPB’s obligations under the Sublease, management believes that these transactions are structured in such a way that it is not probable that the JPB will need to access other monies to make Sublease payments or pay the purchase option prices in 2026. Therefore, the assets and the Sublease obligations are not recorded on the financial statements of the JPB as of June 30, 2022.

The terms of the 2002 Lease Transaction require the JPB to replace AGM and Swiss Re within certain timeframes if their ratings are downgraded below certain rating minimums. On January 17, 2013, Moody’s downgraded AGM to “A2”, which is below the threshold of “Aa3” under the 2002 Lease Transaction with respect to AGM’s role as surety provider and guarantor of the equity payment agreement. The current Moody’s AGM rating of “A1” remains below the required threshold.

Failure of the JPB to replace AGM following a downgrade by either Moody’s or S&P to below the applicable rating threshold within specified timeframes could allow the equity investor to issue a default notice to the JPB. Because replacement of AGM is not practicable, the JPB could become liable to pay termination costs as provided in certain schedules of the 2002 Lease Transaction. The scheduled termination costs as of June 30, 2022, less the accreted value under the equity payment agreement, would approximate \$14.3 million. The equity investor under the 2002 Lease Transaction has provided forbearance letters to the JPB with respect to replacing AGM since the Moody’s downgrade to below “Aa3” and has not demanded that the JPB replace AGM.

NOTE 15 – GASB STATEMENT NO. 87, *LEASES*

The JPB, as a lessee, has entered into various leases for office space, tower space, land, and parking with lease terms expiring between fiscal year 2022 and 2023 with some leases containing options to renew.

The JPB, as a lessor, has entered into lease agreements for mainly commercial and ground lease transactions. The lease terms are expiring between fiscal year 2025 and 2027 with some leases containing options to renew.

The JPB adopted GASB Statement No. 87, *Leases*, in fiscal year 2022 with a conversion date of July 1, 2020. In accordance with the adopted standard, the JPB, as a lessee, is required to recognize intangible right-to-use leased assets and corresponding lease liabilities, and as a lessor, lease receivables and deferred inflows of resources, for all leases that are not considered short-term. The JPB has adopted the following policies to assist in determining lease treatment according to the standard (unless otherwise specified, the following policies pertain to agreements in which the JPB acts as lessee, and agreements in which the JPB acts as lessor):

Basis of lease classification – The maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months will not be considered short-term.

Term – At the time of lease commencement or conversion, the term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 15 – GASB STATEMENT NO. 87, LEASES (Continued)

Discount rate – Unless explicitly stated in the lease agreement, known by the JPB, or the JPB is able to determine the rate implicit within the lease, the discount rate used to calculate right-to-use leased assets and liabilities in the case of agreements in which the JPB acts as lessee, or deferred inflows of resources and related lease receivable, in the case of agreements in which the JPB acts as lessor, is the annual 110% Applicable Federal Rates (AFR). The Short-term annual 110% AFR applies to a lease term that is less than three years, the Mid-term annual 110% AFR applies to a lease term that is between three to nine years, and the Long-term annual 110% AFR applies to a lease term that is longer than nine years. The Short-term annual 110% AFR was 0.20% for July 2020 and 0.13% for July 2021, the Mid-term annual 110% AFR was 0.50% for July 2020 and 1.10% for July 2021, and the Long-term annual 110% AFR was 1.29% for July 2020 and 2.28% for July 2021. The July 2020 and July 2021 AFR were used for applicable leases beginning in fiscal years 2021 and 2022, respectively.

Variable payments – Variable payments based on the future performance of the lessee or lessor or usage of the underlying asset are not included in the measurement of lease assets or liabilities. For fiscal years 2021 and 2022, as a lessee, all leases are based on fixed payments and do not have variable payment components. For fiscal years 2021 and 2022, as a lessor, all leases are based on fixed payments and variable payments based on the Consumer Price Index (CPI).

Residual value guarantees – There were no residual guarantees included in the measurement of lease assets and liabilities, or deferred inflow of resources and lease receivables, for fiscal years 2021 and 2022.

Remeasurement – There were no remeasurements for fiscal years 2021 and 2022 due to (1) early termination which included a termination fee, (2) reduction in monthly lease payment, and (3) a change in the discount rate.

Lease related assets by major class of underlying assets at June 30 were as follows (in thousands):

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022
Right-to-use leased assets:				
Office space	\$ 1,913	\$ 1,066	\$ (1,913)	\$ 1,066
Land	91	-	(91)	-
Parking	13	-	(13)	-
Tower space	4	-	-	4
	<u>2,021</u>	<u>1,066</u>	<u>(2,017)</u>	<u>1,070</u>
Total right-to-use leased assets				
Accumulated amortization for:				
Office space	1,435	952	(1,915)	472
Land	62	28	(90)	-
Parking	6	6	(12)	-
Tower space	3	2	-	5
	<u>1,506</u>	<u>988</u>	<u>(2,017)</u>	<u>477</u>
Total accumulated amortization				
Total right-to-use leased assets, net	<u>\$ 515</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 593</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 15 – GASB STATEMENT NO. 87, LEASES (Continued)

	Balance at June 30, 2020	Additions	Reductions	Balance at June 30, 2021
Right-to-use leased assets:				
Office space	\$ 1,913	\$ -	\$ -	\$ 1,913
Land	91	-	-	91
Parking	13	-	-	13
Tower space	4	-	-	4
	<u>2,021</u>	<u>-</u>	<u>-</u>	<u>2,021</u>
Total right-to-use leased assets				
Accumulated amortization for:				
Office space	-	1,435	-	1,435
Land	-	62	-	62
Parking	-	6	-	6
Tower space	-	3	-	3
	<u>-</u>	<u>1,506</u>	<u>-</u>	<u>1,506</u>
Total accumulated amortization				
	<u>-</u>	<u>1,506</u>	<u>-</u>	<u>1,506</u>
Total right-to-use leased assets, net	<u>\$ 2,021</u>	<u>\$ (1,506)</u>	<u>\$ -</u>	<u>\$ 515</u>

As a lessee, the JPB recognized \$988,109 and \$1,504,551 of lease related amortization expense in fiscal years 2022 and 2021, respectively. The JPB also recognized \$2,043 and \$2,513 of lease related interest expense in fiscal years 2022 and 2021, respectively.

As a lessor, the JPB recognized \$1,997 and \$865 in lease related interest revenue in fiscal years 2022 and 2021, respectively. The JPB also recognized revenues from lease related deferred inflows of resources of \$78,237 and \$46,337 in fiscal years 2022 and 2021, respectively.

Lease related obligations consist of the following:

	Balance at July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Lease Liabilities	\$ 593	\$ 631	\$ 592	\$ 632	\$ 632
Total long-term debt	<u>\$ 593</u>	<u>\$ 631</u>	<u>\$ 592</u>	<u>\$ 632</u>	<u>\$ 632</u>
	Balance at July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Lease Liabilities	\$ 2,020	\$ -	\$ 1,427	\$ 593	\$ 592
Total long-term debt	<u>\$ 2,020</u>	<u>\$ -</u>	<u>\$ 1,427</u>	<u>\$ 593</u>	<u>\$ 592</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 16 – RELATED PARTIES

A. Operating Expenses Paid to the District

The District serves as the Managing Agency of the JPB, providing management and administrative personnel and facilities (see Note 1). The District is compensated based on actual costs incurred and administrative overhead. Total expenses billed to the JPB by the District, which were included as operating expenses in the accompanying statements of revenues, expenses, and changes in net position, were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Wages and fringe benefits	\$ 12,306	\$ 10,993
Overhead	276	2,075
Total	<u>\$ 12,582</u>	<u>\$ 13,068</u>

B. Receivables from Member Agencies

The JPB is owed amounts from Member Agencies for grants and prior obligations. The balances at June 30 are as follows (in thousands):

	<u>2022</u>	<u>2021</u>
District	\$ 1,202	\$ 7,145
VTA	1,076	6,783
CCSF	9,968	6,808
Total	<u>\$ 12,246</u>	<u>\$ 20,736</u>

C. Payables to the District

Amounts due to the District as Managing Agency at June 30, 2022 and 2021, total \$3,012,217 and \$3,588,288, respectively, and are included in accrued liabilities.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 16 – RELATED PARTIES (Continued)

D. Unearned Member Contributions

The JPB recognizes Member Agencies' advances as contributed capital when expenses are incurred or assets are purchased. Accordingly, some Member Agencies' payments are classified as Unearned Member Contributions. The balances at June 30 were as follows (in thousands):

	<u>2022</u>	<u>2021</u>
District	\$ 18,279	\$ 21,295
VTA	11,734	13,590
CCSF	1,392	1,392
	<u>31,405</u>	<u>36,277</u>
Total	<u>\$ 31,405</u>	<u>\$ 36,277</u>
Committed for:		
Centralized traffic control system	\$ 1	\$ 1
Farebox capital	1	1
Capital Contingency Fund	2,650	2,602
Capital contribution, Member's local match	28,753	33,673
	<u>31,405</u>	<u>36,277</u>
Total Committed	<u>31,405</u>	<u>36,277</u>
Uncommitted funds:		
District	-	-
VTA	-	-
CCSF	-	-
	<u>-</u>	<u>-</u>
Total Uncommitted	<u>-</u>	<u>-</u>
Total	<u>\$ 31,405</u>	<u>\$ 36,277</u>

NOTE 17 – REVOLVING CREDIT FACILITY

Cash flow projections for the Peninsula Corridor Electrification Project (PCEP) forecast funding gaps between the time payments are due for work performed and the timing of receipts from the funding sources associated with such work, most of which are available on a reimbursement basis. At its highest point, the funding gap is currently projected to be approximately \$120 million.

In December 2016, the JPB secured the 2016 Credit Facility to assist the JPB in meeting its cash flow needs in connection with the PCEP Project. The amount outstanding under the 2016 Credit Facility may not exceed \$170 million at any one time. This Credit Facility commitment was reduced March 31, 2019, to a level not to exceed \$120 million. Funds drawn will be applied to fund cash flow mismatch with respect to the PCEP Project and the 2018 TIRCP Grant Projects and/or to enable the JPB to access the 2018 TIRCP Grant awarded to the JPB to fund a portion of the 2018 TIRCP Grant Projects. Funds drawn by the JPB pursuant to the 2016 Credit Facility constitute loans made to the JPB by the provider of the

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

NOTE 17 – REVOLVING CREDIT FACILITY (Continued)

2016 Credit Facility. Such loans are secured by funds received by the JPB from funding sources identified in the 2017 Funding Plan and from the 2018 TIRCP Grant to reimburse the JPB for its prior payment of PCEP Project expenditures and 2018 TIRCP Grant Projects expenditures and by a pledge of farebox revenues subordinate to the pledge which will secure the 2019 Series A Bonds, any other Bonds issued pursuant to the Trust Agreement and any Parity Obligations.

In January 2019, the JPB secured the Additional Credit Facility to provide interim funding for a portion of the PTC Project, including cash flow mismatch, and to provide for working capital needs for the Caltrain system. The amount outstanding under the Additional Credit Facility may not exceed \$30 million at any one time. Funds drawn by the JPB pursuant to the Additional Credit Facility constitute loans made to the JPB by the provider of the Additional Credit Facility. Such loans are secured by a pledge of farebox revenues on a parity with the pledge of farebox revenues which secures the 2016 Credit Facility and subordinate to the pledge which will secure the 2019 Series A Bonds, any other Bonds issued pursuant to the Trust Agreement and any Parity Obligations.

Any funds drawn by the JPB pursuant to the 2016 Credit Facility and/or the Additional Credit Facility are due and payable on December 31, 2022. In the event any funds drawn under the 2016 Credit Facility and/or the Additional Credit Facility have not been repaid prior to December 31, 2022, the JPB may issue additional Bonds or incur other debt in order to refinance any obligations incurred and outstanding under the 2016 Credit Facility and/or the Additional Credit Facility. At the present time, the JPB anticipates that the amount of debt, if any, to be issued to refinance any obligations incurred and outstanding under the 2016 Credit Facility and/or the Additional Credit Facility will not exceed \$30 million.

Fees are set forth in the Fee and Pricing Agreement. The one month London Interbank Offered Rate (LIBOR) resets on a daily basis. The Fee and Pricing Agreement also specifies closing costs payable to the Lender and Lender's Counsel. As of June 30, 2022 and 2021, \$95,715,731 and \$60,300,000 of the revolving credit facilities balance were outstanding, respectively.

On August 16, 2021, the JPB replaced the existing Credit Facilities with two new Credit Facilities. The new Credit Facilities were issued in the amounts of \$100 million each for PCEP project funding (PCEP Credit Facility) and Working Capital funding (Working Capital Facility). The terms on the new Credit Facilities is set forth in the Fee and Pricing Agreements for each credit line. There are two ongoing fees associated with the revolving credit facilities: an undrawn and a draw fee. For those amounts available to the JPB but undrawn and not used at a particular time, the Lender will charge a commitment fee equal to 0.23 percent times the undrawn amount. For those amounts drawn and used under the revolving credit facility, the Lender will charge a draw fee (i.e., and interest rate). The draw fee for Tax Exempt draws is equal to the following formula: 0.80 percent times one month LIBOR, plus an Applicable Tax Exempt Margin times the Margin Rate Factor. At close of the Credit Facilities, the Applicable Tax Exempt Margin was 0.29% and the Margin Rate Factor was 1.0. The draw fee for Taxable draws is equal to the Applicable Taxable Margin plus one month LIBOR. As of August 16, 2021, the outstanding (drawn) revolving credit line balances were \$60.164 million for the PCEP Credit Facility and \$35.552 million for the Working Capital Facility.

SUPPLEMENTARY INFORMATION

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PENINSULA CORRIDOR JOINT POWERS BOARD

**SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENSES –
COMPARISON OF BUDGET TO ACTUAL (BUDGETARY BASIS)**

(in thousands)

FOR THE YEAR ENDED JUNE 30, 2022

	Budget (Unaudited)	Actual	Variance with Final Budget
OPERATING REVENUES:			
Passenger fares	\$ 34,639	\$ 33,236	\$ (1,403)
Parking, shuttle, and pass revenues	3,140	2,778	(361)
Advertising	510	412	(97)
Other	1,195	1,268	73
Total operating revenues	<u>39,484</u>	<u>37,694</u>	<u>(1,788)</u>
OPERATING EXPENSES:			
Contract services	116,291	124,425	(8,135)
Insurance	6,677	6,147	529
Fuel	12,435	13,491	(1,056)
Parking, shuttle, and pass expenses	4,073	3,254	819
Professional services	10,143	2,969	7,174
Wages and benefits	12,672	12,582	91
Utilities and supplies	2,740	5,118	(2,378)
Maintenance services	1,451	609	842
Temporary services, rent, and other	7,880	5,793	2,087
Total operating expenses	<u>174,362</u>	<u>174,388</u>	<u>(27)</u>
Operating loss	<u>(134,878)</u>	<u>(136,694)</u>	<u>(1,815)</u>
NONOPERATING REVENUES (EXPENSES):			
Federal, state, and local operating assistance	33,721	126,118	92,397
Transaction and use tax	86,577	112,620	26,043
Rental income	1,192	1,237	45
Investment income	210	73	(137)
Interest expense	(2,382)	(4,940)	(2,558)
Other income	709	3,172	2,463
Total nonoperating revenues, net	<u>120,027</u>	<u>238,280</u>	<u>(118,253)</u>
Net income (loss)	<u>(14,851)</u>	<u>101,586</u>	<u>116,438</u>
CAPITAL OUTLAY:			
Capital assistance	39,210	468,612	429,402
Capital debt financing	-	65,580	65,580
Capital expenditures	(39,210)	(534,193)	(494,983)
Net capital outlay	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Excess (Deficiency) of Revenues and Nonoperating Income over (under) Expenses, Capital Outlay, and Debt Principal Payment	<u>\$ (14,851)</u>	<u>\$ 101,585</u>	<u>\$ 116,437</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO SUPPLEMENTARY SCHEDULE FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The Peninsula Corridor Joint Powers Board (JPB) prepares its budget on a basis of accounting that differs from accounting principles generally accepted in the United States of America (GAAP). The actual results of operations are presented in the supplementary schedule on the budgetary basis to provide a meaningful comparison of actual results with budget. In addition, certain budget amounts have been reclassified to conform to the presentation of actual amounts in the supplementary schedule. Budgeted amounts presented are the final adopted budget. The primary difference between the budgetary basis of accounting and GAAP concerns capital assets. Depreciation and amortization expense per GAAP and amortization of lease are not budgeted and budgeted capital expenses are not recorded as an expense per GAAP. In addition, unrealized gains and losses under Governmental Accounting Standards Board (GASB) Statement No. 31 are not recognized on a budgetary basis as well as some long-term expenses such as bond related payments. The capital expense budget does not include the carry-over budget from 2021.

NOTE 2 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess of operating revenues and nonoperating revenues over expenses and capital outlay		\$ 101,585
Reconciling Items		
Capital expenditures	\$ 534,193	
Depreciation and amortization	(65,656)	
Capital debt financing	(65,580)	
GASB 31 unrealized gain/loss	(24)	
Bond premium amortization	630	
	<hr/>	
Subtotal reconciling items		<hr/> 403,563
Change in net position, GAAP basis		<hr/> <hr/> \$ 505,148

Section III

STATISTICAL

Financial Trends

- Net Position and Changes in Net Position

Revenue Capacity

- Revenue Base and Revenue Rate
- Principal Revenue Payers

Debt Capacity

- Ratio of Outstanding Debt
- Bonded Debt
- Direct and Overlapping Debt
- Debt Limitations
- Pledged Revenue Coverage
- Sales Tax Receipts

Demographics and Economic Information

- Population, Income, and Unemployment Rates
- Principal Employers

Operating Information

- Farebox Recovery and Passenger Miles
- Employees (Full-Time Equivalents)
- Capital Assets

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PENINSULA CORRIDOR JOINT POWERS BOARD

STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section of the Peninsula Corridor Joint Powers Board (JPB) Annual Comprehensive Financial Report represents detailed information as a context for understanding the information in the financial statements, note disclosures, and supplementary information for assessing the JPB's economic condition.

Financial Trends

These schedules contain trend information to assist readers in understanding and assessing how the JPB's financial position has changed over time.

Revenue Capacity

These schedules contain information to assist readers in understanding and assessing the factors affecting the JPB's ability to generate passenger fares.

Debt Capacity

These schedules assist readers in understanding and assessing the JPB's debt burden and its capacity to issue future debt.

Demographic and Economic Information

These schedules present socioeconomic indicators to assist readers in understanding the environment within which the JPB's financial activities take place.

Operating Information

These schedules contain contextual information about the JPB's operations and resources to assist readers in using financial statement information as a tool to understand and assess the JPB's economic condition.

PENINSULA CORRIDOR JOINT POWERS BOARD

**FINANCIAL TRENDS – NET POSITION AND CHANGES IN NET POSITION
FISCAL YEARS 2013 THROUGH 2022 (in thousands)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:				
Passenger fares	\$ 33,236	\$ 32,440	\$ 76,094	\$ 102,668
Parking, shuttle, and pass revenues	2,778	1,547	6,045	7,894
Advertising	412	114	1,469	1,050
Other	1,268	1,108	849	1,165
Total operating revenues	<u>37,694</u>	<u>35,209</u>	<u>84,457</u>	<u>112,777</u>
OPERATING EXPENSES:				
Contract services	124,425	122,030	107,037	99,541
Insurance	6,147	8,473	4,166	4,129
Fuel	13,491	7,088	9,311	11,184
Parking, shuttle, and pass expenses	3,254	3,211	5,591	5,280
Professional services	2,969	11,061	5,535	2,068
Wages and benefits	12,582	13,068	17,355	16,765
Utilities and supplies	5,118	2,083	2,059	2,189
Maintenance services	609	503	1,391	1,643
Temporary services, rent, and other	5,793	3,330	4,579	4,528
Total operating expenses	<u>174,388</u>	<u>170,847</u>	<u>157,024</u>	<u>147,327</u>
Operating loss before depreciation and amortization	(136,694)	(135,639)	(72,567)	(34,550)
Depreciation and amortization	(65,656)	(65,112)	(66,966)	(78,890)
Operating loss	<u>(202,350)</u>	<u>(200,750)</u>	<u>(139,533)</u>	<u>(113,440)</u>
NONOPERATING REVENUES:				
Federal, state, and local operating assistance	126,118	129,634	63,044	35,070
Transaction and use tax	112,620	-	-	-
Rental income	1,237	1,125	534	1,901
Investment income	679	334	495	714
Other income	3,172	4,085	1,201	3,210
Total nonoperating revenues	<u>243,826</u>	<u>135,178</u>	<u>65,274</u>	<u>40,895</u>
NONOPERATING EXPENSES:				
Interest expense	(4,940)	(2,890)	(2,642)	(3,222)
Total nonoperating expenses	<u>(4,940)</u>	<u>(2,890)</u>	<u>(2,642)</u>	<u>(3,222)</u>
Net loss before capital contributions	36,536	(68,462)	(76,901)	(75,767)
Capital contributions	468,612	434,567	361,303	405,162
Change in net position	505,148	366,105	284,402	329,393
NET POSITION:				
Beginning of year	2,723,219	2,355,685	2,071,282	1,741,889
Prior period adjustment per GASB 87 ^[1]	-	1,429	-	-
Beginning of year, as restated	<u>2,723,219</u>	<u>2,357,114</u>	<u>2,071,282</u>	<u>1,741,889</u>
End of year	<u>\$ 3,228,367</u>	<u>\$ 2,723,219</u>	<u>\$ 2,355,685</u>	<u>\$ 2,071,282</u>
COMPONENTS OF NET POSITION:				
Net investment in capital assets	\$ 2,947,760	\$ 2,652,168	\$ 2,312,715	\$ 2,030,255
Restricted	-	-	-	-
Unrestricted	280,607	71,051	42,970	41,027
Net position, end of year	<u>\$ 3,228,367</u>	<u>\$ 2,723,219</u>	<u>\$ 2,355,685</u>	<u>\$ 2,071,282</u>

[1] Per Governmental Accounting Standards Board (GASB) Statement No. 87 effective as of fiscal year 2021, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Source: Current and prior years' Annual Comprehensive Financial Reports.

This table presents revenues and expenses, contributions, depreciation and amortization, and net position components.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 97,050	\$ 92,429	\$ 86,959	\$ 83,351	\$ 74,846	\$ 68,767
7,790	7,911	7,226	5,990	5,859	5,275
1,016	370	190	227	86	308
1,180	1,321	1,057	1,194	1,354	1,196
<u>107,036</u>	<u>102,031</u>	<u>95,432</u>	<u>90,762</u>	<u>82,145</u>	<u>75,546</u>
92,899	89,639	82,942	78,240	75,238	65,485
1,188	7,105	35	6,593	3,874	5,186
10,322	8,613	8,312	12,118	14,797	15,350
5,916	5,629	6,104	5,316	5,476	5,756
2,178	1,514	1,618	1,255	1,322	1,098
13,911	13,561	12,943	11,501	10,668	9,322
2,063	2,179	2,172	2,068	1,524	1,726
1,668	1,508	1,054	1,039	1,007	1,011
2,782	2,886	2,664	1,981	1,854	2,117
<u>132,927</u>	<u>132,634</u>	<u>117,844</u>	<u>120,110</u>	<u>115,760</u>	<u>107,051</u>
(25,891)	(30,603)	(22,412)	(29,348)	(33,616)	(31,506)
<u>(100,097)</u>	<u>(83,922)</u>	<u>(93,540)</u>	<u>(75,300)</u>	<u>(73,452)</u>	<u>(59,968)</u>
<u>(125,988)</u>	<u>(114,525)</u>	<u>(115,952)</u>	<u>(104,648)</u>	<u>(107,068)</u>	<u>(91,474)</u>
25,346	25,489	25,078	27,578	29,522	39,165
-	-	-	-	-	-
2,070	1,861	1,781	1,764	1,728	1,783
93	28	111	242	206	128
1,198	2,413	613	1,007	4,044	2,137
<u>28,707</u>	<u>29,791</u>	<u>27,583</u>	<u>30,590</u>	<u>35,500</u>	<u>43,213</u>
<u>(1,501)</u>	<u>(1,302)</u>	<u>(1,301)</u>	<u>(1,192)</u>	<u>(1,120)</u>	<u>(1,120)</u>
<u>(1,501)</u>	<u>(1,302)</u>	<u>(1,301)</u>	<u>(1,192)</u>	<u>(1,120)</u>	<u>(1,120)</u>
(98,782)	(86,036)	(89,670)	(75,250)	(72,688)	(49,383)
<u>321,303</u>	<u>246,767</u>	<u>131,329</u>	<u>115,225</u>	<u>111,349</u>	<u>87,385</u>
222,521	160,731	41,659	39,975	38,661	38,002
1,519,366	1,358,635	1,316,975	1,277,001	1,238,339	1,200,336
-	-	-	-	-	-
<u>1,519,366</u>	<u>1,358,635</u>	<u>1,316,975</u>	<u>1,277,001</u>	<u>1,238,339</u>	<u>1,200,336</u>
<u>\$ 1,741,889</u>	<u>\$ 1,519,366</u>	<u>\$ 1,358,635</u>	<u>\$ 1,316,975</u>	<u>\$ 1,277,001</u>	<u>\$ 1,238,339</u>
\$ 1,707,243	\$ 1,484,730	\$ 1,323,485	\$ 1,282,932	\$ 1,246,218	\$ 1,208,591
-	-	-	-	-	-
34,646	34,636	35,150	34,043	30,783	29,748
<u>\$ 1,741,889</u>	<u>\$ 1,519,366</u>	<u>\$ 1,358,635</u>	<u>\$ 1,316,975</u>	<u>\$ 1,277,001</u>	<u>\$ 1,238,339</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

**REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE
FISCAL YEARS 2013 THROUGH 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Passenger fares (in thousands)	\$ 33,236	\$ 32,440	\$ 76,094	\$ 102,668
Revenue Base				
Number of passengers (in thousands)	3,507	1,296	13,684	17,797
Source: National Transit Database (NTD)				
Four-zone fare structure				
Full adult fare:				
One-way (Ticket Machine)	\$ 10.50	\$ 10.50	\$ 10.50	\$ 10.50
One-way (Clipper Card)	10	-	-	-
Day Pass	21.00	21.00	21.00	21.00
8-ride ^[1]	-	-	-	-
Monthly Pass	238.80	298.50	298.50	298.50
Eligible discount fare:				
One-way (Ticket Machine)	\$ 4.75	\$ 4.75	\$ 4.75	\$ 4.75
One-way (Clipper Card)	5	-	-	-
Day Pass	10.50	10.50	10.50	10.50
8-ride ^[1]	-	-	-	-
Monthly pass	110.40	138.00	138.00	138.00

[1] 8-ride tickets replaced 10-ride tickets effective on March 2, 2009. 8-ride tickets were discontinued on October 1, 2017.

Source: Annual Comprehensive Financial Reports, Caltrain codified tariff, and Caltrain board reports on passenger counts; National Transit Database.

This table presents passenger fares, number of passengers, and four-zone revenue fare structure.

	2018	2017	2016	2015	2014	2013
\$	97,050	\$ 92,429	\$ 86,959	\$ 83,351	\$ 74,846	\$ 68,767
	18,944	18,743	19,233	18,567	17,029	15,596
\$	10.50	\$ 9.75	\$ 9.75	\$ 9.25	\$ 9.25	\$ 8.75
	-	-	-	-	-	-
	21.00	19.50	19.50	18.50	18.50	17.50
	-	68.10	68.10	64.75	64.75	59.50
	278.60	243.80	243.80	232.00	232.00	232.00
\$	4.75	\$ 4.75	\$ 4.75	\$ 4.50	\$ 4.50	\$ 4.25
	-	-	-	-	-	-
	10.50	9.75	9.75	9.25	9.25	8.75
	-	34.05	34.05	32.25	32.25	29.75
	128.80	121.90	121.90	116.00	116.00	116.00

PENINSULA CORRIDOR JOINT POWERS BOARD

**REVENUE CAPACITY – PRINCIPAL REVENUE PAYERS
FISCAL YEAR ENDED JUNE 30, 2022**

The JPB does not have major revenue payers as most of the operating revenues are derived from passenger fares.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY – RATIO OF OUTSTANDING DEBT
FISCAL YEARS 2013 THROUGH 2022 (in thousands)**

Fiscal Year	Revenue Bonds (in thousands)^[1]	Personal Income for San Mateo County^[2]	As a Percent of Personal Income
2022	\$ 225,320	\$ 112,335,753	0.201%
2021	54,890	109,063,837	0.057%
2020	55,153	105,887,221	0.059%
2019	55,417	102,803,127	0.054%
2018	34,496	98,568,258	0.035%
2017	34,514	90,766,229	0.038%
2016	34,532	82,680,553	0.042%
2015	34,551	78,524,600	0.044%
2014	23,564	71,027,331	0.033%
2013	23,569	65,680,513	0.036%

[1] Source: Current and prior years' Annual Comprehensive Financial Reports.

[2] Data include retroactive revisions by the U.S. Department of Commerce, Bureau of Economic Analysis. Personal Income and Per Capital Personal Income data for 2020, 2021, and 2022 are based on an estimated three percent annual increase over 2019.

Source data for table is FY21 San Mateo County ACFR.

This table presents the capacity of the JPB to issue Revenue Bonds based on the total personal income for San Mateo County.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY – BONDED DEBT
FISCAL YEARS 2013 THROUGH 2022 (in thousands)**

Fiscal Year	Revenue Bonds	Operating Contributions / Transaction and Use Tax	As a Percent of Operating Contributions / Transaction and Use Tax
2022	\$ 225,320	\$ 112,620	200.1%
2021	54,890	28,538	192.3%
2020	55,153	28,035	196.7%
2019	55,417	25,448	217.8%
2018	34,496	20,448	168.7%
2017	34,514	20,448	168.8%
2016	34,532	19,727	175.0%
2015	34,551	19,829	174.2%
2014	23,564	17,236	136.7%
2013	23,569	33,500	70.4%

Source: Current and prior years' Annual Comprehensive Financial Reports.

This table presents the capacity of the JPB to issue Revenue Bonds based on the total member contributions from the District, VTA, and CCSF prior to fiscal year 2022 and the Measure RR transaction and use tax since fiscal year 2022.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT
FISCAL YEAR ENDED JUNE 30, 2022**

The JPB does not have overlapping debt with other governmental agencies.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY – DEBT LIMITATIONS
FISCAL YEAR ENDED JUNE 30, 2022**

The JPB does not have a legal debt limit.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY – PLEDGED REVENUE COVERAGE
FISCAL YEARS 2013 THROUGH 2022 (in thousands)**

Fiscal Year	Pledged Revenue	Debt Service (Farebox Revenue Bonds)			Debt Coverage
		Principal	Interest	Total	
2022	\$ 37,694	\$ 1,120	\$ 2,354	\$ 3,474	11
2021	35,206	-	2,382	2,382	15
2020	84,458	-	2,283	2,283	37
2019	112,777	-	1,451	1,451	78
2018	107,036	-	1,282	1,282	83
2017	102,031	-	1,292	1,292	79
2016	95,433	-	1,282	1,282	74
2015	90,763	-	1,148	1,148	79
2014	82,145	-	1,103	1,103	74
2013	75,546	-	1,103	1,103	68

Year	Pledged Revenue	Debt Service (Measure RR Sales Tax Revenue Bonds)			Debt Coverage
		Principal	Interest	Total	
2022	\$ 112,620	\$ -	\$ 1,731	\$ 1,731	65

Source: Current and prior years' Annual Comprehensive Financial Reports.

These tables present the relationship between total farebox and Measure RR transaction and use tax revenues and total principal and interest payments, as well as the JPB's ability to meet its debt obligations.

PENINSULA CORRIDOR JOINT POWERS BOARD

**SALES TAX RECEIPTS – COUNTY OF SAN MATEO
FISCAL YEARS 2021 AND 2012 (in thousands)**

Major Industry Group	2021			2012		
	Rank	Percent of Sales Receipts	Amount	Rank	Percent of Sales Receipts	Amount
County and State Pool	1	25.1%	\$ 44,953	6	10.8%	\$ 14,677
General Consumer Goods	2	16.8%	30,063	1	22.4%	30,478
Autos and Transportation	3	15.4%	27,466	2	15.5%	21,087
Business and Industry	4	14.0%	25,014	3	13.9%	18,977
Building and Construction	5	9.4%	16,889	7	7.6%	10,396
Restaurants and Hotels	6	9.2%	16,520	4	12.3%	16,764
Food and Drugs	7	5.1%	9,201	8	5.4%	7,353
Fuel and Service Stations	8	4.8%	8,547	5	12.1%	16,429
Transfers and Unidentified	9	0.1%	256	9	0.0%	2
Total			\$ 178,909			\$ 136,163

Source: County-wide sales tax receipts provided for the County of San Mateo by Major Industry Group by Hinderliter, de Llamas and Associates (HDL)

PENINSULA CORRIDOR JOINT POWERS BOARD

**SALES TAX RECEIPTS – CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2021 AND 2012 (in thousands)**

Major Industry Group	2021			2012		
	Rank	Percent of Sales Receipts	Amount	Rank	Percent of Sales Receipts	Amount
County and State Pool	1	30.2%	\$ 44,750	3	13.4%	\$ 21,071
General Consumer Goods	2	19.9%	29,502	1	28.2%	44,273
Restaurants and Hotels	3	14.9%	22,069	2	24.4%	38,328
Business and Industry	4	10.4%	15,392	4	11.5%	17,969
Building and Construction	5	7.4%	10,959	8	4.6%	7,245
Food and Drugs	6	7.2%	10,652	6	6.2%	9,681
Autos and Transportation	7	6.6%	9,804	7	4.7%	7,332
Fuel and Service Stations	8	3.1%	4,579	5	7.0%	11,000
Transfers and Unidentified	9	0.3%	389	9	0.0%	1
Total			\$ 148,096			\$ 156,900

Source: County-wide sales tax receipts provided for the City and County of San Francisco by Major Industry Group by Hinderliter, de Llamas and Associates (HDL)

PENINSULA CORRIDOR JOINT POWERS BOARD

**SALES TAX RECEIPTS – COUNTY OF SANTA CLARA
FISCAL YEARS 2021 AND 2012 (in thousands)**

Major Industry Group	2021			2012		
	Rank	Percent of Sales Receipts	Amount	Rank	Percent of Sales Receipts	Amount
Business and Industry	1	31.9%	\$ 159,940	1	25.6%	\$ 89,855
County and State Pool	2	20.9%	104,875	3	13.0%	45,747
General Consumer Goods	3	12.5%	62,604	2	21.2%	74,578
Autos and Transportation	4	12.4%	62,309	4	11.0%	38,629
Restaurants and Hotels	5	7.5%	37,770	5	10.2%	35,733
Building and Construction	6	7.4%	37,123	7	6.3%	22,286
Fuel and Service Stations	7	3.7%	18,386	6	8.5%	29,742
Food and Drugs	8	3.6%	17,922	8	4.1%	14,378
Transfers and Unidentified	9	0.1%	657	9	0.0%	21
Total			<u>\$ 501,586</u>			<u>\$ 350,969</u>

Source: County-wide sales tax receipts provided for the County of Santa Clara by Major Industry Group by Hinderliter, de Llamas and Associates (HDL)

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND
UNEMPLOYMENT RATES – COUNTY OF SAN MATEO
FISCAL YEARS 2013 THROUGH 2022**

Fiscal Year	Population ^[1]	Total Personal Income (in millions) ^[2]	Per Capita Personal Income ^[2]	Average Unemployment Rates ^[3]
2022	765,551 *	\$ 112,336 *	\$ 146,542 *	2.0%
2021	765,245	109,064 *	142,274 *	5.0%
2020	771,061	105,887 *	138,130 *	10.8%
2019	774,231	102,803	134,107	2.2%
2018	772,372	98,568	128,230	2.5%
2017	770,256	90,766	118,047	2.9%
2016	765,895	82,681	107,670	3.3%
2015	759,155	78,525	102,639	3.3%
2014	758,581	71,027	93,802	4.2%
2013	750,489	65,656	87,501	5.7%

[1] Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

[2] Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

[3] Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.

*2022 Population growth is based on 0.4% growth from 2021.

*Personal Income and Per Capita Personal Income data for 2020, 2021, and 2022 is based on an estimated three percent annual increase over 2019. Source data for table is fiscal year 2021 San Mateo County Annual Comprehensive Financial Report.

Source: County of San Mateo fiscal year 2021 Annual Comprehensive Financial Report.

This table highlights San Mateo County’s total population, total personal and per capita income, and percentage of unemployed residents.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND
UNEMPLOYMENT RATES – CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2013 THROUGH 2022**

Fiscal Year	Population ^[1]	Total Personal Income (in millions) ^[2]	Per Capita Personal Income ^[2]	Average Unemployment Rates ^[3]
2022	852,257 *	\$ 151,888 *	\$ 178,290 *	2.2%
2021	851,916	147,464	173,097	6.9%
2020	866,606	133,474	154,019	4.8%
2019	881,549	122,892	139,405	2.3%
2018	880,696	115,445	131,083	2.6%
2017	879,166	106,007	120,576	3.1%
2016	876,103	96,161	109,760	3.4%
2015	862,004	89,533	103,867	4.0%
2014	852,469	77,233	90,600	5.2%
2013	841,138	72,858	86,619	6.5%

[1] Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

[2] Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

[3] Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.

*2022 Population growth is based on 0.4% growth from 2021.

*Personal Income and Per Capita Personal Income data for 2022 is based on an estimated three percent annual increase over 2021.

Source: Fiscal year 2021 San Francisco County Annual Comprehensive Financial Report.

This table highlights the City and County of San Francisco’s total population, total personal and per capita income, and percentage of unemployed residents.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND
UNEMPLOYMENT RATES – COUNTY OF SANTA CLARA
FISCAL YEARS 2013 THROUGH 2022**

<u>Year</u>	<u>Population</u> ^[1]	<u>Total Personal Income (in millions)</u> ^[2]	<u>Per Capita Personal Income</u> ^[2]	<u>Average Unemployment Rates</u> ^[3]
2022	1,934,945 *	\$ 244,361	\$ 126,753	2.2%
2021	1,934,171	237,243	123,061	5.2%
2020	1,961,969	230,333	119,477	10.7%
2019	1,954,286	223,625	115,997	2.6%
2018	1,956,598	209,020	107,877	2.9%
2017	1,938,180	190,002	98,032	3.5%
2016	1,927,888	170,673	88,920	4.0%
2015	1,889,638	158,729	82,756	4.6%
2014	1,868,558	141,874	74,883	6.1%
2013	1,842,254	130,624	70,151	7.6%

[1] Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

[2] U.S. Department of Commerce - Bureau of Economic Analysis. Actual data is available through 2019. Years 2020, 2021, and 2022 data are preliminary and assume a 3% increase over prior year.

[3] California Employment Development Department.

Source: County of Santa Clara fiscal year 2021 Annual Comprehensive Financial Reports.

This table highlights Santa Clara County’s total personal and per capita income, and percentage of employed residents.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS –
COUNTY OF SAN MATEO
FISCAL YEARS 2020 AND 2012**

<u>Employers in San Mateo County</u>	<u>Business Type</u>	<u>2020*</u>			<u>2012</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>
Facebook Inc.	Social Network	17,000	1	4.14%			
Genentech Inc.	Biotechnology	12,000	2	2.93%	8,800	2	2.37%
United Airlines	Airline	7,894	3	1.92%	9,000	1	2.43%
Oracle Corp.	Hardware and Software	7,656	4	1.87%	7,000	3	1.89%
County of San Mateo	Government	5,683	5	1.39%	5,836	4	1.57%
Gilead Sciences Inc	Biotechnology	4,190	6	1.02%	2,147	10	0.58%
YouTube	Online Video-Streaming Platform	2,384	7	0.58%			
Sony Interactive Entertainment	Interactive Entertainment	1,855	8	0.45%			
Robert Half International Inc.	Personnel Services	1,642	9	0.40%			
Alaska Airlines	Airline	1,591	10	0.39%			
Kaiser Permanente	Health Care				3,927	5	1.06%
Visa USA/Visa International	Global Payments Technology				3,707	6	1.00%
Dignity Health	Health Care				2,832	7	0.76%
Mills-Peninsula Health Services	Health Care				2,500	8	0.67%
Safeway Inc	Retail Grocer				2,250	9	0.61%
Total		61,895		15.09%	47,999		12.94%

* The latest information available for principal employers in San Mateo County.

Source: San Francisco Business Times - 2021 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the fiscal year 2021 County of San Mateo Annual Comprehensive Financial Report.

This table presents the top 10 principal employers in San Mateo County for 2020 and 2012.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS – CITY
AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2020 AND 2011**

Employers in San Francisco City and County	2020*			2011		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
City and County of San Francisco	36,822	1	6.77%	24,805	1	5.30%
University of California, San Francisco	29,475	2	5.42%	22,493	2	4.81%
Salesforce	9,450	3	1.74%	9,157	3	1.96%
San Francisco Unified School District	9,047	4	1.66%			
Wells Fargo & Co	7,021	5	1.29%	8,329	4	1.78%
Sutter Health	6,134	6	1.13%			
Uber Technologies Inc.	5,500	7	1.01%			
Kaiser Permanente	4,635	8	0.85%	3,537	10	0.76%
PG&E Corporation	3,500	9	0.64%	4,340	8	0.93%
Allied Universal	3,475	10	0.63%			
California Pacific Medical Center Gap, Inc.				6,200	5	1.33%
State of California				6,000	6	1.28%
San Francisco State University				4,429	7	0.95%
				3,544	9	0.76%
Total	<u>115,059</u>		<u>21.14%</u>	<u>92,834</u>		<u>19.86%</u>
Total City and County Employment	<u>544,275</u>			<u>468,019</u>		

* The latest information available for principal employers in San Francisco County.

Source: Fiscal year 2021 County of San Francisco Annual Comprehensive Financial Report. City and County of San Francisco data is provided by Office of the Controller's Payroll and Personnel Services Division. The University of California, SF data is from the Data Source Corporate Personnel Data Warehouse. All other data is obtained from the San Francisco Business Times Book of Lists.

This table presents the top 10 principal employers in San Francisco County for 2020 and 2011.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS –
COUNTY OF SANTA CLARA
FISCAL YEARS 2021 AND 2012**

Company or Organization	2021*			2012		
	Estimated Number of Employees	Rank	Percent of Total County Employment	Estimated Number of Employees	Rank	Percent of Total County Employment
Apple Inc.	25,000	1	2.60%	12,000	3	1.43%
Google LLC	25,000	2	2.60%	7,000	8	n/a
County of Santa Clara	20,368	3	2.15%	15,219	2	1.82%
Stanford University	15,314	4	1.59%	10,223	4	1.22%
Stanford Health Care (formerly Hospital & Clinics)	14,574	5	1.52%	5,813	9	1.01%
Tesla Motors Inc.	13,000	6	1.35%	n/a		n/a
Cisco Systems Inc.	12,740	7	1.32%	17,419	1	2.08%
Kaiser Permanente Northern California	12,442	8	1.29%	8,435	5	1.01%
City of San Jose	7,641	9	0.79%	5,400	10	0.65%
Intel Corporation	7,143	10	0.74%	7,001	7	0.84%
Lockheed Martin Space Systems Co.	n/a		n/a	7,383	6	0.88%
Total - Top 10 Employers	<u>153,222</u>			<u>95,893</u>		
Total County Employment	<u>961,700</u>			<u>837,200</u>		

* The latest information available for principal employers in Santa Clara County.

Source: County Employment Data is from California Employee Development Department. Fiscal year 2021 estimated number of employees is from Silicon Valley/San Jose Business Journal July 9-15-2021 from the fiscal year 2021 County of Santa Clara Annual Comprehensive Financial Report.

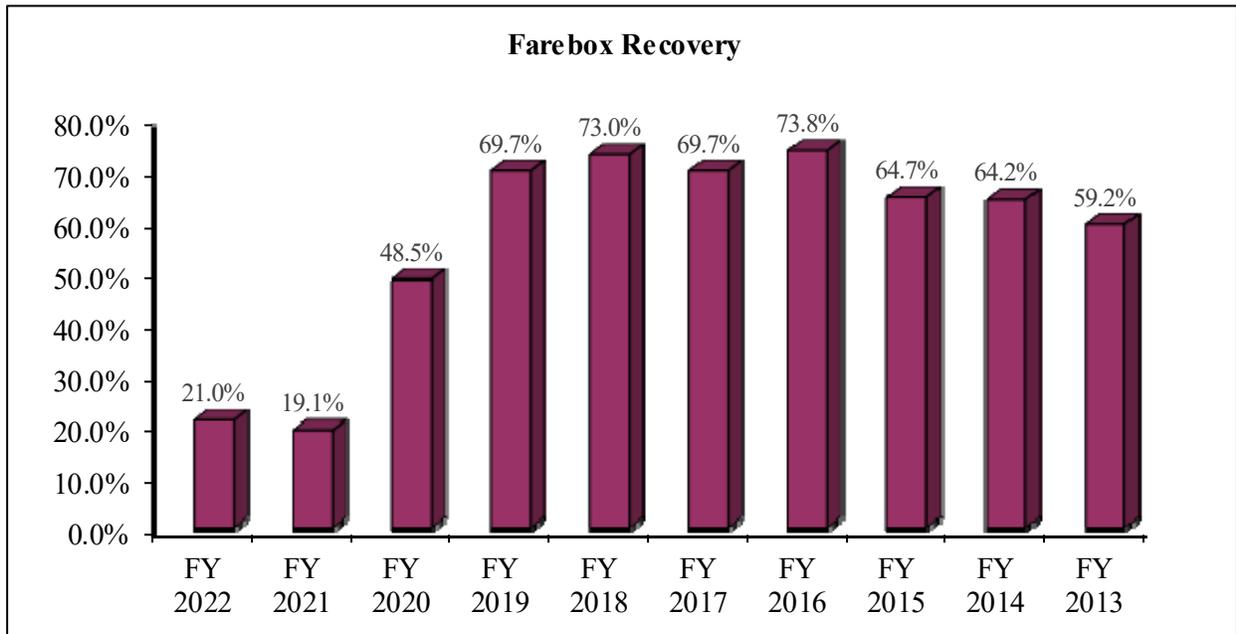
This table lists the top 10 principal employers in Santa Clara County for 2021 and 2012.

PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION – FAREBOX RECOVERY AND PASSENGER MILES FISCAL YEARS 2013 THROUGH 2022

FAREBOX RECOVERY

Farebox recovery table shows the relationship between total passenger fares and operating expenses. The Board of Directors (Board) adopted a farebox recovery rate goal minimum of 65 percent effective December 2018.

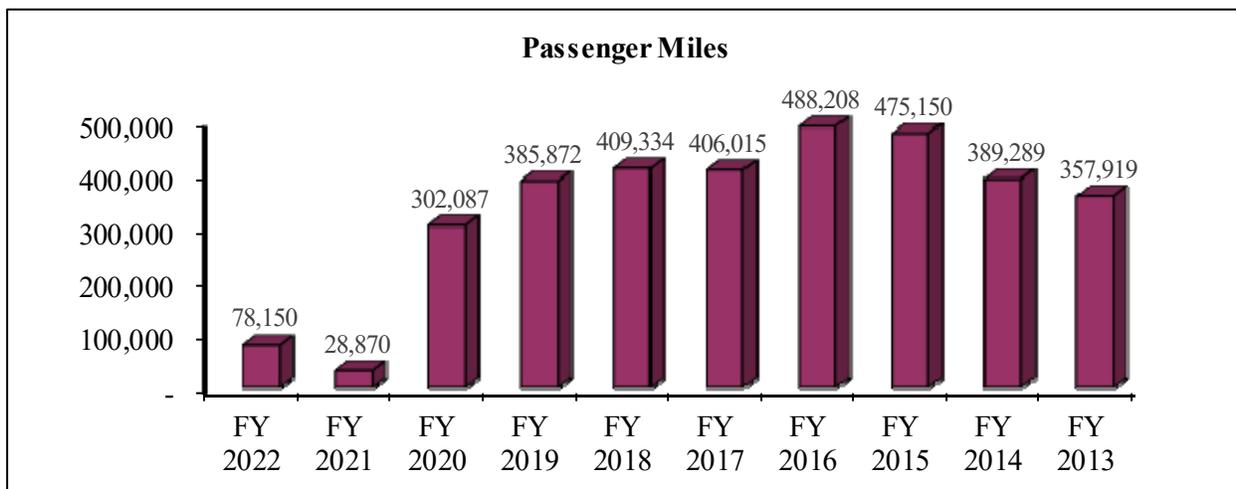


PASSENGER MILES

(in thousands)

Total passenger miles

Caltrain moved to a 104 weekday train schedule at the end of August 2021.



Source: The JPB's National Transportation Database.

PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION – EMPLOYEES (FULL-TIME EQUIVALENTS) FISCAL YEARS 2013 THROUGH 2022

DIVISION	FULL-TIME EQUIVALENTS (FTEs)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXECUTIVE	0.90	0.90	0.90	0.52	0.52	0.56	0.70	0.76	0.85	0.87
PUBLIC AFFAIRS	-	-	-	-	-	-	5.35	4.80	4.80	4.00
OPERATIONS, ENGINEERING, AND CONSTRUCTION	94.12	95.19	79.13	84.38	62.60	42.88	51.64	49.64	47.81	43.35
PLANNING AND DEVELOPMENT	7.79	8.08	8.09	7.00	6.70	8.45	6.43	5.95	6.40	3.04
FINANCE AND ADMINISTRATION	26.21	27.74	28.96	28.10	29.86	33.71	29.44	29.40	31.00	33.71
CALTRAIN MODERNIZATION PROGRAM	9.00	9.00	9.00	9.00	17.45	8.25	9.95	5.95	4.95	3.50
CUSTOMER SERVICE AND MARKETING	18.20	18.41	17.34	15.09	16.79	24.01	11.27	11.14	14.61	12.56
TOTAL FTEs	156.22	159.32	143.42	144.09	133.92	117.85	114.78	107.64	110.42	101.03

Note: The JPB went through a reorganization in fiscal year 2010; Caltrain Modernization Program division was added in fiscal year 2013 as a replacement for the Peninsula Rail department.

Source: The JPB's annual capital and operating budget.

This table presents the total full-time equivalents (FTEs) by division.

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PENINSULA CORRIDOR JOINT POWERS BOARD

**OPERATING INFORMATION – CAPITAL ASSETS (in thousands)
FISCAL YEARS 2013 THROUGH 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Depreciable and amortized capital assets				
Right-of-way improvements	\$ 1,199,128	\$ 1,188,736	\$ 1,192,985	\$ 1,183,600
Rail vehicles	338,072	337,025	333,025	333,787
Facilities and equipment	145,177	145,065	145,121	136,599
Office equipment	13,750	13,767	13,354	14,529
	<u>1,696,127</u>	<u>1,684,593</u>	<u>1,684,485</u>	<u>1,668,515</u>
Total depreciable and amortized capital assets				
Accumulated depreciation and amortization				
Right-of-way improvements	(761,680)	(710,610)	(666,113)	(632,433)
Rail vehicles	(273,766)	(265,139)	(258,608)	(246,236)
Facilities and equipment	(78,725)	(74,279)	(70,530)	(66,271)
Office equipment	(13,467)	(13,306)	(13,229)	(13,927)
	<u>(1,127,638)</u>	<u>(1,063,334)</u>	<u>(1,008,480)</u>	<u>(958,867)</u>
Total accumulated depreciation and amortization				
Nondepreciable capital assets				
Right-of-way	236,968	236,968	236,340	233,711
Construction in progress	2,424,021	1,840,831	1,447,512	1,124,618
Intangible asset - Trackage Rights*	8,000	8,000	8,000	8,000
	<u>2,668,989</u>	<u>2,085,799</u>	<u>1,691,852</u>	<u>1,366,329</u>
Total nondepreciable capital assets				
Capital assets, net	<u>\$ 3,237,478</u>	<u>\$ 2,707,058</u>	<u>\$ 2,367,857</u>	<u>\$ 2,075,977</u>

*Per GASB Statement No. 51 effective as of fiscal year 2009, Trackage Rights are a nondepreciable capital asset. The activity for fiscal year 2009 has been restated to reflect the change.

Source: Annual Comprehensive Financial Reports.

This table presents the total nondepreciable capital assets, total depreciable capital assets, and total accumulated depreciation and amortization.

2018	2017	2016	2015	2014	2013
\$ 1,170,025	\$ 1,131,890	\$ 1,033,142	\$ 972,866	\$ 804,003	\$ 739,383
333,572	312,738	300,680	284,023	284,128	285,040
130,231	130,942	128,365	128,584	127,653	127,568
18,129	2,669	1,085	1,084	869	860
<u>1,651,957</u>	<u>1,578,239</u>	<u>1,463,272</u>	<u>1,386,557</u>	<u>1,216,653</u>	<u>1,152,851</u>
(579,398)	(515,275)	(452,151)	(399,280)	(341,424)	(293,985)
(230,537)	(206,161)	(190,840)	(161,494)	(149,882)	(137,309)
(61,357)	(57,522)	(52,459)	(48,396)	(43,790)	(39,743)
(9,105)	(1,342)	(928)	(854)	(648)	(672)
<u>(880,397)</u>	<u>(780,300)</u>	<u>(696,378)</u>	<u>(610,024)</u>	<u>(535,744)</u>	<u>(471,709)</u>
226,973	226,972	226,972	226,972	226,893	226,893
735,025	486,333	356,152	305,977	354,256	316,125
8,000	8,000	8,000	8,000	8,000	8,000
<u>969,998</u>	<u>721,305</u>	<u>591,124</u>	<u>540,949</u>	<u>589,149</u>	<u>551,018</u>
<u>\$ 1,741,558</u>	<u>\$ 1,519,244</u>	<u>\$ 1,358,017</u>	<u>\$ 1,317,482</u>	<u>\$ 1,270,058</u>	<u>\$ 1,232,160</u>

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