Peninsula Corridor Joint Powers Board
San Carlos, California

Caltrain

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, 2025 and 2024

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PENINSULA CORRIDOR JOINT POWERS BOARD

San Carlos, California

Annual Comprehensive Financial Report
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Prepared by the Finance Division

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INTRODUCTORY

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November 24, 2025

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, 2025 (FY25)

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Peninsula Corridor Joint Powers Board (JPB or Caltrain) for the period from July 1, 2024 through June 30, 2025 (FY25). The JPB is the governing body for the Caltrain commuter rail transit service between San Francisco and Gilroy. This transmittal letter provides a summary of Caltrain's finances, services, achievements, and economic prospects for readers without a technical background in accounting or finance. FY25 reflects continued challenges as Caltrain moves forward in its ridership and fare revenue recovery from the pandemic. This letter will address those impacts where appropriate.

Management assumes sole responsibility for all the information contained in this report, including the presentation and the adequacy of all 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 Caltrain's assets from potential losses, 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 Caltrain'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, Caltrain contracted for independent auditing services from Brown Armstrong Accountancy Corporation, a certified public accounting (CPA) firm licensed to practice in the State of California. The auditor expressed an opinion that the Caltrain'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.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

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. JPB owns and operates the rail system that has been a central part of Peninsula communities since 1865. Caltrain currently serves 31 stations and operates on 77 miles track from San Francisco to Gilroy, of which JPB owns 51 miles of the track and Union Pacific Railroad (UP) owns 26 miles. Serving 20 cities within San Francisco, San Mateo, and Santa Clara counties, Caltrain provides crucial connections to other transit services throughout the corridor.

Core Values

The JPB is dedicated to providing a safe, reliable, and sustainable passenger transportation service that enhances the quality of life for all. Our core values of safety, excellence, resilience, integrity, equity and inclusion, and sustainability guide everything Caltrain does. The railroad prioritizes safety, first and always, for passengers and employees, strives for operational excellence, and ensures resilience through continuous improvement and innovation. The JPB operates with integrity, fostering trust and transparency, and is committed to equity and inclusion, ensuring all individuals have access to our services. Additionally, the railroad focuses on sustainability, implementing environmentally responsible practices to support the region's long-term health and economic vitality.

Entity

The JPB is a joint powers authority (JPA) formed by and among three member agencies - the San Mateo County Transit District (District), the Santa Clara Valley Transportation Authority (VTA), and the City and County of San Francisco (CCSF), pursuant to California Government Code sections 6500 et seq. The JPB is legally and financially independent from its three member agencies 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. Southern Pacific operated the trains while receiving subsidies to cover its operating costs from Caltrans and the three member agencies, with Caltrans providing contract administration, service planning, marketing, engineering, scheduling, fare management, customer support, and performance monitoring.

In 1988, CCSF, the 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 holds title to all right-of-way property located in the County of San Francisco and the County of Santa Clara. The District is in the process re-conveying its tenancy-in-common interest to the JPB, pursuant to a 2022 Memorandum of Understanding (MOU) discussed below. The JPB also holds trackage rights over the UP-owned rail line from San Jose to Gilroy, which 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 JPB subsequently awarded a new operating contract to Transit America Services, Inc. (TASI) in 2011. 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 to complete construction of the federally funded corridor electrification project and begin electrified services.

Over the years, Caltrain has 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 as measured by farebox recovery.

Caltrain currently operates 112 weekday trains (104 electric trains between San Jose and San Francisco, and 8 diesel trains with a transfer at San Jose Diridon for Gilroy). Caltrain operates 66 trains on both Saturday and Sunday between San Francisco and San Jose.

On weekdays, Caltrain operates 14 express, 15 limited-stops, 75 local, and 8 south county connector trains. On both Saturdays and Sundays, Caltrain operates all local service trains. Weekend service consists of all local trains. Caltrain uses 7-car electric trains for all-day service and 3-car diesel trains for the Gilroy service.

On September 21, 2024, Caltrain implemented electrified service along the JPB right of way between San Francisco and San Jose. In addition to faster commute times and increased frequency, the schedule also features simplified service patterns, a new train numbering system, and an expedited transfer at San Jose Diridon for South County riders. The electrified service plan provides service from San Francisco to San Jose in an hour, trains every 30 minutes on weekends, middays, and evenings, and trains every 15-20 minutes during peak hours at 16 stations. Local service times were reduced from 100 minutes to 77 minutes and riders taking the South County Connector from stations south of Tamien save up to 20 minutes. The state-of-the-art electric vehicles accelerate and decelerate faster than the diesel fleet and provide a smoother ride, free wi-fi, outlets at every seat, spacious accessible restrooms, and digital displays with trip information.

Since implementing its new electrified service plan in September 2024, ridership has grown substantially to nearly 65% of pre-pandemic weekday levels as of June 2025. As of May 2025, Caltrain achieved a farebox recovery rate of 32%, one of the highest among the transit agencies in the country.

A Ridership Recovery Task Force was created to develop specific customer acquisition strategies including community partnerships, brand campaigns, engagement events, and fare products. The successful $1 one-way youth rides pilot led to its expansion in September 2024 to include all payment methods, along with a new $2 day pass available via ticket vending machines and the mobile app.

Governance

The joint powers agreement establishes a nine-person Board of Directors (Board) that governs Caltrain's operations, maintenance, and expansion. Each of the three Member Agencies appoints three people 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.

On August 4, 2022, the JPB and its member agencies approved a MOU relating to the Caltrain's governance. The MOU established a permanent, separate Executive Director (ED) position for Caltrain and authorized five additional management positions for the agency: Chief of Staff, Director of Government and Community Affairs, Director of Budgets and Financial Analysis, Director of Real Estate, and Director of Grants and Fund Management. Prior to the

2022 MOU, the District's General Manager (GM) served as the Caltrain's ED. Following the 2022 MOU, the ED, who is distinct from the District GM, reports directly to the Caltrain Board. The JPB, through the ED, controls Caltrain's administration, finances, operations and services, and capital projects.

The District provides shared services to Caltrain as discussed below. The MOU provides for the repayment of the District's initial investment in the Caltrain Right-of-Way, which was completed in FY24.

Administration

The joint powers agreement was first executed in 1991, amended and restated in 1996, and modified by the 2022 MOU, designates the District as the Managing Agency to provide management, administrative, and staff services for Caltrain under the JPB's discretion and oversight. Caltrain reimburses the District for the direct and administrative costs with some administrative costs determined by overhead rates approved by Federal Transit Administration (FTA).

The District currently provides the following services for the JPB:

The *Communications Division* works with Caltrain staff to deliver customer service and experience, government and community affairs, marketing, sales, advertising, distribution services, public information, fare media, media relations, digital communications and website development, and creative services.

The *Finance Division* works with Caltrain staff and is responsible for financial accounting and reporting, capital asset, capital and operating budget development and administration, payroll and vendor disbursements, investments and cash management, debt management, revenue control, purchasing, contract administration, grant administration, financial planning, billing, fare administration, and insurance.

The *Innovation and Technology Division (DoIT)* works with Caltrain staff and is tasked with overseeing and managing the District's innovation and technology functions. This includes critical areas such as Cybersecurity, Technology Infrastructure, Data Center Management IT Applications and Software, Database Administration, Network Administration, and Systems Administration.

The *People and Culture Division* is responsible for Office of Civil Rights (OCR), Employee and Labor Relations (ER), and Human Resources (HR) Services. OCR consists of Civil Rights and EEO, Diversity, Equity, Inclusion & Belonging (DEIB), Disadvantage and Small Business Enterprise (DBE/SBE) Administration, Contract (Labor) Compliance, and Title VI. ER consists of Employee and Labor Relations, Drugfree and Pull Notice Programs, and Performance Management. Human Resources consists of Benefits, Classification and Compensation, Employee Services (Day-to-Day Administration), Human Capital Management System (HCM), Training and Development, HR Policies, Leave of Absences (LOA), Retirement, Talent Acquisition (Recruitment), HR Strategies, and HR/Rail Shared Services.

Budgetary Control

State law requires the JPB to adopt an annual budget by resolution of the Board. In FY23, the Board adopted an amendment to the JPB Balanced Budget and Financial Reserve Policy to require appropriating funds for operating and capital budgets on a biennial basis each even numbered fiscal year, beginning with FY24 and FY25. This change aimed to focus on longer-term financial planning for the operation while facilitating coordination with members agencies on capital improvements and obligations. However, due to ongoing funding challenges, the Board only adopted FY26 Operating Budget. The FY27 Operating Budget will be brought forth for Board consideration in the spring of 2026. The Board monitors budget-to-actual performance through monthly staff reports.

The Board has delegated the authority to transfer budget amounts between divisions and departments to the ED or designee. However, any increase to the total expenditure budget requires Board approval.

The JPB uses an encumbrance system to prevent resource over-commitment by reducing budget balances upon issuing purchase orders.

The JPB employs the same basis of controls and accounting principles for both budgeted and actual revenues and expenditures. Proceeds from the sale of capital assets, unrealized investment gains and losses, 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, which requires adherence to an annual appropriation limit.

FINANCIAL AND ECONOMIC OUTLOOK

Local Economy

The Bay Area continues its post-pandemic rebound, though pricing pressures from inflation remain a concern. The annual inflation rate (year-over-year) for the San Francisco Bay Area in June 2025 was 1.5%, significantly lower than the nationwide rate of 2.7%. This was primarily driven by a decline in gasoline prices. Despite efforts to slow inflation, economic uncertainties driven by potential tariff policies could impact consumer spending.

The Bay Area job market is facing challenges, with California tying Nevada for the nation's highest unemployment rate as of June 2025.

- San Jose-Sunnyvale-Santa Clara MSA unemployment rose to 4.7% in June 2025 (up from 3.9% in May). Job losses were concentrated in professional, business, and information technology services, slightly offset by gains in private education and health services.
- San Francisco-San Mateo-Redwood City metropolitan division unemployment rose to 4.2% (up from 3.5% in May). Job losses followed a similar pattern in professional, business, and information technology services. High living costs and the growth of AI threaten to slow economic growth.

The Bay Area remains one of the least affordable housing markets in the U.S. The median price for single-family homes in June 2025 was high: $1,705,000 in San Francisco County, $2,150,000 in San Mateo County, and $2,107,500 in Santa Clara County. High interest rates, low inventory, and zoning restrictions continue to limit new housing supply and affordability.

Conversely, per capita personal income remains high and is increasing across the three counties:

- San Francisco County (FY24): $167,542 (a 3.2% rise).
- Santa Clara County (FY23): $151,003 (a 4.6% increase).
- San Mateo County (FY23): $172,828 (a 6.1% increase), maintaining its status as one of California's wealthiest regions.

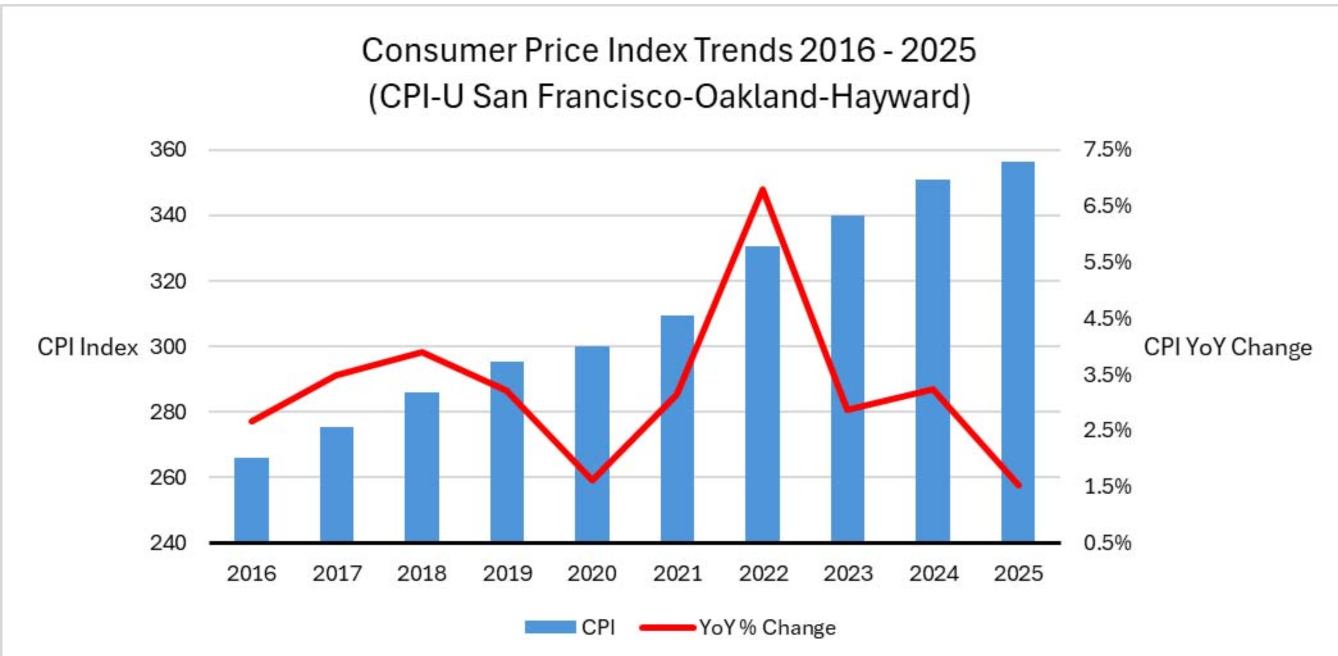
Population growth has been stagnant or declining since 2021 in San Francisco and San Mateo counties, primarily due to the high cost of living and remote work trends. Santa Clara County shows slight resilience, in part due to its economic growth center in Silicon Valley attracting workers in fields like artificial intelligence. Minimal population growth is anticipated in the near future across all three counties.

Funding and Financial Stability

From 2015 to 2021, combined annual member contributions to Caltrain from its partners grew by 46%, reaching $29.0 million in 2021. Since Caltrain began receiving revenue from Measure RR, member agencies have not contributed to Caltrain's on-going operating expenses.

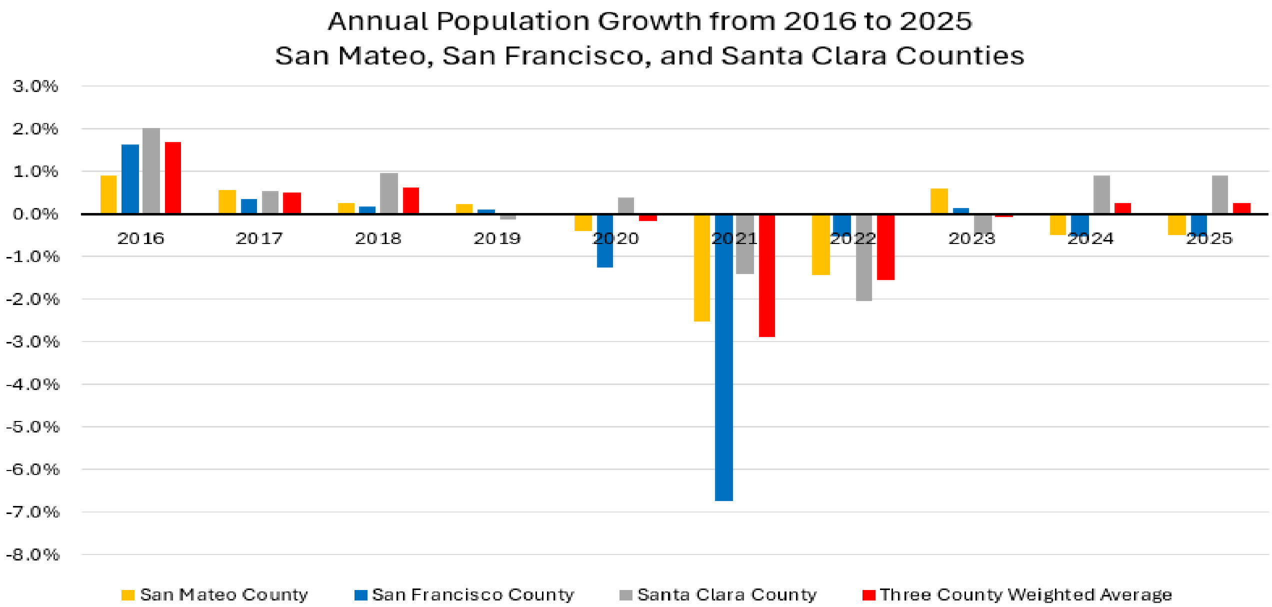
As shown in **Chart 1, Consumer Price Index Trends from 2016 to 2025**

Chart 1



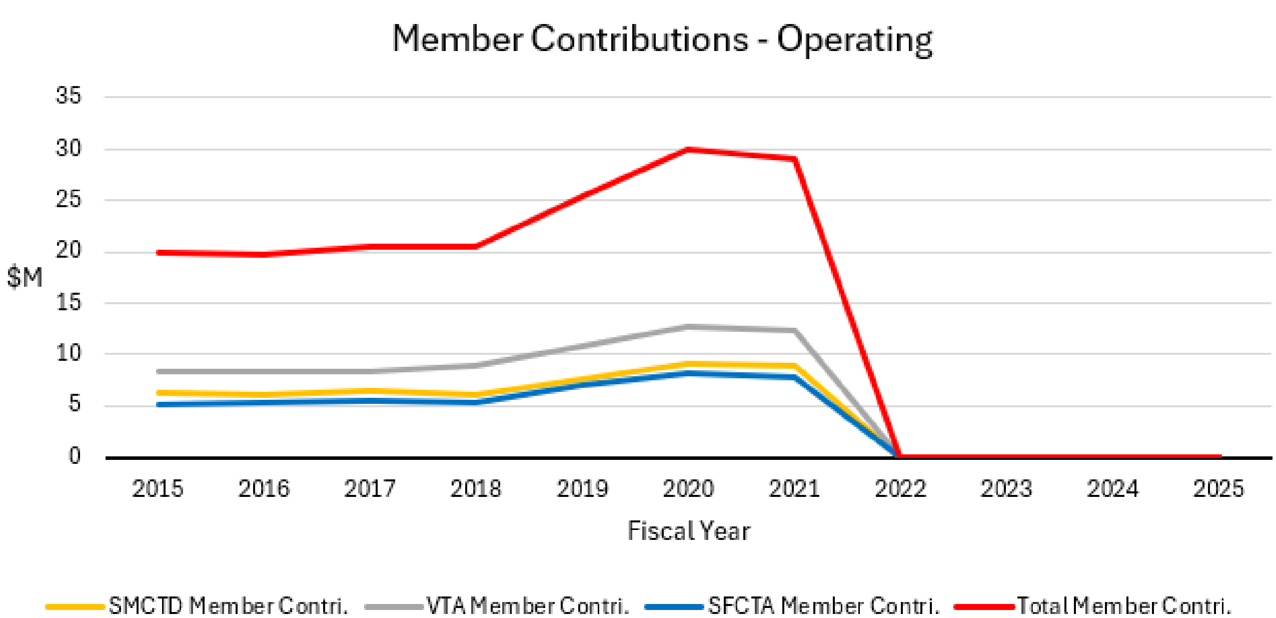
As shown in **Chart 2, Annual Population Growth from 2016 to 2025**, San Mateo, San Francisco, and Santa Clara Counties: San Francisco, San Mateo, and Santa Clara counties have all experienced decline in overall population growth since 2021.While this trend has continued for San Francisco and San Mateo County, Santa Clara has seen population growth, albeit very small. Santa Clara County's resilience is due in part to being a center of economic growth in Silicon Valley with emerging fields like artificial intelligence attracting workers to the region. Overall, with the Bay Area's high cost of living and greater ability to work remotely, population growth in all three counties is expected to be stagnant with minimal growth in the foreseeable future.

Chart 2



As shown in **Chart 3 Member Contributions – Operating, from 2015 to 2021**, combined annual member contributions from SMCTD, VTA, and SFCTA to Caltrain were between approx. $20M-$30M. 2022 marked a dramatic decrease in contributions from the member agencies, when Caltrain began to receive revenues from Measure RR. Despite the dedicated funding from Measure RR, reduced fare revenue, and increased operating costs have contributed to projected operating deficits. The agency continues to seek additional funding sources and explore ways to ensure long-term financial stability.

Chart 3

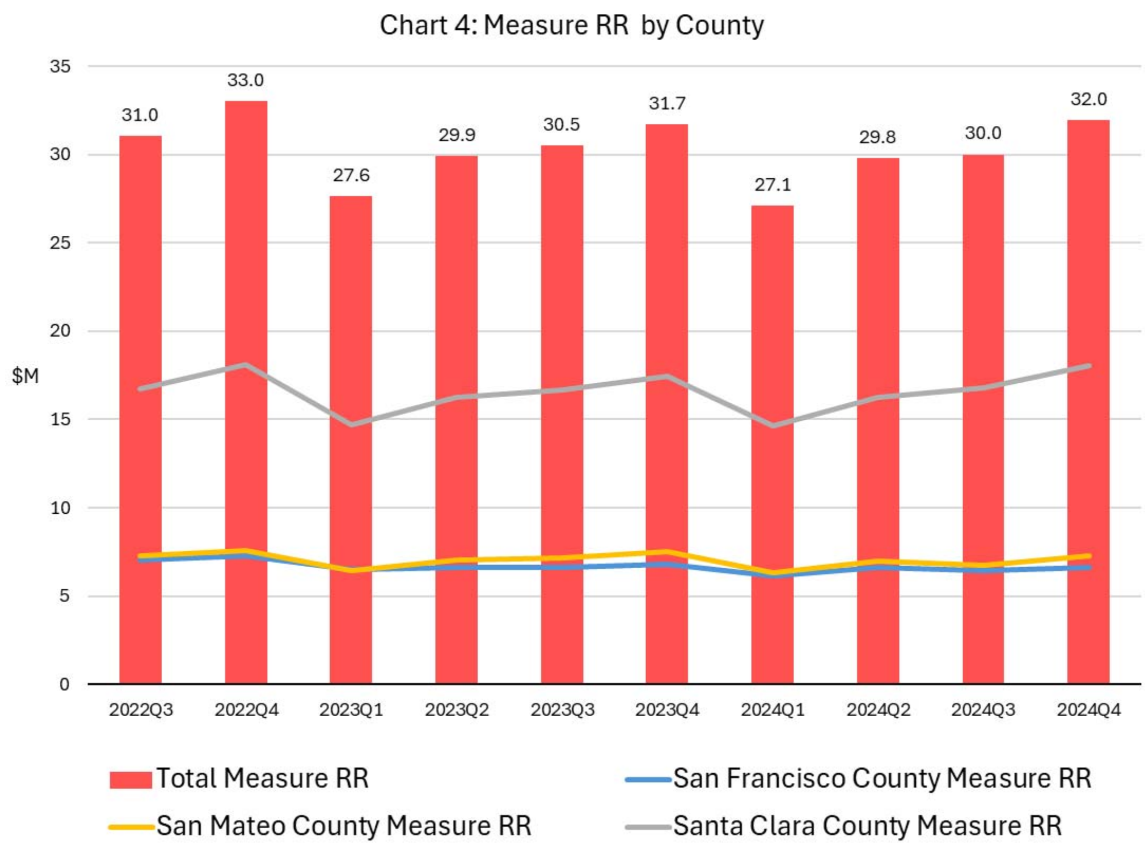


Measure RR

In 2020, the voters of San Francisco, San Mateo, and Santa Clara Counties approved a ballot measure, known as Measure RR, which levies a one-eight (1/8) of one percent (0.125%) retail transactions and use tax for 30 years. This is the first and only dedicated funding source for Caltrain. The purpose of Measure RR is to fund the operating and capital expenses of Caltrain rail service and to support the operating and capital needs required to implement the Long-Range Service Vision adopted by the Board as part of the Caltrain Business Plan. The revenue from Measure RR in FY24 was $119.6 million, and $123.1 million in FY25, an improvement of 2.9% from FY24.

As shown in Chart 4, Measure RR sales tax revenue growth remained strong until FY23. Despite persistent inflation, a resilient job market and low unemployment allowed consumer spending to remain solid. FY24 sales tax declined slightly from FY23 as consumers took a more cautious approach by focusing their spending on necessities. Inflation began to decelerate in the first half of 2024 and the Fed made three rate cuts in the second half of 2024. While Measure RR revenue is projected for another slight decline in FY25 from FY24 levels, and moderate sales tax revenue growth is anticipated in FY26, overall sales tax revenue is expected to remain highly volatile due to economic uncertainties driven by the new administration's tariffs and policy shifts.

Chart 4



Caltrain's CAC, in its capacity as the independent oversight committee for the Measure RR sales tax, is responsible for providing information to the taxpayers of the three counties to ensure that the tax proceeds have been expended for the purposes set forth in the Measure RR ballot language.

Caltrain is heavily reliant on passenger fares to maintain operations, making the service especially vulnerable to a ridership downturn. Farebox revenue was over 70% of operating revenue in the years preceding the pandemic. Measure RR allows Caltrain to invest in operations, electrified service expansion, and equity policies to ensure affordability.

Long-Term Financial and Strategic Planning

In 2017, Caltrain launched a Business Plan process that provided a major update to Caltrain's plans, policies, and financial projections given the financial performance of Caltrain at that time. 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.

In fall of 2020, the Caltrain Board of Directors adopted an Equity, Connectivity, Recovery, and Growth Policy Framework to direct Caltrain's focus on pandemic response and recovery in the near-term, while still supporting longer-term progress towards achieving the Service Vision. Caltrain continues to collaborate with its regional partners, in particular the rail operators, to provide better customer experience and greater value to corridor communities.

Due to lasting impacts of the pandemic on ridership, revenue, and traditional funding sources, Caltrain has continued to face significant financial challenges, including an ongoing structural deficit in its operating budget. In November 2022, Caltrain began the process of developing a Strategic Financial Plan in response to the ongoing impacts of the pandemic on Caltrain's finances. The objective of the Strategic Financial Plan was to forecast Caltrain's operating position over the next ten years while sustaining a competitive and attractive level of service; maintaining a commitment to equity; building ridership; and completing electrification. Over the last year Caltrain has continued managing its operating costs and used one-time funding to delay the fiscal cliff until FY27, allowing time for the Bay Area's regional funding measure being advanced by state legislators and the Metropolitan Transportation Commission to be placed on the November 2026 ballot. The updated Strategic Financial Plan in May 2025 estimated a cumulative operating deficit approximately $670 million from FY27 to FY35 based on numerous revenue and cost assumptions. At the May 29, 2025 Board workshop, Caltrain staff presented a comprehensive long-term financial sustainability strategy. Key recommendations focused on diversifying revenue sources to enhance fiscal resilience, implementing further cost control measures, maintaining current service levels and promoting ridership growth, and supporting funding advocacy efforts at the local, state and federal levels. In the absence of additional external funding for operations, such as revenues from a regional tax measure or local, state, or federal funding, Caltrain will be required to undertake significant service reductions to balance its budget, beginning in FY27.

Caltrain continues to review and update the Strategic Financial Plan to assess what changes may be merited given the financial performance of Caltrain since April 2023. Factors that influence the system's projected operating results include, but are not limited to, ridership growth, fare and Measure RR revenues, non-fare revenue strategies, service levels, fare policy and go pass programs, incremental impacts of electrified service on operating revenues and costs, and cost containment strategies, among other factors. In March 2024, Caltrain hired its first Chief of Commercial and Business Development, charged with overseeing the implementation of the Strategic Financial Plan, among other important responsibilities.

Caltrain's current capital program focuses on maintaining assets in state-of-good-repair and enhancing the reliability of the system. The agency began electrified service from San Francisco to San Jose in September 2024 and is continuing capital work to support that new service. The capital program also reflects Caltrain's ongoing planning for the next generation of system improvements and continue preparations for the Caltrain/High Speed Rail (HSR) blended system. Caltrain completed the railroad's first formal 10-year Capital Improvement Plan (CIP) in the third quarter of 2024. The CIP will provide the organization with a roadmap to the agency's investments in capital projects and programs, improve the organization's understanding of Caltrain's long-term funding needs, and support the implementation of new potential funding strategies.

MAJOR INITIATIVES

Caltrain Electrification

The Peninsula Corridor Electrification Project (PCEP) is the most transformative capital investment in Caltrain's history. The project has electrified the Caltrain Corridor from San Francisco to approximately Tamien Station. In September 2024, mainline Caltrain service transitioned from diesel-hauled to Electric Multiple Unit (EMU) trains, enabling faster and more frequent zero emission passenger rail service. PCEP includes electrification and other projects that will upgrade the performance, efficiency, capacity, safety, and reliability of Caltrain's service. Electrification provides the foundation for future improvements, including a full zero-emission fleet, platform and station improvements, the extension of service to Downtown San Francisco.

Battery-Equipped Electric Multiple Unit Train Pilot Project

Caltrain received an $80 million award from the California State Transportation Agency (CalSTA) for a pilot project involving a first-in-the-nation bi-level dual electric and battery powered train (MEMU). Purchased via a contract option with Stadler, the BEMU will charge on overhead power and then operate "off-wire" on the non-electrified segment between Tamien and Gilroy. This project leads the way for Caltrain to operate a fully zero-emission service in the future.

Regional Service Coordination

Caltrain is central to the Peninsula transportation network, collaborating with other Bay Area transit agencies to provide seamless connections:

- Bus Services: SamTrans (most San Mateo stations), VTA (most Santa Clara stations), and Dumbarton Express (Palo Alto).
- Rail/Light Rail: Muni Light Rail and Bus (San Francisco station), BART (Millbrae Transit Center), VTA Light Rail (Mountain View, Diridon, and Tamien), Amtrak's Capitol Corridor (San Jose Diridon), and ACE (Santa Clara and San Jose Diridon).

Caltrain is also a partner in Clipper, the region's electronic fare payment card, coordinated by the Metropolitan Transportation Commission (MTC).

State-of-Good-Repair Program

This crucial program involves system-wide, scheduled improvements and preventative maintenance on infrastructure, tracks, bridges, signal equipment, stations, and rolling stock. Maintaining this program according to industry standards is vital to prevent higher operational costs and delays from asset disrepair.

Projects underway in FY24 include: Guadalupe River Bridge Replacement in San Jose which began construction in FY23, and advanced work on the spans; the San Francisquito Creek Bridge Conceptual Design & Community Engagement, which has been redefined to undertake additional alternative analyses in FY25, these efforts had been focused on working through design alternatives; the Migration to Digital Voice Radio System installed new equipment and developed testing procedures; and the Broadband Wireless Communication System project, which installed equipment on the EMU trains in advance of their launch into revenue service, as well as supporting infrastructure along the alignment.

Rolling stock activities completed in FY23 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 (6) MP-36-3C locomotives that will remain in service following electrification. Through FY24, all but two vehicles have been overhauled and returned. The final two were expected to be completed early FY25. The final 2 MP-36's were completed in FY25, and all six MP-36 locomotives are now in service; the mid-life overhaul project is complete.

Caltrain Safety Improvements

Caltrain safety improvements include station redesign, grade crossing improvements, construction of grade separations, right-of-way fencing, and closed-circuit camera systems. In addition to these capital projects, Caltrain is improving safety through a focused safety culture development program, safety performance dashboards, roadway protection enhancements, and risk-based hazard management.

Ongoing improvements to stations include the 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 FY24 included: Churchill Avenue in Palo Alto which is making modifications to sidewalks, crossing gates, and signals; San Mateo grade crossings at 4th Ave. and 5th Ave. where quad gates and exit gates will be installed; TASI was contracted and has begun working on grade crossing safety enhancement for the following – 16th Street (San Francisco), Mission Bay (San Francisco), East Meadow (Palo Alto), Whipple Ave. (Redwood City), and Ravenswood (Menlo Park). In FY25 Caltrain also implemented Rail Sentry, an AI powered technology solution, that analyzes data and alerts dispatchers and Transit Police to detect any potential hazard in our continued efforts to make our crossings safer for everyone.

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 FY24, those efforts included: the Broadway Burlingame Grade Separation project that progressed towards final design while working to align with budget limitations; the Mountain View Transit Center and Grade Separation project that completed 65% design, and is awaiting City determination on advancement of this project or Rengstorff in light of budget limitations; the Rengstorff Grade Separation project that completed 65% design and began procurement process for a Construction Manager General Contractor (CMGC); South Linden and Scott that continued preliminary design and is working to establish a Service Agreement to advance; the Bernardo Avenue Undercrossing advanced preliminary design; the City of Palo Alto continued contemplation of grade separations at Meadow Drive, Churchill Avenue, and Charleston Drive; the Middle Avenue Undercrossing advanced preliminary design and began procurement for CMGC services; and the following projects which are in the planning stage – Glenwood Ave, Oak Grove, Whipple Avenue, and the North Fair Oaks Bicycle and Pedestrian Crossing.

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.

The emphasis on safety culture development is evident by the creation of Caltrain's core value: Safety First and Always. Bi-weekly and monthly safety culture messaging; safety moments at all meetings; a Safety Champions program; and development of safety reporting, training, communication, and recognition programs further emphasize safety as our primary core value. Caltrain has also created the Caltrain Executive Safety Committee that meets monthly to ensure compliance with the Caltrain Safety Plan.

A renewed emphasis on data-based decision making has led to the development of Safety Performance dashboards that include both lagging and leading performance indicators, enabling a more proactive approach to safety that will help reduce the chance of injury and damage to property.

Roadway Worker Protection (RWP) has also been a focus in the aftermath of a train collision incident in March 2022. Gaps were discovered in RWP programs that contributed to the San Bruno incident, and Caltrain has closed those gaps through revised RWP training; changed to a safer fouling distance – 10 feet from the rail and 10 feet from the overhead wires; improved processes for issuing track and time protection; and investment in a software based enhanced employee protection system that adds yet another layer of RWP.

Finally, Caltrain has created an enterprise-wide Hazard/Risk Register and Risk Based Hazard Management processes that are being integrated into many Caltrain processes to ensure risk is being considered in prioritization and decision making across all departments.

FUTURE OF CALTRAIN – SYSTEM EXPANSION AND CONNECTIONS

Prior to California High Speed Rail's (CHSRA) anticipated arrival, additional system upgrades must also be planned, funded, and constructed to enable a blended system. These include high-speed rail station modifications and the Transbay Joint Powers Authority's (TJPA) rail extension from the Caltrain 4th and King station to the new Salesforce Transit Center in downtown San Francisco. The blended system may also necessitate 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.

Caltrain, in partnership with VTA, the City of San Jose, MTC, and CHSRA developed a Diridon Station Business Case to prepare for the transformation of San Jose's downtown transit hub. Diridon Station is an integral part of California's transportation network, currently serving Caltrain, Capitol Corridor, Altamont Corridor Express (ACE), Amtrak intercity passenger rail, and VTA light rail and bus service. The station must accommodate future expanded services in the region, including CHSRA and BART. The Business Case is developing alternatives for station reconfiguration, expansion, and upgrades to provide adequate capacity, functionality, and connectivity for customers. Caltrain, with our Diridon Station partners, worked with the community to select a preferred station alternative for environmental clearance, which is anticipated to commence in the coming years.

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 five 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, with 4 trains per hour per direction in the peak periods. In September 2024, with the completion of PCEP, Caltrain implemented a new 104 trains per weekday schedule with trains every 30 minutes during midday and evening periods, more than doubling the number of stations with 15 to 20 minutes service during peak hours, and faster travel times for all customers. Weekend service doubled from hourly to half-hourly. The FTA Full Funding Grant Agreement for PCEP required service levels of 114 trains per weekday. Caltrain will continue to operate at 104 trains per weekday under an FTA waiver which will last until early December 31, 2027, or the date the railroad achieves an average weekday ridership level of 63,598 trips, which was the 2019 pre-pandemic average. If Caltrain has not achieved this goal by December 31, 2027, it may request an extension of the waiver.

As discussed above, the 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. The Service Vision directs the railroad to plan for substantially expanded rail service that in the long-term 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
- 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

The Service Vision is currently in the process of being reaffirmed, to ensure that it continues to provide relevant and useful guidance to the railroad, and adoption of the updated Service Vision is anticipated in fall 2025. Moving forward, such reaffirmations will continue to occur in regular intervals of no less than five (5) 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 Board for amendment and/or re-adoption as necessary.

AWARDS AND ACKNOWLEDGMENTS

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

The Government Finance Officers Association (GFOA) recognized the JPB's 2024 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 FY2025 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.

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
Executive Director

Kate Jordan Steiner
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, 2024

Christopher P. Morrill

Executive Director/CEO

BOARD OF DIRECTORS

Representing City and County of San Francisco:

Steve Heminger, Chair

Shamann Walton

Monique Zmuda

Representing San Mateo County Transit District:

Rico E. Medina, Vice Chair

Jeff Gee

David J. Canepa

Representing Santa Clara Valley Transportation Authority:

David Cohen

Pat Burt

Margaret Abe-Koga

EXECUTIVE DIRECTOR

Michelle Bouchard

EXECUTIVE OFFICERS

Sherry Bullock, Acting Deputy Chief, Design and Construction

Dahlia Chazan, Chief, Caltrain Planning

Tabby Davenport, Director, Safety and Security

Emily Beach, Chief Communications Officer

Kate Jordan Steiner, Chief Financial Officer

Nate Kramer, Chief People & Culture Officer

Mehul Kumar, Chief Information & Technology Officer

Michael Meader, Chief Safety Officer

Margaret Tseng, Executive Officer, District Secretary

Sherry Bullock, CalMod Program Director

Casey Fromson - Chief of Staff

Li Zhang – Chief of Commercial and Business Development

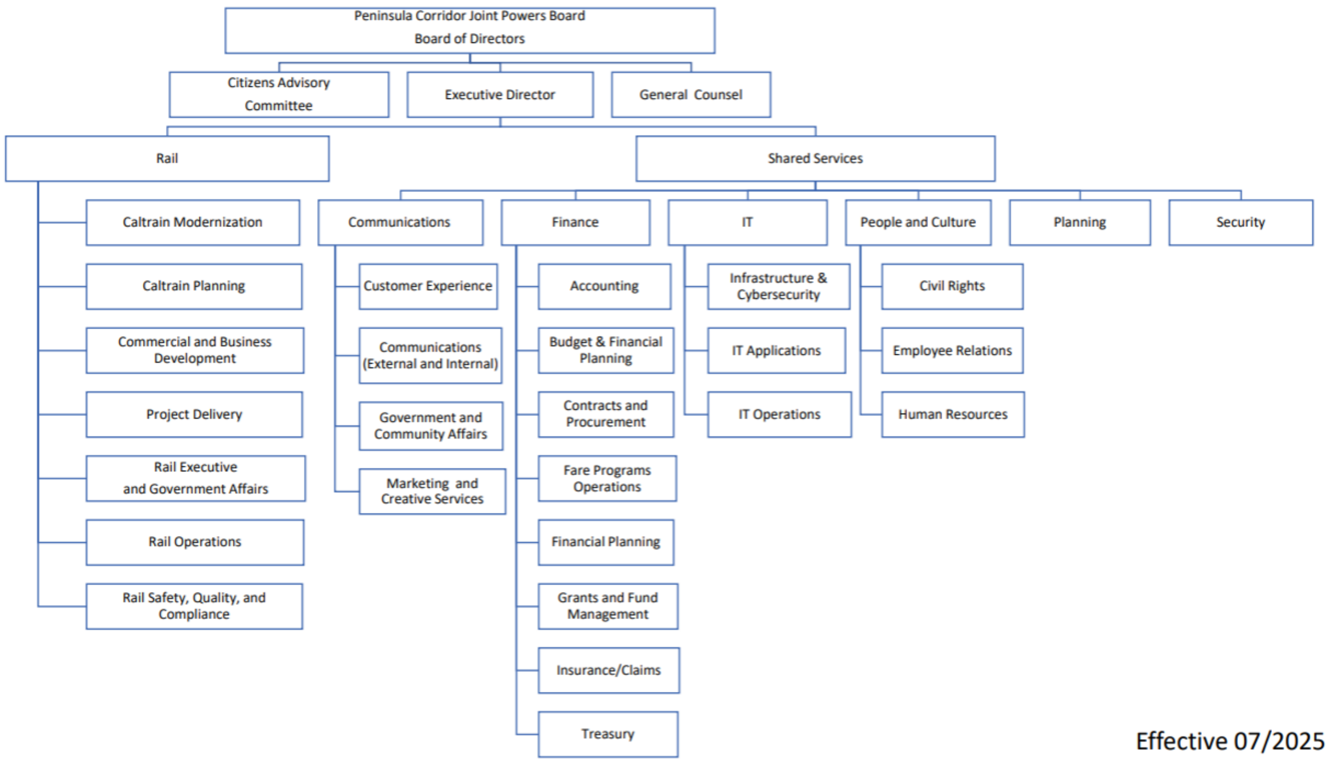
GENERAL COUNSEL

Olson Remcho, LLP

James Harrison, Esq.

PENINSULA CORRIDOR JOINT POWERS BOARD

ORGANIZATION CHART



MAP


Pacific Ocean
San Francisco
Oracle Park
Chase Center
22nd St.
Bayshore
San Bruno
South San Francisco
San Bruno
Millbrae Transit Center
SFO
San Francisco International Airport
Broadway Weekend Only
Burlingame
San Mateo
Hayward Park
Hillsdale
San Francisco Bay
Belmont
San Carlos
Redwood City
Menlo Park
Palo Alto
Stanford Special Event Only
California Ave.
San Antonio
Mountain View
Orange
Sunnyvale
Lawrence
Levi's® Stadium
SJC
San Jose International Airport
Santa Clara
PayPal Park
College Park
SAP Center
San Jose Diridon
Tamien
Capitol
Blossom Hill
Distance between Blossom Hill and Gilroy not to scale
Morgan Hill
San Martin
Gilroy
ZONE 1
ZONE 2
ZONE 3
ZONE 4
ZONE 5
ZONE 6
N

PENINSULA CORRIDOR JOINT POWERS BOARD

TABLE OF CREDITS

The following individuals contributed to the production of the fiscal year 2025 Annual Comprehensive Financial Report:

Finance:

Chief Financial Officer	Kate Jordan Steiner
Director, Accounting	Annie To
Manager, Financial Reporting	Danny Susantin, CPFO

Audit Firm:

Brown Armstrong Accountancy Corporation	
Partner	Ryan L. Nielsen, CPA
Manager	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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BROWN
ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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661-324-4971

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, 2025 and 2024, 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, 2025 and 2024, 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.

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.

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Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

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 listed 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 (budgetary basis) 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 (budgetary basis) 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 November 24, 2025, 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

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 24, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025, with comparisons to prior fiscal years ended June 30, 2024, and June 30, 2023. 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, 2025, the JPB's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $3,933.1 million (net position). Of this amount, $242.8 million represents unrestricted net position, which may be used to meet the JPB's ongoing obligations. At June 30, 2024, the JPB's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $3,911.0 million. Of this amount, $352.5 million represents unrestricted net position.
- The JPB's total net position increased by $22.1 million and $464.7 million in fiscal years 2025 and 2024, 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, deferred outflows of resources, 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 fiscal 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/amortization 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 activitie*s 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.

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 $25.7 million or 0.6% to $4,360.7 million at June 30, 2025, compared to June 30, 2024, and increased by $500.1 million or 13.0% at June 30, 2024, compared to June 30, 2023. The increase for fiscal year 2025 was mainly due to capital assets. The increase for fiscal year 2024 was mainly due to activities in construction-in-progress and due from other governmental agencies. Current assets decreased by $97.8 million or 18.8% to $423.0 million in fiscal year 2025. In fiscal year 2024, current assets increased by $222.0 million or 74.3% compared to fiscal year 2023. The decrease for fiscal year 2025 was due to a decrease in cash and cash equivalents and due from other governmental agencies. The increase for fiscal year 2024 was due to an increase in cash and cash equivalents and due from other governmental agencies.

Total capital assets, net of accumulated depreciation and amortization increased by $123.4 million or 3.2% at June 30, 2025, to $3,937.7 million from $3,814.2 million on June 30, 2024, and increased by $278.2 million or 7.9% from $3,536.1 million at June 30, 2024, compared to June 30, 2023. Investments in capital assets, before depreciation and amortization, consist of acquisitions and improvements to the right-of-way ($2,920.5 million or 56.2%), rail vehicles ($1,007.7 million or 19.4%), facilities and equipment ($576.8 million or 11.1%), office equipment ($13.8 million or 0.3%), intangible asset – trackage rights ($8.0 million or 0.2%), right-to-use lease assets ($2.8 million or 0.1%), and construction in progress ($664.6 million or 12.8%) in fiscal year 2025. The 2025 increase in net capital assets reflects the substantial transfer of electrification assets from construction in progress to depreciable right-of-way improvements and rail vehicles following entry into revenue service in September 2024.

In fiscal year 2024, investments in capital assets, before depreciation and amortization, consist of acquisitions and improvements to the right-of-way ($1,439.0 million or 28.4%), rail vehicles ($340.0 million or 6.7%), facilities and equipment ($149.0 million or 2.9%), office equipment ($14.0 million or 0.3%), intangible asset – trackage rights ($8.0 million or 0.2%), right-to-use lease assets ($4.5 million or 0.1%), and construction in progress ($3,103.0 million or 61.3%).

Total deferred outflows of resources was $0.0 million at June 30, 2025 and June 30, 2024. The fiscal year 2025 was unchanged due to no activity in the fuel-hedge derivatives.

Total liabilities increased by $3.8 million or 0.9% to $421.0 million at June 30, 2025, compared to June 30, 2024, and increased by $34.6 million or 9.0% to $417.2 million at June 30, 2024, compared to June 30, 2023. The fiscal year 2025 increase was mainly due to an increase in the accounts payable and accrued liabilities offset by a decrease in revolving credit facility. The fiscal year 2024 increase was mainly due to an increase in the revolving credit facility.

Total deferred inflows of resources decreased by $0.2 million or 3.2% at June 30, 2025, to $6.6 million from $6.9 million on June 30, 2024, and decreased by $0.2 million or 2.5% from $7.0 million at June 30, 2023. The fiscal year 2025 decrease was due to a decrease in leases. The fiscal year 2024 decrease was due to a decrease in leases.

Total net position was $3,933.1 million at June 30, 2025, which represents an increase of $22.1 million or 0.6% from June 30, 2024, and $3,911.0 million at June 30, 2024, which represents an increase of $464.7 million or 13.5% from June 30, 2023. The increase was largely due to capital contributions received associated with the Caltrain electrification project. Net investment in capital assets was $3,690.3 million at June 30, 2025, representing 93.8% of the total net position; $3,558.5 million at June 30, 2024, representing 91.0% of total net position; and $3,304.5 million at June 30, 2023, representing 95.9% of total net position. The JPB's net investment in capital assets represents right-of-way improvements, rail vehicles, lease assets, 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 $242.8 million, $352.5 million, and $141.8 million were unrestricted at June 30, 2025, 2024, and 2023, respectively, and may be used to meet the JPB's ongoing obligations to its citizens and creditors.

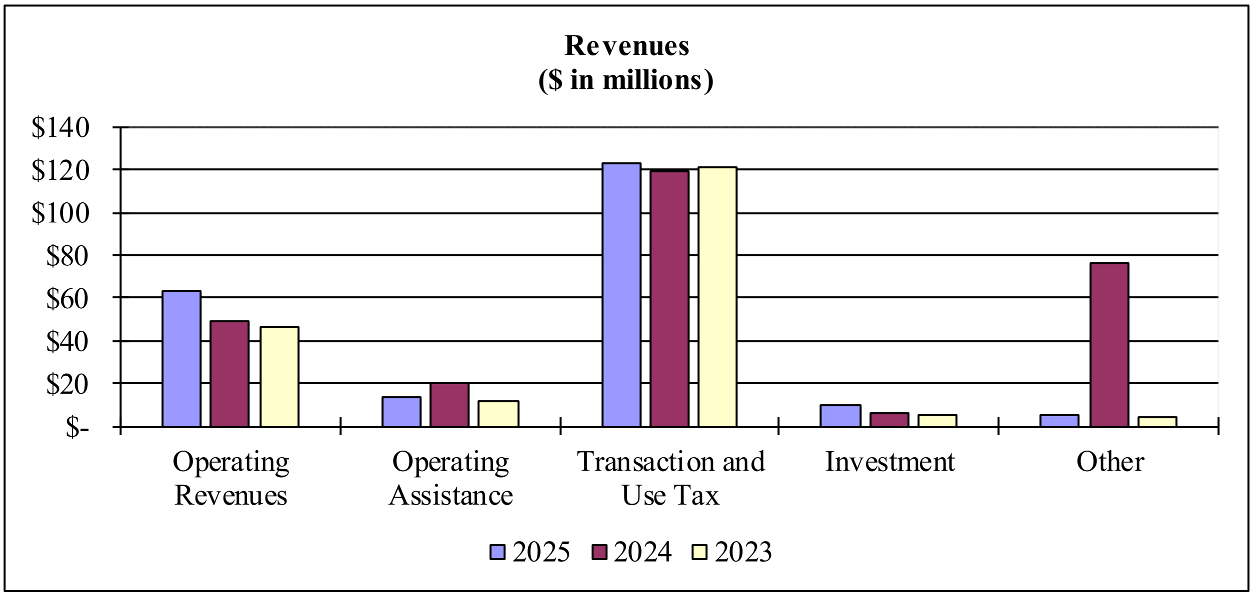
NET POSITION
(in thousands)

	2025	2024	2023
Assets:			
Current assets	$ 423,018	$ 520,808	$ 298,846
Capital assets, net of depreciation/amortization	3,937,692	3,814,244	3,536,086
Total assets	4,360,710	4,335,052	3,834,932
Deferred outflows of resources:			
Derivatives	-	-	977
Total deferred outflows of resources	-	-	977
Liabilities:			
Current liabilities	205,229	194,855	158,855
Long-term liabilities	215,787	222,364	223,754
Total liabilities	421,016	417,219	382,609
Deferred inflows of resources:			
Derivatives	-	40	-
Leases	6,635	6,816	7,031
Total deferred inflows of resources	6,635	6,856	7,031
Net position:			
Net investment in capital assets	3,690,304	3,558,514	3,304,463
Unrestricted	242,755	352,463	141,806
Total net position	$ 3,933,059	$ 3,910,977	$ 3,446,269

Revenue Highlights

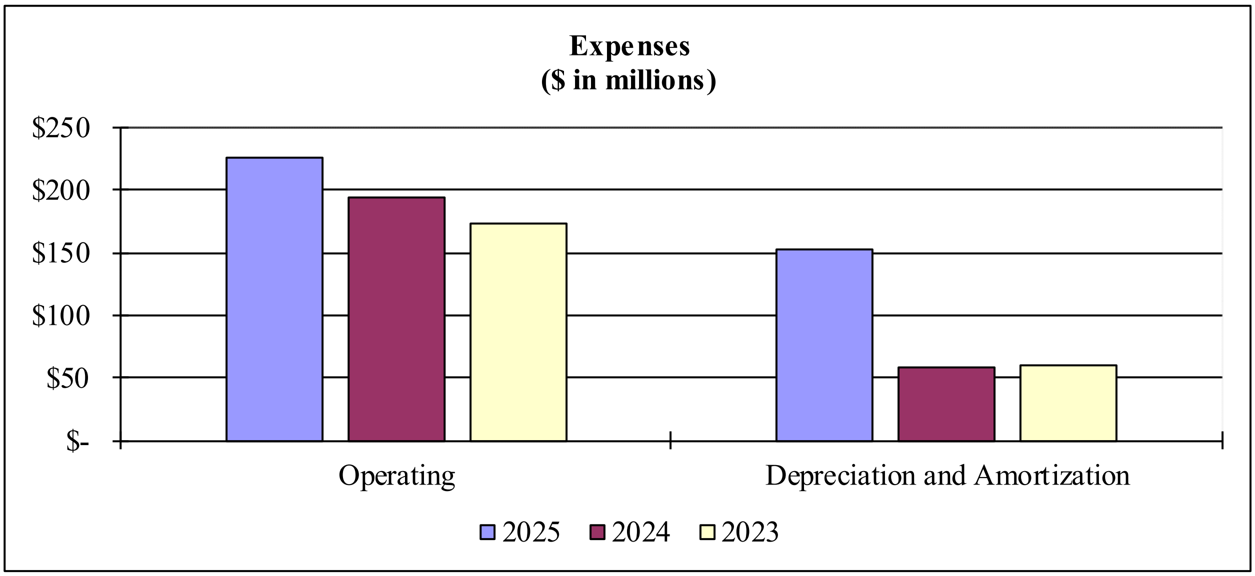
Operating revenues increased to $63.4 million in fiscal year 2025, a $13.6 million or 27.4% increase from fiscal year 2024, and increased to $49.7 million in fiscal year 2024, a $3.1 million or 6.6% increase from fiscal year 2023. The increase in fiscal year 2025 was mostly due to an increase in passenger fares. The increase in fiscal year 2024 was also mostly due to an increase in passenger fares.

Nonoperating revenues decreased by $71.0 million or 31.9% to $151.9 million at June 30, 2025, compared to June 30, 2024, and increased by $80.4 million or 56.4% in fiscal year 2024 compared to fiscal year 2023. The decrease in fiscal year 2025 was mainly due to other income. The increase in fiscal year 2024 was also mainly due to other income.



Expense Highlights

Total operating expenses of $225.3 million in fiscal year 2025 were $31.1 million or 16.0% higher than fiscal year 2024, and in fiscal year 2024, $20.9 million or 12.1% higher than fiscal year 2023. The total expense increase in fiscal year 2025 was mostly due to increases in contract services, temporary services, rent and other, and wages and benefits. The total expense increase in fiscal year 2024 was mostly due to increases in contract services, insurance, and wages and benefits. Depreciation and amortization for fiscal year 2025 was $152.2 million, a $94.3 million or 163.1% increase over fiscal year 2024. The increase in depreciation/amortization expense is mainly due to the electrification asset placed in service. In fiscal year 2024, depreciation and amortization were $57.8 million, a $2.9 million or 4.7% decrease over fiscal year 2023. The increase in depreciation and amortization expenses in fiscal year 2025 was due to most of Caltrain's electrification assets having been placed in service, capitalized, and depreciated.



CHANGES IN NET POSITION
(in thousands)

	2025	2024	2023
Operating revenues:			
Passenger fares	$ 58,720	$ 46,896	$ 43,330
Parking, shuttle, and pass revenues	3,413	2,299	2,239
Advertising	695	232	821
Other	560	315	275
Total operating revenues	63,388	49,742	46,665
Operating expenses:			
Contract services	146,530	128,756	117,289
Insurance	15,436	16,480	11,855
Fuel	15,397	15,440	15,995
Parking, shuttle, and pass expenses	2,431	1,577	1,507
Professional services	2,997	3,081	2,445
Wages and benefits	21,588	18,113	14,063
Utilities and supplies	3,551	3,254	2,836
Maintenance services	510	1,059	773
Temporary services, rent, and other	12,721	6,478	5,808
Debt fees	4,093	-	716
Total operating expenses	225,254	194,238	173,287
Operating loss before depreciation and amortization	(161,866)	(144,496)	(126,622)
Depreciation and amortization	(152,164)	(57,830)	(60,582)
Operating loss	(314,030)	(202,326)	(187,204)
Nonoperating revenues (expenses)			
Federal, state, and local operating assistance	13,869	20,646	11,644
Transaction and use tax	123,058	119,614	121,645
Rental income	1,529	1,605	1,300
Investment income	9,828	6,426	4,838
Nonoperating expenses	(4,549)	(2,252)	(2,351)
Expense for noncapitalized projects	(36,944)	(40,902)	(31,059)
Other income	3,584	74,610	3,059
Total nonoperating revenues (expenses)	110,375	179,747	109,076
Net loss before capital contributions	(203,655)	(22,579)	(78,128)
Capital contributions	225,737	487,287	296,030
Change in net position	22,082	464,708	217,902
Net position - beginning of year	3,910,977	3,446,269	3,228,367
Net position - end of year	$ 3,933,059	$ 3,910,977	$ 3,446,269

Capital Program

The JPB incurred capital expenses of $289.1 million and recognized related revenue in the form of capital contributions of $226.4 million in fiscal year 2025, which was a $260.9 million or 53.5% decrease in capital contributions in fiscal year 2025 over fiscal year 2024. The fiscal year 2025 capital sources mainly consisted of federal grants ($58.3 million or 25.6%), state grants ($108.8 million or 47.9%), and local assistance including the three member agencies ($60.3 million or 26.5%). The JPB incurred capital expenses of $322.9 million and recognized related revenue in the form of capital contributions of $487.3 million in fiscal year 2024, which was a $191.3 million or 64.6% increase in capital contributions in fiscal year 2024 over fiscal year 2023. The JPB's capital contributions are comprised of federal grants, state grants, and local assistance including the member agencies which are on a reimbursement basis and therefore tied to the related capital expenses. The reason for the decrease in fiscal year 2025 was due to the completion of major Peninsula Corridor Electrification projects. The reason for the decrease in fiscal year 2024 compared to fiscal year 2023 was due to more activities on Peninsula Corridor Electrification projects.

Following is a summary of the JPB's major capital expenses for fiscal year 2025:

- Peninsula corridor electrification program ($172.9 million)
- Bridge improvements ($25.3 million)
- Caltrain modernization program ($22.5 million)
- Grade separation and crossing ($20.1 million)
- Communications ($10.3 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 2025, the JPB had $49.0 million in outstanding 2019 Series A Farebox Revenue bonds, including the unamortized premium, $1.6 million less than the bonds outstanding at the end of fiscal year 2024. In February 2019, the JPB issued $47.6 million par (plus $8.1 million premium) in 2019 Series A Farebox Revenue Bonds; this issuance used $24.1 million of the proceeds to fully pay and legally defease the 2007 Series A Farebox Revenue Bonds and used $11.4 million to fully payoff the 2015 Series A Farebox Revenue Bonds. In addition, $20.8 million 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.

At the end of fiscal year 2025, the JPB had $165.9 million in outstanding 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified), $3.7 million less than the bonds outstanding at the end of fiscal year 2024. In February 2022, the JPB issued $140.0 million in 2022 Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) Series A along with a premium of $32.2 million. $150.5 million of the proceeds are allocated to certain improvements to the Caltrain system, including electrification; $21.0 million of the proceeds were set aside to fund capitalized interest costs of the bonds. Principal on the 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) is payable on June 1, 2025, and annually thereafter on June 1 of each year through 2051.

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 2026 Operating Budgets on June 5, 2025. The Fiscal Year 2026 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 2026 Operating Budgets consist of $208.7 million and $238.1 million in revenues and expenses, respectively. The major components of revenue include operating revenue of $69.7 million, primarily from Caltrain fares, Go Pass, parking revenue, and other income, and $173.6 million in contributed revenue, which mainly includes Measure RR funds, State Transit Assistance formula funds, Low-Carbon Transit Operations Program funds, and State Rail Assistance funds. Operating expenses are projected to be $199.8 million with the rail operator contract, electricity for electric trains, security service costs, maintenance and service costs, facilities and equipment maintenance costs, utility costs, insurance, claims, and reserves costs making up a significant part of the budget. Administrative expenses are projected to be $45.9 million.

The Fiscal Year 2026 Capital Budget was also approved on June 5, 2025, and amended on September 4, 2025. The $66.5 million Capital Budget consists primarily of Diridon Station redevelopment, critical infrastructure and equipment state-of-good-repair (SOGR), service extension to Salesforce Transit Center, grade separation, and headquarters relocation. The Fiscal Year 2026 Capital Budget will be funded by federal, state, regional, and local grants as well as funds provided by the member agencies and others. The adopted budget includes $2.5 million contributions from the member agencies.

Some of the highlights of the capital budget include:

- Diridon Station – Environmental Clearance.
- SOGR Program – MOW Tracks.
- DTX/The Portal – Caltrain Service Extension to Salesforce Transit Center.
- Rengstorff Avenue Grade Separation.
- Headquarters Relocation – Furniture, Fixtures, IT, and Moving Cost.

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.

BASIC FINANCIAL STATEMENTS

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF NET POSITION (in thousands)
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents (Note 3)	$ 112,362	$ 90,906
Restricted cash (Note 3)	116,926	134,086
Total cash and cash equivalents	229,288	224,992
Due from other governmental agencies	84,612	190,983
Receivables - transaction and use tax	21,570	20,797
Receivables from member agencies (Note 16)	33,749	31,740
Accounts receivable - other, net of allowance	19,265	15,348
Lease receivable	6,925	6,995
Inventory	12,974	9,653
Prepaid items	1,070	1,398
Commodity derivative contracts	-	270
Restricted investments with fiscal agents (Note 3)	13,565	18,632
Total current assets	423,018	520,808
Noncurrent assets:		
Capital assets:		
Depreciable (Note 6)		
Right-of-way improvements	2,669,769	1,202,363
Rail vehicles	1,007,705	339,502
Facilities and equipment	576,809	148,840
Office equipment	13,817	13,817
Less accumulated depreciation	(1,256,558)	(1,242,918)
Depreciable assets, net	3,011,542	461,604
Nondepreciable		
Construction in progress (Note 2L)	664,629	3,102,854
Right-of-way (Note 6)	250,735	237,254
Intangible assets - trackage rights (Note 6)	8,000	8,000
Nondepreciable assets	923,364	3,348,108
Right-to-use lease assets, net (Note 6)	2,786	4,532
Total noncurrent assets	3,937,692	3,814,244
Total assets	4,360,710	4,335,052
DEFERRED OUTFLOWS OF RESOURCES:		
Derivatives (Note 12)	-	-
Total deferred outflows of resources	-	-

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

STATEMENTS OF NET POSITION (in thousands) (Continued)
JUNE 30, 2025 AND 2024

	2025	2024
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	107,995	83,562
Interest payable	1,142	1,079
Self-insurance claims liabilities (Note 10)	2,787	3,430
Unearned member contributions (Note 16)	23,234	23,170
Unearned revenue	37,898	29,831
Revolving credit facility (Note 17)	25,000	46,700
Current portion of long-term debt (Note 9)	5,429	5,234
Current portion of lease liabilities (Note 15)	1,684	1,790
Other	60	59
Total current liabilities	205,229	194,855
Noncurrent liabilities:		
Self-insurance claims liabilities - long-term (Note 10)	4,831	4,294
Revenue bonds payable - long-term (Note 9)	209,501	214,930
Lease liabilities - long-term (Note 15)	1,455	3,140
Total noncurrent liabilities	215,787	222,364
Total liabilities	421,016	417,219
DEFERRED INFLOWS OF RESOURCES:		
Derivatives (Note 12)	-	40
Leases	6,635	6,816
Total deferred inflows of resources	6,635	6,856
NET POSITION:		
Net investment in capital assets	3,690,304	3,558,514
Unrestricted	242,755	352,463
Total net position	$ 3,933,059	$ 3,910,977

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 FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES:		
Passenger fares	$ 58,720	$ 46,896
Parking, shuttle, and pass revenues	3,413	2,299
Advertising	695	232
Other	560	315
Total operating revenues	63,388	49,742
OPERATING EXPENSES:		
Contract services (Note 13A)	146,530	128,756
Insurance	15,436	16,480
Fuel	15,397	15,440
Parking, shuttle, and pass expenses	2,431	1,577
Professional services	2,997	3,081
Wages and benefits	21,588	18,113
Utilities and supplies	3,551	3,254
Maintenance services	510	1,059
Temporary services, rent, and other	12,721	6,478
Debt fees	4,093	-
Total operating expenses before depreciation and amortization	225,254	194,238
Depreciation and amortization	152,164	57,830
Total operating expenses	377,418	252,068
Operating loss	(314,030)	(202,326)
NONOPERATING REVENUES (EXPENSES):		
Federal, state, and local operating assistance (Note 7)	13,869	20,646
Transaction and use tax	123,058	119,614
Rental income	1,529	1,605
Investment income	9,828	6,426
Interest expense	(4,549)	(2,252)
Expense for noncapitalized projects	(36,944)	(40,902)
Other income	3,584	74,610
Total nonoperating revenues (expenses), net	110,375	179,747
Income (Loss) before capital contributions	(203,655)	(22,579)
Capital contributions (Note 11)	225,737	487,287
Change in net position	22,082	464,708
NET POSITION:		
Beginning of year	3,910,977	3,446,269
End of year	$ 3,933,059	$ 3,910,977

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

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF CASH FLOWS (in thousands)
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 59,472	$ 45,035
Rent and other cash receipts	5,113	76,214
Payments to vendors for services	(206,495)	(172,131)
Payments to employees	(21,588)	(18,115)
Net cash used for operating activities	(163,498)	(68,997)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	13,869	20,646
Transaction and use tax	122,284	119,704
Net cash provided by noncapital financing activities	136,153	140,350
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(288,122)	(361,555)
Capital contributions from grants	338,231	450,344
Proceeds from (payments on) the revolving credit facility	(21,700)	25,736
Payment of capital debt	(7,025)	(3,508)
Interest paid on capital debt	(4,486)	(2,323)
Payment for leases	(151)	(64)
Net cash provided by capital and related financing activities	16,747	108,630
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment	5,066	9,098
Investment income received	9,828	6,426
Net cash provided by investing activities	14,894	15,524
Net increase in cash and cash equivalents	4,296	195,507
Cash and cash equivalents, beginning of year	224,992	29,485
Cash and cash equivalents, end of year	$ 229,288	$ 224,992

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

STATEMENTS OF CASH FLOWS (in thousands) (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	$ (314,030)	$ (202,326)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization	152,164	57,830
Rent and other cash receipts	5,112	76,214
Effect of changes in:		
Receivables	(3,916)	(4,709)
Prepaid items	328	988
Inventory	(3,321)	(1,362)
Commodity derivative contracts	270	1,486
Accounts payable and accrued liabilities	1	4
Claims liabilities	(106)	2,878
Net cash used for operating activities	$ (163,498)	$ (68,997)
NONCASH INVESTING AND CAPITAL ACTIVITIES:		
Change in fair value of investments	$ -	$ 40
Initiation of lease	-	3,910
Noncash capital contributions	29,319	-
Net noncash investing and capital activities	$ 29,319	$ 3,950

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

INDEX TO THE NOTES ***Pages***

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.

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 executed in 2022, the District is required to 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. The District received these funds in full in September 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) composed 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Effective this Fiscal Year

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. There is no net effect to the financial statements.

GASB Statement No. 102 – *Certain Risk Disclosures.* The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all fiscal years thereafter. Management evaluated the JPB's funding sources, banking relationships, major counterparties, and legal/contractual restrictions and concluded no concentrations or constraints met the statement's disclosure threshold as of June 30, 2025.

Effective in Future Fiscal Years

GASB Statement No. 103 – *Financial Reporting Model Improvements.* The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all fiscal years thereafter. The JPB will implement GASB Statement No. 103 when and where applicable.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all fiscal years thereafter. The JPB will implement GASB Statement No. 104 when and where applicable.

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 Investment 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, 2025 and 2024, the allowances for doubtful accounts included in accounts receivable – other, were $0 and $178,945, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 value 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.

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 lease assets – varies

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Construction in Progress*

(In thousands)	2025	2024
Caltrain Modernization program	$ 149,662	$ 2,664,980
Bridge improvements	59,594	33,588
Rolling stock - purchase/improvements	35,147	33,546
Grade crossing and separations	268,577	247,951
System-wide track improvements	1,865	618
Station improvements	102,312	91,598
Safety	11,018	4,590
Communications	36,454	25,983
Total Construction in Progress	$ 664,629	$ 3,102,854

*In Fiscal Year (FY) 2024, PG&E reimbursed the JPB $87,586,392 for capital expenses incurred in a prior year and were recorded as a reduction in total Construction in Progress.

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and parking, shuttle, and pass revenues. Operating expenses include the cost of sales and services, administrative expenses, contracted services, and depreciation/amortization 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 statements 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements 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 assets 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 prices 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. Reclassifications

For the fiscal year ended June 30, 2025, 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 2025 presentation.

X. Subsequent Events

Subsequent events have been evaluated through November 24, 2025, 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 statements of net position as follows (in thousands):

	2025	2024
Cash and cash equivalents	$ 112,362	$ 90,906
Restricted cash	116,926	134,086
Restricted investments with fiscal agents	13,565	18,632
Total Cash and Investments	$ 242,853	$ 243,624

	2025	2024
Cash on hand	$ 1	$ 1
Deposits with financial institutions	97,476	177,046
Investments	145,376	66,577
Total Cash and Investments	$ 242,853	$ 243,624

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, and addresses 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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the JPB's Investment Policy (Continued)

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	Up to the current state limit	N/A
San Mateo County Investment Pool	None	N/A	Up to the current state limit	N/A

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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosure Relating to Interest Rate Risk (Continued)

The JPB's weighted average maturity of its investment portfolio at June 30, 2025, was as follows (in thousands):

Investment Type	Amount	Weighted Average Maturity (in years)
LAIF	$ 398	0.59
San Mateo County Investment Pool	621	1.64
CAMP	13,962	0.10
Held by Bond Trustee:		
Money Market Mutual Funds	130,395	-
Total Investment Portfolio	$ 145,376	
Portfolio Weighted Average Maturity		0.13

The JPB's weighted average maturity of its investment portfolio at June 30, 2024, was as follows (in thousands):

Investment Type	Amount	Weighted Average Maturity (in years)
LAIF	$ 378	0.59
San Mateo County Investment Pool	585	1.64
CAMP	42,960	0.10
Treasury Bills - RJO'Brien	4,021	0.10
Held by Bond Trustee:		
Money Market Mutual Funds	18,633	-
Total Investment Portfolio	$ 66,577	
Portfolio Weighted Average Maturity		0.13

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, 2025 and 2024, for each investment type (in thousands):

		Rating as of June 30, 2025	
Investment Type	Amount	S&P Rating AAA	Not Rated
LAIF	$ 398	$ -	$ 398
San Mateo County Investment Pool	621	-	621
CAMP	13,962	13,962	-
Held by Bond Trustee:			
Money Market Mutual Funds	130,395	130,395	-
Total	$ 145,376	$ 144,357	$ 1,019

		Rating as of June 30, 2024	
Investment Type	Amount	S&P Rating AAA	Not Rated
LAIF	$ 378	$ -	$ 378
San Mateo County Investment Pool	585	-	585
CAMP	42,960	42,960	-
Treasury Bills - RJO'Brien	4,021	4,021	-
Held by Bond Trustee:			
Money Market Mutual Funds	18,633	18,633	-
Total	$ 66,577	$ 65,614	$ 963

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, 2025, or June 30, 2024.

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 prices 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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The following is the JPB's fair value hierarchy table as of June 30, 2025 (in thousands):

Investment Type	Total	Level 1 Inputs	Level 2 Inputs	Uncategorized
LAIF	$ 398	$ -	$ -	$ 398
San Mateo County Investment Pool	621	-	-	621
CAMP	13,962	-	13,962	-
Money Market Mutual Funds	130,395	-	130,395	-
Total Investments by Fair Value Type	$ 145,376	$ -	$ 144,357	$ 1,019

The following is the JPB's fair value hierarchy table as of June 30, 2024 (in thousands):

Investment Type	Total	Level 1 Inputs	Level 2 Inputs	Uncategorized
LAIF	$ 378	$ -	$ -	$ 378
San Mateo County Investment Pool	585	-	-	585
CAMP	42,960	-	42,960	-
Treasury Bills - RJO'Brien	4,021	4,021	-	-
Money Market Mutual Funds	18,633	-	18,633	-
Total Investments by Fair Value Type	$ 66,577	$ 4,021	$ 61,593	$ 963

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 counterparty (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, 2025 and 2024, the JPB had $242,852,804 and $243,624,358, 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.

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, 2025 and 2024, in the amount of $620,526 and $585,377, 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, 2025, the JPB had a contractual withdrawal value of $397,973 in LAIF. As of June 30, 2024, the JPB had a $378,405 contractual withdrawal value in LAIF.

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 Authority (VTA) 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.

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, at the date of transfer. Station sites consist principally of land and were capitalized as right-of-way.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows (in thousands):

	Balance June 30, 2024	Additions and Transfers	Deletions and Transfers	Balance June 30, 2025
Depreciable and amortized capital assets:				
Right-of-way improvements	$ 1,202,363	$ 1,468,683	$ (1,277)	$ 2,669,769
Rail vehicles	339,502	803,125	(134,922)	1,007,705
Facilities and equipment	148,840	428,548	(579)	576,809
Office equipment	13,817	-	-	13,817
Total depreciable and amortized capital assets	1,704,522	2,700,356	(136,778)	4,268,100
Accumulated depreciation/amortization for:				
Right-of-way improvements	851,586	101,943	(1,277)	952,252
Rail vehicles	289,713	30,642	(134,922)	185,433
Facilities and equipment	87,906	17,792	(579)	105,119
Office equipment	13,713	41	-	13,754
Total accumulated depreciation/amortization	1,242,918	150,418	(136,778)	1,256,558
Total capital assets being depreciated/amortized	461,604	2,549,938	-	3,011,542
Capital assets nondepreciable/nonamortizable:				
Right-of-way	237,254	13,481	-	250,735
Construction in progress	3,102,854	275,615	(2,713,840)	664,629
Intangible asset - trackage rights	8,000	-	-	8,000
Total nondepreciable/nonamortizable capital assets	3,348,108	289,096	(2,713,840)	923,364
Right-to-use lease assets:				
Office space	953	-	(953)	-
Land	3,875	-	-	3,875
Parking	1,196	-	-	1,196
Tower space	15	-	-	15
Total right-to-use lease assets	6,039	-	(953)	5,086
Accumulated amortization for:				
Office space	738	212	(953)	(3)
Land	323	1,292	-	1,615
Parking	438	239	-	677
Tower space	8	3	-	11
Total accumulated amortization	1,507	1,746	(953)	2,300
Total right-to-use lease assets, net	4,532	(1,746)	-	2,786
Capital assets, net	$ 3,814,244	$ 2,837,288	$ (2,713,840)	$ 3,937,692

NOTE 6 – CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2024, was as follows (in thousands):

	Balance June 30, 2023	Additions and Transfers	Deletions and Transfers	Balance June 30, 2024
Depreciable and amortized capital assets:				
Right-of-way improvements	$ 1,202,236	$ 127	$ -	$ 1,202,363
Rail vehicles	338,413	1,089	-	339,502
Facilities and equipment	145,879	3,053	(92)	148,840
Office equipment	13,765	52	-	13,817
Total depreciable and amortized capital assets	1,700,293	4,321	(92)	1,704,522
Accumulated depreciation/amortization for:				
Right-of-way improvements	807,602	43,984	-	851,586
Rail vehicles	281,841	7,872	-	289,713
Facilities and equipment	83,292	4,706	(92)	87,906
Office equipment	13,645	68	-	13,713
Total accumulated depreciation/amortization	1,186,380	56,630	(92)	1,242,918
Total capital assets being depreciated/amortized	513,913	(52,309)	-	461,604
Capital assets nondepreciable/nonamortizable:				
Right-of-way	237,254	-	-	237,254
Construction in progress	2,775,062	332,112	(4,320)	3,102,854
Intangible asset - trackage rights	8,000	-	-	8,000
Total nondepreciable/nonamortizable capital assets	3,020,316	332,112	(4,320)	3,348,108
Right-to-use lease assets:				
Office space	953	-	-	953
Land	-	3,875	-	3,875
Parking	1,196	-	-	1,196
Tower space	15	-	-	15
Total right-to-use lease assets	2,164	3,875	-	6,039
Accumulated amortization for:				
Office space	103	635	-	738
Land	-	323	-	323
Parking	199	239	-	438
Tower space	5	3	-	8
Total accumulated amortization	307	1,200	-	1,507
Total right-to-use lease assets, net	1,857	2,675	-	4,532
Capital assets, net	$ 3,536,086	$ 282,478	$ (4,320)	$ 3,814,244

Depreciation/amortization expense for the fiscal years ended June 30, 2025 and 2024, was $152,164,223 and $57,830,420, respectively.

NOTE 7 – OPERATING ASSISTANCE

Member Agencies provided operating funding to the JPB prior to fiscal year 2023. Net operating and administrative costs were apportioned on the basis of mutually agreed contribution rates, updated on an annual basis prior to fiscal year 2023. In fiscal years 2025 and 2024, due to the funding from the Measure RR transaction and use tax, the JPB did not request Member Agency contributions. Funding allocations for the fiscal years ended June 30 were:

	2024	2023
District - Operating	0.00%	0.00%
VTA - Operating	0.00%	0.00%
CCSF - Operating	0.00%	0.00%

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

	2025	2024
Member Agency local funds	$ -	$ -
Assembly Bill 434 operating assistance	-	-
State transit assistance	13,869	20,646
Total	$ 13,869	$ 20,646

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 $1,325,000 and $0 for the fiscal years ended June 30, 2025 and 2024, respectively.

In fiscal years 2025 and 2024, the JPB received capital reimbursements and capital advances from the Member Agencies totaling $40,013,825 and $36,005,877, respectively. The unexpended amounts at June 30, 2025 and 2024, are shown as Unearned Member Contributions. (See Note 16 – Related Parties.)

B. Federal and State Grants

At June 30, 2025 and 2024, the JPB had federal, state, and local grants/allocations that provide funding for Caltrain capital projects. Capital additions for the fiscal years ended June 30, 2025 and 2024, applicable to these projects were $225,737,403 and $487,286,585, respectively. The related federal participation was $56,640,563 and $112,497,616 for the fiscal years ended June 30, 2025 and 2024, respectively.

NOTE 8 – CAPITAL ASSISTANCE (Continued)

B. Federal and State Grants (Continued)

The JPB had receivables of $8,368,783 and $47,847,562 at June 30, 2025 and 2024, 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 $75,521,099 and $130,334,896 at June 30, 2025 and 2024, respectively, for qualifying capital project expenditures under various state grants, which also is reported as due from other governmental agencies.

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 fiscal year ended June 30, 2025, was as follows (in thousands):

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
2019 Series A Farebox Revenue Bonds	$ 44,105	$ -	$ 1,300	$ 42,805	$ 1,365
Add: Unamortized premium, net	6,464	-	264	6,200	264
2022 Series A Measure RR Sales Tax Revenue Bonds	140,000	-	2,560	137,440	2,690
Add: Unamortized premium, net	29,595	-	1,110	28,485	1,110
Total long-term debt	$ 220,164	$ -	$ 5,234	$ 214,930	$ 5,429

Long-term debt activity for the fiscal year ended June 30, 2024, was as follows (in thousands):

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
2019 Series A Farebox Revenue Bonds	$ 45,340	$ -	$ 1,235	$ 44,105	$ 1,300
Add: Unamortized premium, net	6,727	-	264	6,464	264
2022 Series A Measure RR Sales Tax Revenue Bonds	140,000	-	-	140,000	2,560
Add: Unamortized premium, net	30,704	-	1,110	29,595	1,110
Total long-term debt	$ 222,771	$ -	$ 2,609	$ 220,164	$ 5,234

NOTE 9 – REVENUE BONDS PAYABLE (Continued)

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 are payable on October 1, 2021, and annually thereafter on October 1 of each year through 2049.

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.

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 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) 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 the cost of issuance of the bonds. The 2022 Series A Measure RR Sales Tax Revenue Bonds (Green Bonds – Climate Bond Certified) 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.

NOTE 9 – REVENUE BONDS PAYABLE (Continued)

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

C. <u>Pledged Revenues and Annual Debt Service Payments</u>

The amount of farebox pledged revenues recognized during the fiscal years ended June 30, 2025 and 2024, was $63,387,782 and $49,743,197, respectively. The amount of Measure RR Sales Tax pledged revenues recognized during the fiscal years ended June 30, 2025 and 2024, were $123,057,621 and $119,614,442, respectively. 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, 2025 and 2024, was $13,032,750 and $10,471,125, respectively. The first payment on the 2019 Series A Farebox Revenue Bonds debt was October 1, 2019, with repayment of principal starting October 1, 2021, and continuing as laid out in the table below. 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
2026	$ 1,365	$ 2,106	$ 3,471
2027	1,435	2,036	3,471
2028	1,510	1,963	3,473
2029	1,585	1,885	3,470
2030	1,670	1,804	3,474
2031-2035	9,710	7,644	17,354
2036-2040	9,460	5,035	14,495
2041-2045	7,035	3,173	10,208
2046-2050	9,035	1,174	10,209
Total	$ 42,805	$ 26,820	$ 69,625

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 was scheduled for June 1, 2025. Annual debt service payments are as follows:

Year Ending June 30:	Principal	Interest	Total
2026	$ 2,690	$ 6,872	$ 9,562
2027	2,825	6,738	9,563
2028	2,965	6,596	9,561
2029	3,110	6,448	9,558
2030	3,270	6,293	9,563
2031-2035	18,960	28,841	47,801
2036-2040	24,205	23,603	47,808
2041-2045	30,890	16,915	47,805
2046-2050	39,420	8,381	47,801
2051	9,105	455	9,560
Total	$ 137,440	$ 111,142	$ 248,582

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, 2025 and 2024, 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 JBP and $100,000,000 carried by the Caltrain operator, TASI) plus an additional $23,000,000 xs $300,000,000 carried by the JPB for a total of $323,000,000
Real and Personal Property	$750,000 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 (FY25-FY26)
Federal Employees Liability Act (FELA)	$1,000,000 Self-Insured Retention	$100,000,000 Annual Aggregate

The JPB carries liability limits of $323 million with a $2 million self-insured retention (SIR). All rolling stock is insured at full replacement cost. Total insurable values (TIV) covering all rolling stock, real and personal property, tunnels, bridges and stations exceeds $2 billion. The JPB carries a $400,000,000 loss limit per occurrence real and personal property with a maximum $750,000 deductible. Terrorism coverage is included both property and liability. The JPB purchases $100 million limits Federal Employers Liability Act (FELA) with a $1 million SIR. A 2-year environmental pollution policy with aggregate limits of $10 million and a $50,000 deductible is purchased every other year. Earthquake coverage remains cost prohibitive to purchase. 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.

NOTE 10 – INSURANCE PROGRAMS (Continued)

Changes in the balances of self-insured claims liabilities for public liability and property damage for the fiscal years ended June 30, 2025 and 2024, were as follows (in thousands):

	2025	2024
Self-insured claims liabilities, beginning of year	$ 7,724	$ 4,846
Incurred claims and changes in estimates	2,563	6,901
Claim payments and related costs	(2,669)	(4,023)
Total self-insured claims liabilities	7,618	7,724
Less current portion	2,787	3,430
Noncurrent portion	$ 4,831	$ 4,294

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 statements of revenues, expenses, and changes in net position. Capital contributions earned for the fiscal years ended June 30 were as follows (in thousands):

	2025	2024
Contributions from the federal government	$ 56,640	$ 112,498
Contributions from the state	108,831	325,679
Contributions from local governments	60,266	49,110
Total	$ 225,737	$ 487,287

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, 2025, the JPB had 0 futures contracts. As of June 30, 2024, the JPB had 17 futures contracts covering the period from July 2024 to September 2024.

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

NOTE 12 – HEDGE PROGRAM (Continued)

futures contracts and the JPB's cost of diesel fuel from its supplier in order to insure that the futures 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 statements 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, 2025 and 2024 (in thousands).

	2025 Change in Fair Value		Fair Value June 30, 2025		
	Classification	Amount	Classification	Amount	Notional
Effective Cash Flow Hedges					
Futures Contracts	Deferred Inflow	$ (40)	Derivative Instruments	$ -	0 Gallons

	2024 Change in Fair Value		Fair Value June 30, 2024		
	Classification	Amount	Classification	Amount	Notional
Effective Cash Flow Hedges					
Futures Contracts	Deferred Inflow	$ 1,018	Derivative Instruments	$ 40	714 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.

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 the 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 fiscal years ended June 30, 2025 and 2024, are recorded as Contract Services in the statements of revenues, expenses, and changes in net position.

B. Litigation

As of June 30, 2025 and 2024, 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, at approximately 10:30 a.m., a southbound Caltrain train struck three stationary on-track (or hi-rail) maintenance vehicles at milepost (MP) 11.6 on main track 2 near San Bruno, California. The maintenance vehicles were on-track to pick-up catenary poles for installation along the right-of-way (ROW) as part of the Peninsula Corridor Electrification Project (PCEP). Balfour Beatty Infrastructure, Inc. (BBII) was the PCEP contractor, and TransitAmerica Services, Inc. (TASI) provides signaling services on the ROW. The National Transportation Safety Board (NTSB) issued a final report stating that the TASI roadway worker-in-charge released exclusive track occupancy while the hi-rail vehicles were still on the track. 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 (a TASI employee), and one maintenance contractor (a BBII employee). Of these, seven were transported to local hospitals, and seven were treated and released at the scene.

NOTE 13 – COMMITMENT AND CONTINGENCIES (Continued)

B. Litigation (Continued)

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

The time for filing lawsuits has run, and to date the following lawsuits remain unresolved:

- William Bryan: Mr. Bryan was the TASI locomotive engineer on the Caltrain train involved in the incident. He seeks damages related to the incident.
- The following passengers on the Caltrain train have also brought suit seeking damages related to the incident:
  - Mary Liu
  - Isaac Ortiz
  - Victor Morales

The JPB tendered all claims and lawsuits arising out of the accident to TASI and, subject to a reservation of rights, TASI agreed to indemnify and defend the JPB in these cases. The JPB has also agreed to defend and indemnify several other entities named in the lawsuit and then tendered those requests to TASI, which accepted them subject to a reservation of rights. In addition, since July 2024, Westchester/Chubb, the insurance carrier that issued a $25 million railroad protective liability (RRPL) insurance policy to the JPB for the PCEP, has been defending the JPB and TASI in these cases. To date, Chubb has settled two cases arising from the March 10, 2022, accident from the RRPL policy. The unresolved cases have been related but not consolidated and are set for trial March 18, 2026.

In addition to these lawsuits, BBII notified the JPB in 2022 that it incurred losses of approximately $2.2 million as a result of the incident, including labor costs BBII and its subcontractors incurred related to suspension of PCEP work on the ROW, and workers compensation payments. The JPB tendered that claim to TASI but even though TASI agreed to indemnify the JPB for all claims resulting from the accident, TASI notified BBII that it would not pay the claim. TASI and the JPB then entered into a tolling agreement that enables the JPB to pursue indemnification against TASI for this and other claims at a later time. The JPB subsequently settled BBII's claim as part of the final closeout of the PCEP project with BBII.

***William Rogers, et al. v. JPB, et al.* (San Mateo Superior Court, Case No. 23-CIV-03335)**

On August 25, 2022, at approximately 1:00 a.m., William Rogers, an employee of Modern Rail Systems (MRS), which was a subcontractor to BBII under the PCEP contract, was performing work near MP 31.7, near Palo Alto, California. While walking across a bridge adjacent to the tracks to reach a signal house, the employee fell approximately 25 feet through the wooden deck structure, onto the Oregon Expressway below the bridge. Mr. Rogers was injured and transported to Stanford Medical Center. On July 20, 2023, Mr. Rogers and his wife Sarah Rogers filed suit against the JPB in San Mateo County Superior Court. Mr. Rogers seeks damages related to the accident and Ms. Rogers has filed a claim for loss of consortium. Plaintiffs also named TASI, Herzog Transit Services (Herzog) (TASI's parent company), and the District as defendants, although the plaintiffs subsequently dismissed the District from the case. The Rogers also seek an award of punitive damages against TASI and Herzog. The JPB has agreed to defend and indemnify TASI and Herzog, subject to a reservation of rights, and excluding any punitive damages.

NOTE 13 – COMMITMENT AND CONTINGENCIES (Continued)

B. Litigation (Continued)

William Rogers, et al. v. JPB, et al. **(San Mateo Superior Court, Case No. 23-CIV-03335)** (Continued)

In July 2024, Westchester/Chubb, which provided the $25 million RRPL insurance policy for PCEP discussed above, notified the JPB that it was taking over defense of the case and assigned Stephanie Quinn of Quinn, Covarrubias, to act as defense counsel for the JPB and TASI. In addition, in June 2025, Hartford Fire Insurance Company, the general liability insurer for MRS, agreed to defend the JPB with a reservation of rights.

The various potential payors of any settlement or judgment in this case, including the insurers, BBII, MRS and the JPB, have ongoing disputes with regard to which entities are obligated to defend or indemnify for those claims. The case is set for trial on January 6, 2026.

Damage to EMU trains on February 1, 2024

On February 1, 2024, two new Electric Multiple Unit (EMU) train cars, which run on the JPB's new electrification system, were damaged at the JPB's Central Equipment & Maintenance Facility (CEMOF) when they were hit by another train car that had come loose from its stationary blocks. The EMUs are being repaired in Utah by Stadler, the maker of the trains. The estimated repair cost is approximately $5.3 million and JPB's property insurer, Great American, has agreed to reimburse the JPB for most of the costs. The property policy has a $500,000 deductible. The JPB has entered into a tolling agreement with TASI to preserve its right to seek recovery from TASI for any amount of repair costs (including the deductible) not covered by Great American.

Khuong Le v. Peninsula Corridor Joint Powers Board, et al. (San Mateo Superior Court, Case No. 24-CIV-07931)

On December 18, 2024, the Law Offices of Dryer Babbich Buccola Wood Campora, LLC, served the JPB with a summons and complaint on behalf of Khuong Le, who was injured when his vehicle was struck by a northbound Caltrain train at the Broadway Crossing in Burlingame on January 3, 2024, at 5:55 a.m. Mr. Le had driven his car onto and then began driving up the tracks before being struck approximately 100 feet from the grade-crossing. The unlimited civil action, filed in the San Mateo Superior Court, names as defendants the JPB, the District, Transit America Services, Inc. (TASI), City of Burlingame, and TASI engineer Tiffany Gilbert. The JPB has accepted TASI's tender to defend and indemnify it, and defendants are being represented by Kevin Allen of Allen, Glaessner, Hazelwood, and Werth, LLP.

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, 2025 and 2024 (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, 2024	$ -	$ -	$ -	$ -
Adjustments	-	-	-	-
Net Expenditures	-	-	-	-
Unspent balance at June 30, 2025	$ -	$ -	$ -	$ -

	PTMISEA Electrification Improvements (Fund 3638)	PTMISEA Community Based Overlay Signal System (Fund 3647)	PTMISEA Interest Earned (Fund 3636)
Total Allocations as of June 30, 2024	$ -	$ 14	$ 9
Adjustments	-	-	-
Interest Earned, Net of Bank Charges	-	-	-
Net Expenditures	-	-	-
Unspent balance at June 30, 2025	$ -	$ 14	$ 9

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, 2023	$ -	$ -	$ -	$ -
Adjustments	-	-	-	-
Net Expenditures	-	-	-	-
Unspent balance at June 30, 2024	$ -	$ -	$ -	$ -

	PTMISEA Electrification Improvements (Fund 3638)	PTMISEA Community Based Overlay Signal System (Fund 3647)	PTMISEA Interest Earned (Fund 3636)
Total Allocations as of June 30, 2023	$ -	$ 15	$ 9
Adjustments	-	-	-
Interest Earned, Net of Bank Charges	-	-	-
Net Expenditures	-	(1)	-
Unspent balance at June 30, 2024	$ -	$ 14	$ 9

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 GMF40 PH-2 locomotives (collectively, the Equipment). The 2002 Lease Transaction had a scheduled termination date in January 2026, at which point the JPB could exercise its option to purchase the Equipment. In January 2025, the JPB provided irrevocable written notice of its intent to exercise its option to purchase the Equipment pursuant to the 2002 Lease Transaction.

On June 5, 2025, the JPB executed an Omnibus Termination Agreement (the Termination Agreement) with respect to the 2002 Lease Transaction. The Termination Agreement (a) constituted the early exercise of JPB's purchase option with respect to the Equipment, (b) amended the purchase option date to the date of the Termination Agreement, and (c) amended the purchase option price to an amount that was funded from the early termination of certain payment agreements and a contribution of $3,912,000 from the JPB. Following the termination of the 2002 Lease Transaction, the JPB has no other leasing transactions outstanding.

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 2025 and 2028 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 2122 with some leases containing options to renew.

The JPB adopted GASB Statement No. 87, *Leases*, in fiscal year 2023 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 lease 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.

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 lease right-to-use lease 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 5.28% for July 2023 and 5.58% for July 2024, the Mid-term annual 110% AFR was 4.23% for July 2023 and 4.94% for July 2024, and the Long-term annual 110% AFR was 4.38% for July 2023 and 5.08% for July 2024. The July 2023 and July 2024 AFR were used for applicable leases beginning in fiscal years 2024 and 2025, 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 2025 and 2024, as a lessee, all leases are based on fixed payments and do not have variable payment components. For fiscal years 2025 and 2024, 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 2025 and 2024.

Remeasurement – There were no remeasurements for fiscal years 2025 and 2024 due to (1) early termination which included a termination fee, (2) reduction in monthly lease payment, and (3) a change in the discount rate.

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

As a lessee, the JPB recognized $1,746,383 and $1,201,383 of lease related amortization expense in fiscal years 2025 and 2024, respectively. The JPB also recognized $198,759 and $80,014 of lease related interest expense in fiscal years 2025 and 2024, respectively.

As a lessor, the JPB recognized $228,633 and $191,088 in lease related interest revenue in fiscal years 2025 and 2024, respectively. The JPB also recognized revenues from lease related deferred inflows of resources of $180,516 and $215,269, and $6,925,327 and $6,994,875 in lease related receivables in fiscal years 2025 and 2024, respectively.

Refer to Note 6 for right-to-use lease assets.

Lease related obligations consist of the following:

	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Current Portion
Lease liabilities	$ 4,930	$ -	$ 1,791	$ 3,139	$ 1,684
Total long-term debt	$ 4,930	$ -	$ 1,791	$ 3,139	$ 1,684

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Lease liabilities	$ 1,919	$ 3,910	$ 899	$ 4,930	$ 1,790
Total long-term debt	$ 1,919	$ 3,910	$ 899	$ 4,930	$ 1,790

A summary of the combined remaining principal and interest amounts by fiscal year for the lease liabilities are shown below:

Year Ending June 30:	Principal	Interest	Total
2026	$ 1,684	$ 117	$ 1,801
2027	1,410	32	1,442
2028	45	-	45
Total	$ 3,139	$ 149	$ 3,288

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):

	2025	2024
Wages and fringe benefits	$ 21,228	$ 17,940
Overhead	360	173
Total	$ 21,588	$ 18,113

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):

	2025	2024
District	$ 20,885	$ 10,644
VTA	6,265	14,096
CCSF	6,599	7,000
Total	$ 33,749	$ 31,740

C. Payables to the District

Amounts due to the District as Managing Agency at June 30, 2025 and 2024, total $24,436,716 and $5,719,699, respectively, and are included in accrued liabilities.

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.

NOTE 16 – RELATED PARTIES (Continued)

D. Unearned Member Contributions (Continued)

The balances at June 30 were as follows (in thousands):

	2025	2024
District	$ 18,118	$ 17,923
VTA	3,108	3,252
CCSF	2,008	1,995
Total	$ 23,234	$ 23,170
Committed for:		
Centralized traffic control system	$ 1	$ 1
Farebox capital	1	1
Capital Contingency Fund	2,350	2,493
Capital contribution, Member's local match	20,882	20,675
Total Committed	23,234	23,170
Uncommitted funds:		
District	-	-
VTA	-	-
CCSF	-	-
Total Uncommitted	-	-
Total	$ 23,234	$ 23,170

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. 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 and the 2018 Transit and Intercity Rail Capital Program (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 2016 Credit Facility.

NOTE 17 – REVOLVING CREDIT FACILITY (Continued)

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 the PCEP project funding (PCEP Credit Facility) and Working Capital funding (Working Capital Facility). The terms on the new Credit Facilities are 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 fee 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., an interest rate). The draw fee for Tax Exempt draws is equal to the following formula: The Secured Overnight Financing Rate (SOFR) plus an Applicable Tax-Exempt Margin, which currently stands at 0.36% based on the current S&P rating of AA+. The draw fee for Taxable draws is equal to the Secured Overnight Financing Rate (SOFR) plus an applicable Taxable Margin, which currently stands at 0.45% based on the current S&P rating of AA+. As of June 30, 2025, there was no outstanding (drawn) revolving credit line balances on the PCEP Credit Facility and $25 million for the Tax-Exempt Facility. As of June 30, 2024, there was no outstanding (drawn) revolving credit line balances on the PCEP Credit Facility and $46.7 million for the Tax-Exempt Facility.

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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 FISCAL YEAR ENDED JUNE 30, 2025

	Budget (Unaudited)	Actual	Variance with Final Budget
OPERATING REVENUES:			
Passenger fares	$ 53,094	$ 58,720	$ 5,626
Parking, shuttle, and pass revenues	2,399	3,413	1,014
Advertising	225	695	470
Other	50	560	510
Total operating revenues	55,768	63,388	7,620
OPERATING EXPENSES:			
Contract services	158,337	146,530	11,807
Insurance	15,074	15,436	(362)
Fuel	15,336	15,397	(61)
Parking, shuttle, and pass expenses	2,197	2,431	(234)
Professional services	2,747	2,997	(250)
Wages and benefits	32,500	21,588	10,912
Utilities and supplies	3,826	3,551	275
Maintenance services	1,085	510	575
Temporary services, rent, and other	16,526	12,721	3,805
Debt fees	-	4,093	(4,093)
Total operating expenses	247,628	225,254	22,374
Operating loss	(191,860)	(161,866)	29,994
NONOPERATING REVENUES (EXPENSES):			
Federal, state, and local operating assistance	27,418	13,869	(13,549)
Transaction and use tax	120,610	123,058	2,448
Rental income	1,500	1,529	29
Investment income	2,460	9,828	7,368
Interest expense	(7,763)	(4,549)	3,214
Expense for noncapitalized projects	-	(36,944)	(36,944)
Other income	972	3,584	2,612
Total nonoperating revenues (expenses), net	145,197	110,375	(34,822)
Net loss	(46,663)	(51,491)	64,816
CAPITAL OUTLAY:			
Capital assistance	132,703	225,737	93,034
Capital debt financing	-	63,360	63,360
Capital expenditures	(132,703)	(289,097)	(156,394)
Net capital outlay	-	-	-
Deficiency of Revenues and Nonoperating Income under Expenses, Capital Outlay, and Debt Principal Payment	$ (46,663)	$ (51,491)	$ 64,816

NOTES TO SUPPLEMENTARY SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 2024.

NOTE 2 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Deficiency of Revenues and Nonoperating Income under Expenses, Capital Outlay, and Debt Principal Payment		$ (51,491)
Reconciling Items		
Capital expenditures	$ 289,097	
Depreciation and amortization	(152,164)	
Capital debt financing	(63,360)	
Subtotal reconciling items		73,573
Change in net position, GAAP basis		$ 22,082

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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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 2016 THROUGH 2025 (in thousands)

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

	2025	2024	2023	2022	2021
OPERATING REVENUES:					
Passenger fares	$ 58,720	$ 46,896	$ 43,330	$ 33,236	$ 32,440
Parking, shuttle, and pass revenues	3,413	2,299	2,239	2,778	1,547
Advertising	695	232	821	412	114
Other	560	315	275	1,268	1,108
Total operating revenues	63,388	49,742	46,665	37,694	35,209
OPERATING EXPENSES:					
Contract services	146,530	128,756	117,289	108,946	122,030
Insurance	15,436	16,480	11,855	6,148	8,473
Fuel	15,397	15,440	15,995	13,491	7,088
Parking, shuttle, and pass expenses	2,431	1,577	1,507	3,254	3,211
Professional services	2,997	3,081	2,445	2,944	11,061
Wages and benefits	21,588	18,113	14,063	11,356	13,068
Utilities and supplies	3,551	3,254	2,836	5,118	2,083
Maintenance services	510	1,059	773	609	503
Temporary services, rent, and other	12,721	6,478	5,808	5,298	3,330
Debt fees	4,093	-	716	-	-
Total operating expenses	225,254	194,238	173,287	157,164	170,847
Operating loss before depreciation and amortization	(161,866)	(144,496)	(126,622)	(119,470)	(135,638)
Depreciation and amortization	(152,164)	(57,830)	(60,582)	(65,656)	(65,112)
Operating loss	(314,030)	(202,326)	(187,204)	(185,126)	(200,750)
NONOPERATING REVENUES:					
Federal, state, and local operating assistance	13,869	20,646	11,644	126,118	129,634
Transaction and use tax	123,058	119,614	121,645	112,620	-
Rental income	1,529	1,605	1,300	1,237	1,125
Investment income	9,828	6,426	4,838	679	334
Other income	3,584	74,610	3,059	3,172	4,085
Total nonoperating revenues	151,868	222,901	142,486	243,826	135,178
NONOPERATING EXPENSES:					
Interest expense	(4,549)	(2,252)	(2,351)	(2,210)	(2,890)
Expense for noncapitalized projects	(36,944)	(40,902)	(31,059)	(19,954)	-
Total nonoperating expenses	(41,493)	(43,154)	(33,410)	(22,164)	(2,890)
Net income (loss) before capital contributions	(203,655)	(22,579)	(78,128)	36,536	(68,462)
Capital contributions	225,737	487,287	296,030	468,612	434,567
Change in net position	22,082	464,708	217,902	505,148	366,105
NET POSITION:					
Beginning of year	3,910,977	3,446,269	3,228,367	2,723,219	2,355,685
Prior period adjustment per GASB 87[1]	-	-	-	-	1,429
Beginning of year, as restated	3,910,977	3,446,269	3,228,367	2,723,219	2,357,114
End of year	$ 3,933,059	$ 3,910,977	$ 3,446,269	$ 3,228,367	$ 2,723,219
COMPONENTS OF NET POSITION:					
Net investment in capital assets	$ 3,690,304	$ 3,558,514	$ 3,304,463	$ 2,947,760	$ 2,652,168
Unrestricted	242,755	352,463	141,806	280,607	71,051
Net position, end of year	$ 3,933,059	$ 3,910,977	$ 3,446,269	$ 3,228,367	$ 2,723,219

[1] Per Governmental Accounting Standards Board (GASB) Statement No. 87 effective as of fiscal year 2022, a lessee is required to recognize a lease liability and an intangible right-to-use lease 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.

2020	2019	2018	2017	2016
$ 76,094	$ 102,668	$ 97,050	$ 92,429	$ 86,959
6,045	7,894	7,790	7,911	7,226
1,469	1,050	1,016	370	190
849	1,165	1,180	1,321	1,057
84,457	112,777	107,036	102,031	95,432
107,037	99,541	92,899	89,639	82,942
4,166	4,129	1,188	7,105	35
9,311	11,184	10,322	8,613	8,312
5,591	5,280	5,916	5,629	6,104
5,535	2,068	2,178	1,514	1,618
17,355	16,765	13,911	13,561	12,943
2,059	2,189	2,063	2,179	2,172
1,391	1,643	1,668	1,508	1,054
4,579	4,528	2,782	2,886	2,664
-	-	-	-	-
157,024	147,327	132,927	132,634	117,844
(72,567)	(34,550)	(25,891)	(30,603)	(22,412)
(66,966)	(78,890)	(100,097)	(83,922)	(93,540)
(139,533)	(113,440)	(125,988)	(114,525)	(115,952)
63,044	35,070	25,346	25,489	25,078
-	-	-	-	-
534	1,901	2,070	1,861	1,781
495	714	93	28	111
1,201	3,210	1,198	2,413	613
65,274	40,895	28,707	29,791	27,583
(2,641)	(3,224)	(1,499)	(1,302)	(1,300)
-	-	-	-	-
(2,641)	(3,224)	(1,499)	(1,302)	(1,300)
(76,900)	(75,769)	(98,780)	(86,036)	(89,669)
361,303	405,162	321,303	246,767	131,329
284,403	329,393	222,523	160,731	41,660
2,071,282	1,741,889	1,519,366	1,358,635	1,316,975
-	-	-	-	-
2,071,282	1,741,889	1,519,366	1,358,635	1,316,975
$ 2,355,685	$ 2,071,282	$ 1,741,889	$ 1,519,366	$ 1,358,635
$ 2,312,715	$ 2,030,255	$ 1,707,243	$ 1,484,730	$ 1,323,485
42,970	41,027	34,646	34,636	35,150
$ 2,355,685	$ 2,071,282	$ 1,741,889	$ 1,519,366	$ 1,358,635

PENINSULA CORRIDOR JOINT POWERS BOARD

REVENUE CAPACITY – REVENUE BASE AND REVENUE RATE
FISCAL YEARS 2016 THROUGH 2025

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

	2025	2024	2023	2022	2021
Passenger fares (in thousands)	$ 58,720	$ 46,896	$ 43,330	$ 33,236	$ 32,440
Revenue Base					
Number of passengers (in thousands)	11,017	7,302	6,678	4,055	1,296
Source: National Transit Database (NTD)					
Four-zone fare structure					
Full adult fare:					
One-way (Ticket Machine)	$ 10.50	$ 10.50	$ 10.50	$ 10.50	$ 10.50
One-way (Clipper Card)	9.95	9.95	9.95	9.95	-
Day Pass	21.00	21.00	21.00	21.00	21.00
8-ride[1]	-	-	-	-	-
10-ride	-	-	-	-	-
Monthly Pass	238.80	238.80	238.80	238.80	298.50
Eligible discount fare:					
One-way (Ticket Machine)	$ 4.75	$ 4.75	$ 4.75	$ 4.75	$ 4.75
One-way (Clipper Card)	4.60	4.60	4.60	4.60	-
Day Pass	9.50	9.50	10.50	10.50	10.50
8-ride [1]	-	-	-	-	-
10-ride	-	-	-	-	-
Monthly pass	110.40	110.40	110.40	110.40	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.

FY2025 and FY2024 Caltrain ridership is preliminary and subject to change.

2020		2019		2018		2017		2016	
$	75,789	$	102,668	$	97,050	$	92,429	$	86,959
	13,684		17,797		18,944		18,743		19,233
$	10.50	$	10.50	$	10.50	$	9.75	$	9.75
	-		-		-		-		-
	21.00		21.00		21.00		19.50		19.50
	-		-		-		68.10		68.10
	-		-		-		-		-
	298.50		298.50		278.60		243.80		243.80
$	4.75	$	4.75	$	4.75	$	4.75	$	4.75
	-		-		-		-		-
	10.50		10.50		10.50		9.75		9.75
	-		-		-		34.05		34.05
	-		-		-		-		-
	138.00		138.00		128.80		121.90		121.90

REVENUE CAPACITY – PRINCIPAL REVENUE PAYERS
FISCAL YEAR ENDED JUNE 30, 2025

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

DEBT CAPACITY – RATIO OF OUTSTANDING DEBT
FISCAL YEARS 2016 THROUGH 2025 (in thousands)

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

Fiscal Year	Revenue Bonds (in thousands)[1]	Lease Liabilities (in thousands)	Total
2025	$ 214,930	$ 3,139	$ 218,069
2024	220,164	4,930	225,094
2023	222,771	1,919	224,690
2022	225,320	632	225,952
2021	54,890	593	55,483
2020	55,153	2,020	57,173
2019	55,417	-	55,417
2018	34,496	-	34,496
2017	34,514	-	34,514
2016	34,532	-	34,532

[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 data for 2024 and 2025 is based on an estimated three percent annual increase over 2023. Source data for table is FY24 San Mateo County Annual Comprehensive Financial Report.

DEBT CAPACITY – BONDED DEBT
FISCAL YEARS 2016 THROUGH 2025 (in thousands)

This table presents the capacity of the JPB to issue Revenue Bonds based on the total member contributions from the District, VTA, and CCSF, and the Measure RR transaction and use tax since fiscal year 2023.

Fiscal Year	Revenue Bonds	Operating Contributions / Transaction and Use Tax	As a Percent of Operating Contributions / Transaction and Use Tax
2025	$ 214,930	$ 123,058	174.7%
2024	220,164	119,614	184.1%
2023	222,771	121,645	183.1%
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%

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

DEBT CAPACITY – DIRECT AND OVERLAPPING DEBT
FISCAL YEAR ENDED JUNE 30, 2025

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

DEBT CAPACITY – DEBT LIMITATIONS
FISCAL YEAR ENDED JUNE 30, 2025

The JPB does not have a legal debt limit.

PENINSULA CORRIDOR JOINT POWERS BOARD

DEBT CAPACITY – PLEDGED REVENUE COVERAGE
FISCAL YEARS 2016 THROUGH 2025 (in thousands)

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

		Debt Service (Farebox Revenue Bonds)			
Fiscal Year	Pledged Revenue	Principal	Interest	Total	Debt Coverage
2025	$ 63,387	$ 1,300	$ 2,173	$ 3,473	$ 18
2024	49,742	1,235	2,236	3,471	14
2023	46,665	1,175	2,296	3,471	13
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

		Debt Service (Measure RR Sales Tax Revenue Bonds)			
Year	Pledged Revenue	Principal	Interest	Total	Debt Coverage
2025	$ 123,058	$ 2,560	$ 7,000	$ 9,560	$ 13
2024	119,614	-	7,000	7,000	17
2023	121,645	-	7,000	7,000	17
2022	112,620	-	1,731	1,731	65

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

DEBT CAPACITY – SALES TAX RECEIPTS – COUNTY OF SAN MATEO
FISCAL YEARS 2024 AND 2015 (in thousands)

This table presents the Debt Capacity – Sales Tax Receipts for County of San Mateo:

	2024			2015		
Major Industry Group	**Rank**	**Percent of Sales Receipts**	**Amount**	**Rank**	**Percent of Sales Receipts**	**Amount**
County and State Pool	1	20.3%	$ 44,882	3	14.2%	$ 22,230
Autos and Transportation	2	18.0%	39,831	2	18.0%	28,151
General Consumer Goods	3	17.1%	37,875	1	21.3%	33,238
Restaurants and Hotels	4	13.9%	30,764	5	13.4%	20,899
Business and Industry	5	11.6%	25,604	4	10.7%	16,696
Building and Construction	6	7.7%	17,125	7	8.4%	13,171
Fuel and Service Stations	7	7.1%	15,756	6	8.7%	13,602
Food and Drugs	8	4.3%	9,429	8	5.1%	7,989
Transfers and Unidentified	9	0.2%	349	9	0.0%	63
Total			**$ 221,615**			**$ 156,039**

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

DEBT CAPACITY – SALES TAX RECEIPTS – CITY AND COUNTY OF SAN FRANCISCO FISCAL YEARS 2024 AND 2015 (in thousands)

This table presents the Debt Capacity – Sales Tax Receipts for City and County of San Francisco:

	2024			2015		
Major Industry Group	**Rank**	**Percent of Sales Receipts**	**Amount**	**Rank**	**Percent of Sales Receipts**	**Amount**
Restaurants and Hotels	1	27.0%	$ 51,312	2	26.3%	$ 48,987
County and State Pool	2	23.8%	45,148	3	16.5%	30,760
General Consumer Goods	3	17.6%	33,426	1	26.2%	48,881
Business and Industry	4	9.7%	18,495	4	10.0%	18,632
Food and Drugs	5	5.7%	10,798	6	6.0%	11,224
Building and Construction	6	5.4%	10,263	7	5.2%	9,689
Fuel and Service Stations	7	5.3%	10,094	5	4.9%	9,214
Autos and Transportation	8	5.1%	9,692	8	4.8%	8,899
Transfers and Unidentified	9	0.3%	608	9	0.1%	125
Total			**$ 189,836**			**$ 186,411**

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).

DEBT CAPACITY – SALES TAX RECEIPTS – COUNTY OF SANTA CLARA
FISCAL YEARS 2024 AND 2015 (in thousands)

This table presents the Debt Capacity – Sales Tax Receipts for County of Santa Clara:

	2024			2015		
Major Industry Group	**Rank**	**Percent of Sales Receipts**	**Amount**	**Rank**	**Percent of Sales Receipts**	**Amount**
Business and Industry	1	28.4%	$ 162,814	1	24.1%	$ 98,797
County and State Pool	2	18.0%	103,588	3	14.9%	60,943
General Consumer Goods	3	13.7%	78,596	2	19.2%	78,787
Autos and Transportation	4	13.2%	75,969	4	12.4%	50,812
Restaurants and Hotels	5	12.0%	68,876	5	11.2%	45,929
Building and Construction	6	6.4%	36,659	7	7.9%	32,478
Fuel and Service Stations	7	5.0%	28,537	6	6.3%	25,791
Food and Drugs	8	3.2%	18,157	8	3.9%	15,806
Transfers and Unidentified	9	0.1%	719	9	0.1%	238
Total			**$ 573,915**			**$ 409,581**

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

DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND UNEMPLOYMENT RATES – COUNTY OF SAN MATEO
FISCAL YEARS 2016 THROUGH 2025

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

Fiscal Year	Population [1]	Total Personal Income (in millions) [2]	Per Capita Personal Income [2]	Average Unemployment Rates [3]
2025	737,847	$ 133,179 *	$ 183,353 *	4.10%
2024	741,565	129,300 *	178,013 *	3.50%
2023	745,302	125,534	172,828	3.10%
2022	740,821	118,716	162,863	2.10%
2021	751,596	128,260	173,524	5.00%
2020	771,061	107,772	141,348	10.80%
2019	774,231	99,157	129,043	2.20%
2018	772,372	96,226	124,705	2.50%
2017	770,256	89,149	115,556	2.90%
2016	765,895	81,488	106,115	3.30%

[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 2025 Unemployment Rate https://labormarketinfo.edd.ca.gov/file/lfmonth/sanf$pds.pdf

*2025 Population estimate is based on 0.5% decline from 2023 to 2024.

*Total Personal Income and Per Capital Personal Income data for 2024 and 2025 is based on an estimated three percent annual increase over 2023. Source data for table is FY24 San Mateo County Annual Comprehensive Financial Report.

Source: County of San Mateo fiscal year 2024 Annual Comprehensive Financial Report.

PENINSULA CORRIDOR JOINT POWERS BOARD

DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND UNEMPLOYMENT RATES – CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2016 THROUGH 2025

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

Fiscal Year	Population [1]	Total Personal Income (in millions) [2]	Per Capita Personal Income [2]	Average Unemployment Rates [3]
2025	804,842 *	$ 138,890 *	$ 172,568 *	4.20%
2024	804,842	134,845	167,542	3.60%
2023	808,988	131,292	162,292	2.70%
2022	807,774	125,970	155,947	3.30%
2021	811,935	129,775	159,834	6.90%
2020	870,518	122,788	141,052	4.80%
2019	881,549	117,636	133,442	2.30%
2018	880,696	115,445	131,083	2.60%
2017	879,166	106,007	120,576	3.10%
2016	876,103	96,161	109,760	3.40%

[1] US Census Bureau. Fiscal years 2020, 2021, 2022, and 2023 were updated from last year's Annual Comprehensive Financial Report with newly available data.

[2] US Bureau of Economic Analysis. Fiscal years 2021, 2022, and 2023 were updated from last year's Annual Comprehensive Financial Report with newly available data.

[3] California Employment Development Department. 2025 Unemployment Rate. https://labormarketinfo.edd.ca.gov/file/lfmonth/sanf$pds.pdf

*2025 Population estimate is based on 0.5% decline from 2023 to 2024.

*Total Personal Income and Per Capital Personal Income data for 2025 is based on an estimated three percent annual increase over 2024. Source data for table is FY24 San Francisco County Annual Comprehensive Financial Report.

DEMOGRAPHICS AND ECONOMIC INFORMATION – POPULATION, INCOME, AND UNEMPLOYMENT RATES – COUNTY OF SANTA CLARA
FISCAL YEARS 2016 THROUGH 2025

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

Year	Population [1]	Total Personal Income (in millions) [2]	Per Capita Personal Income [2]	Average Unemployment Rates [3]
2025	1,903,198 *	$ 302,148 *	$ 160,199 *	4.60%
2024	1,903,198	293,348 *	155,533 *	4.10%
2023	1,886,079	284,804	151,003	3.70%
2022	1,894,783	273,605	144,399	2.20%
2021	1,934,171	268,316	138,724	5.20%
2020	1,961,969	235,835	123,661	10.70%
2019	1,954,286	223,625	115,997	2.60%
2018	1,956,598	209,020	107,877	2.90%
2017	1,938,180	190,002	98,032	3.50%
2016	1,927,888	170,673	88,920	4.00%

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

[2] US Department of Commerce - Bureau of Economic Analysis. Actual data is available through 2023. Years 2024 and 2025 data are preliminary and assume a 3% increase over prior year.

[3] California Employment Development Department. 2025 Unemployment Rate. https://labormarketinfo.edd.ca.gov/file/lfmonth/sjos$pds.pdf.

*2025 Population estimate is based on 0.9% increase from 2023 to 2024.

*Total Personal Income and Per Capital Personal Income data for 2024 and 2025 is based on an estimated three percent annual increase over 2023. Source data for table is FY24 Santa Clara County Annual Comprehensive Financial Report

Source: Santa Clara County FY2024 Annual Comprehensive Financial Report.

DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS – COUNTY OF SAN MATEO
FISCAL YEARS 2022 AND 2014

This table presents the top 10 principal employers in San Mateo County for 2022 and 2014:

		2022*			2014		
Employers in San Mateo County	Business Type	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Meta (Facebook Inc.)	Social Network	18,000	1	4.28%	6,068	4	1.40%
Genentech Inc.	Biotechnology	9,000	2	2.14%	10,000	2	2.30%
County of San Mateo	Government	5,959	3	1.42%	5,500	5	1.26%
Gilead Sciences Inc.	Biotechnology	4,307	4	1.02%	3,500	7	0.80%
Sutter Health	Health Care	3,347	5	0.80%			
Sony Interactive Entertainment	Interactive Entertainment	3,000	6	0.71%			
YouTube	Online Video-Streaming Platform	2,500	7	0.59%			
Safeway Inc.	Retail Grocer	2,117	8	0.50%	2,393	9	0.55%
Kaiser Permanente	Healthcare	2,100	9	0.50%			
Electronic Arts Inc.	Video Game Developer and Publisher	1,600	10	0.38%	2,367	10	0.54%
United Airlines	Airline	n/a		n/a	10,500	1	2.41%
Oracle Corp.	Hardware and Software	n/a		n/a	6,750	3	1.55%
Visa USA/Visa International	Global Payments Technology	n/a		n/a	3,500	6	0.80%
Mills-Peninsula Health Services	Healthcare	n/a		n/a	2,500	8	0.57%
Total		51,930		12.34%	53,078		12.18%

* The latest information available for principal employers in the County.

Source: San Francisco Business Times - 2024 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2024 County of San Mateo Annual Comprehensive Financial Report.

DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS – CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2022 AND 2013

This table presents the top 10 principal employers in San Francisco City and County for 2022 and 2013:

	2022*			2013		
Employers in San Francisco City and County	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
City and County of San Francisco	35,802	1	6.38%	25,458	1	5.33%
University of California, San Francisco	29,500	2	5.26%	22,664	2	4.74%
Salesforce	10,603	3	1.89%	4,000	9	0.84%
San Francisco Unified School District	10,322	4	1.84%	8,189	5	1.71%
Sutter Health	6,100	5	1.09%			
Wells Fargo & Co	5,899	6	1.05%	8,300	4	1.74%
Uber Technologies Inc.	5,500	7	0.98%			
Allied Universal	4,095	8	0.72%			
Kaiser Permanente	3,921	9	0.70%	3,581	10	0.75%
First Republic Bank	3,042	10	0.54%			
PG&E Corporation	n/a			4,415	7	0.92%
California Pacific Medical Center	n/a			8,559	3	1.79%
Gap, Inc	n/a			6,000	6	1.26%
State of California	n/a			4,184	8	0.88%
Total	114,784		20.45%	95,350		19.96%
Total City and County Employment	561,308			477,650		

* The latest information available for principal employers in the County.

Source: FY2024 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 San Francisco Unified School District data is from the "Facts At A Glance 2022-2023" within the SFUSD website. All other data is obtained from the San Francisco Business Times Book of Lists.

DEMOGRAPHICS AND ECONOMIC INFORMATION – PRINCIPAL EMPLOYERS – COUNTY OF SANTA CLARA
FISCAL YEARS 2023 AND 2015

This table presents the top 10 principal employers in Santa Clara County for 2023 and 2015:

	2023*			2015		
Company or Organization	Estimated Number of Employees	Rank	Percent of Total County Employment	Estimated Number of Employees	Rank	Percent of Total County Employment
Google LLC	44,244	1	4.40%	11,000	6	1.11%
Tesla Motors Inc.	30,000	2	2.98%			
Apple Inc.	25,000	3	2.49%	16,000	3	1.61%
Meta Platforms Inc. (formerly Facebook Inc.)	22,515	4	2.24%			
County of Santa Clara	21,590	5	2.15%	16,837	2	1.70%
Cisco Systems Inc.	18,500	6	1.84%	15,800	1	1.59%
Stanford University	16,963	7	1.69%	15,053	4	1.52%
Stanford Health Care (formerly Hospital & Clinics)	10,847	8	1.08%	7,689	7	0.77%
University of California Santa Cruz	8,671	9	0.86%			
City of San Jose	8,134	10	0.81%	5,759	10	0.58%
Kaiser Permanente Northern California	n/a			13,500	5	1.36%
Lockheed Martin Space Systems Co.	n/a			7,000	8	0.71%
Intel Corporation	n/a			6,277	9	0.63%
Total - Top 10 Employers	206,464			114,915		
Total County Employment	1,005,500			992,300		

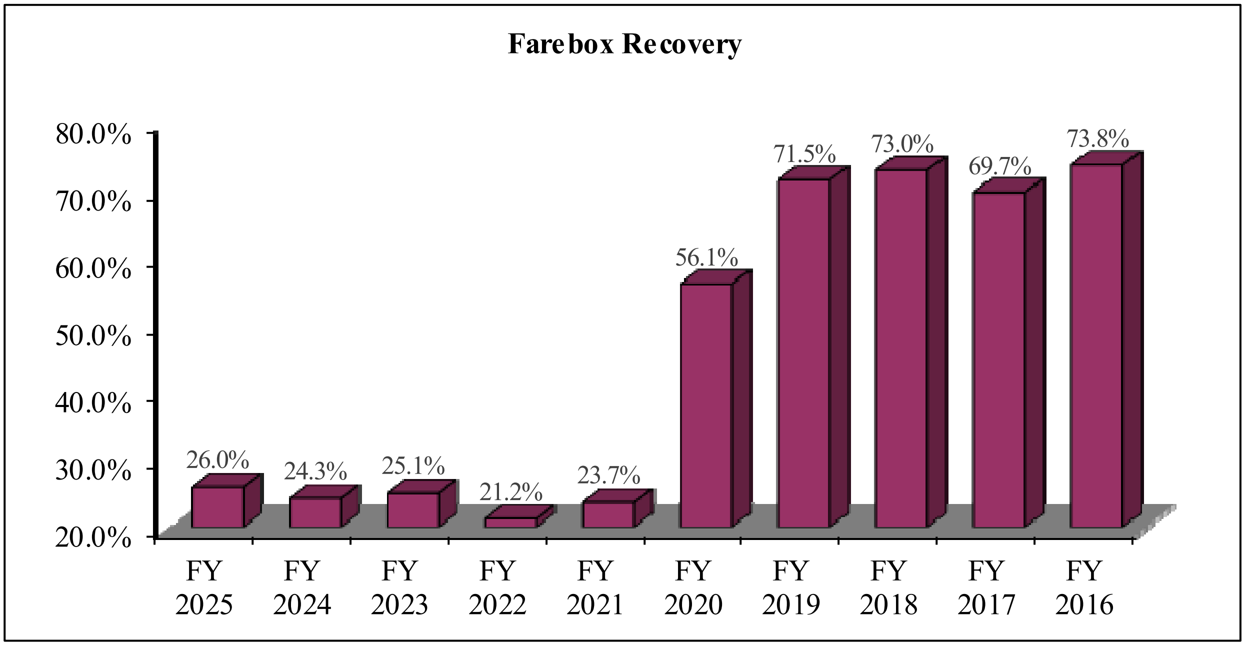
* The latest information available for principal employers in the County.

Source: County Employment Data is from California Employee Development Department, Labor Market Information Division. FY2023 Estimated number of employees is from Silicon Valley/San Jose Business Journal July 21-27-2023 from the FY2024 County of Santa Clara Annual Comprehensive Financial Report.

OPERATING INFORMATION – FAREBOX RECOVERY AND PASSENGER MILES
FISCAL YEARS 2016 THROUGH 2025

FAREBOX RECOVERY

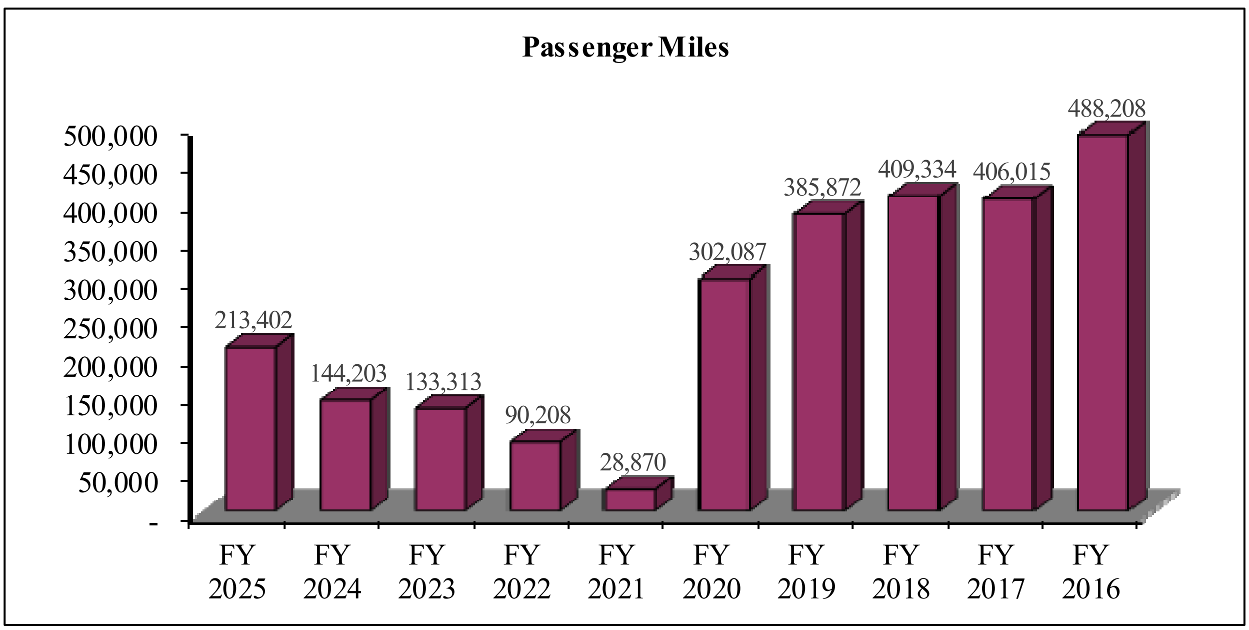
The farebox recovery table shows the relationship between total passenger fares and operating expenses. The Board of Directors (Board) adopted a farebox recovery rate goal minimum of 65 percent effective December 2018. The COVID-19 pandemic has significantly impacted ridership and farebox.



PASSENGER MILES

(in thousands)

Total passenger miles



Source: The JPB's National Transportation Database.

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PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION – EMPLOYEES (FULL-TIME EQUIVALENTS) FISCAL YEARS 2016 THROUGH 2025

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

	FULL-TIME EQUIVALENTS (FTEs)									
DIVISION	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
BUS OPERATORS	0.24	1.20	-	-	-	-	-	-	-	-
CALTRAIN MODERNIZATION PROGRAM	-	6.50	-	-	-	-	-	-	-	-
COMMUNICATIONS	22.35	26.45	-	-	-	-	-	-	-	-
FINANCE	20.61	23.48	-	-	-	-	-	-	-	-
INNOVATION AND TECHNOLOGY	0.70	-	-	-	-	-	-	-	-	-
PEOPLE AND CULTURE	2.56	4.78	-	-	-	-	-	-	-	-
PLANNING	3.75	3.98	-	-	-	-	-	-	-	-
RAIL OPERATIONS	111.91	143.11	-	-	-	-	-	-	-	-
SAFETY AND SECURITY	1.97	5.75	-	-	-	-	-	-	-	-
EXECUTIVE	0.24	1.60	4.61	0.90	0.90	0.90	0.52	0.52	0.56	0.70
PUBLIC AFFAIRS	-	-	-	-	-	-	-	-	-	5.35
OPERATIONS, ENGINEERING, AND CONSTRUCTION	-	-	128.91	94.12	95.19	79.13	84.38	62.60	42.88	51.64
PLANNING AND DEVELOPMENT	-	-	7.61	7.79	8.08	8.09	7.00	6.70	8.45	6.43
FINANCE AND ADMINISTRATION	-	-	26.12	26.21	27.74	28.96	28.10	29.86	33.71	29.44
CALTRAIN MODERNIZATION PROGRAM	-	-	8.00	9.00	9.00	9.00	9.00	17.45	8.25	9.95
CUSTOMER SERVICE AND MARKETING	-	-	21.12	18.20	18.41	17.34	15.09	16.79	24.01	11.27
TOTAL FTEs	164.33	216.85	196.37	156.22	159.32	143.42	144.09	133.92	117.85	114.78

Note: Historical years are presented using budgeted Full-Time Equivalent (FTE), whereas Fiscal Year 2025 reflects actual FTEs.

Note: The organization went through a reorganization in FY2024.

Source: JPB’s annual capital and operating budgets.

OPERATING INFORMATION – CAPITAL ASSETS (in thousands)
FISCAL YEARS 2016 THROUGH 2025

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

	2025	2024	2023	2022	2021
Depreciable and amortized capital assets					
Right-of-way improvements	$ 2,669,769	$ 1,202,363	$ 1,202,236	$ 1,199,128	$ 1,188,736
Rail vehicles	1,007,705	339,502	338,413	338,072	337,025
Facilities and equipment	576,809	148,840	145,879	145,177	145,065
Office equipment	13,817	13,817	13,765	13,750	13,767
Total depreciable and amortized capital assets	4,268,100	1,704,522	1,700,293	1,696,127	1,684,593
Accumulated depreciation and amortization					
Right-of-way improvements	(952,252)	(851,586)	(807,602)	(761,680)	(710,610)
Rail vehicles	(185,433)	(289,713)	(281,841)	(273,766)	(265,139)
Facilities and equipment	(105,119)	(87,906)	(83,292)	(78,725)	(74,279)
Office equipment	(13,754)	(13,713)	(13,645)	(13,467)	(13,306)
Total accumulated depreciation and amortization	(1,256,558)	(1,242,918)	(1,186,380)	(1,127,638)	(1,063,334)
Nondepreciable capital assets					
Right-of-way	250,735	237,254	237,254	236,968	236,968
Construction in progress	664,629	3,102,854	2,775,062	2,424,021	1,840,831
Intangible asset - trackage rights*	8,000	8,000	8,000	8,000	8,000
Total nondepreciable capital assets	923,364	3,348,108	3,020,316	2,668,989	2,085,799
Capital assets, net	$ 3,934,906	$ 3,809,712	$ 3,534,229	$ 3,237,478	$ 2,707,058

* 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.

2020	2019	2018	2017	2016
$ 1,192,985	$ 1,183,600	$ 1,170,025	$ 1,131,890	$ 1,033,142
333,025	333,787	333,572	312,738	300,680
145,121	136,599	130,231	130,942	128,365
13,354	14,529	18,129	2,669	1,085
1,684,485	1,668,515	1,651,957	1,578,239	1,463,272
(666,113)	(632,433)	(579,398)	(515,275)	(452,151)
(258,608)	(246,236)	(230,537)	(206,161)	(190,840)
(70,530)	(66,271)	(61,357)	(57,522)	(52,459)
(13,229)	(13,927)	(9,105)	(1,342)	(928)
(1,008,480)	(958,867)	(880,397)	(780,300)	(696,378)
236,340	233,711	226,973	226,972	226,972
1,447,512	1,124,618	735,025	486,333	356,152
8,000	8,000	8,000	8,000	8,000
1,691,852	1,366,329	969,998	721,305	591,124
$ 2,367,857	$ 2,075,977	$ 1,741,558	$ 1,519,244	$ 1,358,017

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