

Peninsula Corridor Joint Powers Board

San Carlos, California

A Joint Powers Authority Established by Agreement among:
City and County of San Francisco
San Mateo County Transit District
Santa Clara Valley Transportation Authority



Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2020 and 2019



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**PENINSULA CORRIDOR
JOINT POWERS BOARD**

San Carlos, California

Comprehensive Annual Financial Report
Fiscal Years Ended June 30, 2020 and 2019

Prepared by the Finance Division

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Section I

INTRODUCTORY

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PENINSULA CORRIDOR JOINT POWERS BOARD

LETTER OF TRANSMITTAL



October 26, 2020

**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**

**Comprehensive Annual Financial Report
Year Ended June 30, 2020**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Peninsula Corridor Joint Powers Board (JPB) for the fiscal year July 1, 2019 through June 30, 2020. This transmittal letter provides a summary of the JPB's finances, services, achievements and economic prospects for readers without a technical background in accounting or finance. This fiscal year has been exceptional as a result of the COVID pandemic. This letter will address those impacts where appropriate. Readers desiring a more detailed discussion of the JPB's financial results may refer to the Management's Discussion and Analysis in the Financial Section.

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

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

PROFILE OF THE ORGANIZATION

Purpose

The JPB is responsible for the Caltrain passenger rail service on the San Francisco Peninsula and south into Santa Clara County. Caltrain owns and operates the rail system that has been a central part of Peninsula communities since 1865.

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The rail line on which service is operated currently extends from San Francisco 77 miles south to Gilroy, serving 32 stations. Spanning San Francisco, San Mateo and Santa Clara counties, Caltrain provides vital links to multiple transit properties in 20 cities. The JPB owns 51 miles of the rail line and operates on Union Pacific owned track for the remaining 26 miles.

Entity

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

History

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

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

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

The JPB assumed responsibility for the operation of Caltrain service from the Caltrans in 1992. Amtrak served as the JPB's contract operator until May 2012. The Caltrain Board of Directors, at its September 2011 meeting, authorized the award of a new operating contract to Transit America Services, Inc. The contract carried a 5-year base term with the ability to execute 5 additional one-year options. This operating contract was extended in 2017 and is currently scheduled to expire June 30, 2022. The contract also includes an option for an additional one-year extension through June 2023.

Governance

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

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Administration

The joint powers agreement as first executed in 1988 and as amended and restated in 1996 designates the District as the Managing Agency to provide management, administrative and staff services for Caltrain under the direction and oversight of the JPB Board of Directors. The JPB reimburses the District for the direct and administrative costs incurred in providing the Managing Agency services. Some administrative costs are determined by overhead rates approved by the Federal Transportation Administration (FTA). Currently, the District provides the following services:

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

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

The *Bus Division* is responsible for some functions related to the railroad including managing employer and other shuttles, paratransit service pursuant to the requirements of the Americans with Disabilities Act (ADA) and maintenance of revenue collection equipment.

The *Rail Division* is responsible for Caltrain operations and maintenance oversight (including administration of the rail service operating contract), operations and long-term planning, engineering and capital project delivery including design, construction and state of good repair.

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

The *Caltrain Modernization Program (CalMod)* is responsible for the implementation of the electrification project that will upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain's commuter rail service.

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

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

Budgetary Control

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

Once adopted, the Board of Directors has the authority to amend the budget. While the legal level of budgetary control is at the entity level, the JPB maintains stricter control at division, departmental and line item levels to serve various needs.

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Cost center managers monitor budget-to-actual performance on a monthly basis. The Board has delegated the authority to transfer budget amounts between divisions and departments to the Executive Director or his designee. However, any increase to the expenditure budget as a whole requires the approval of the Board. In addition, the JPB uses an encumbrance system to reduce budget balances by issuing purchase orders to avoid over-commitment of resources.

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

FINANCIAL AND ECONOMIC OUTLOOK

Local Economy

The Bay Area was California's fastest growing labor market but was hit hard by the unprecedented coronavirus (COVID-19) pandemic in 2020. The regional unemployment rate was 2.7% in February. To stem the spread of COVID-19, a shelter-in-place order was implemented in March, resulting in the shutdown of many non-essential activities and businesses. This resulted in an unemployment rate that spiked to 13.1% in April for the region. The current economic situation is highly unique in that lost or delayed consumption and business activity are not the result of imbalances in the economy, but rather are self-imposed. Therefore, the primary factors determining when and to what degree the region will recover will be the length of time before the health mandates are fully lifted, consumers' restored confidence to gather in large crowds, and the economic damage experienced throughout the mitigation phase. Employment began showing signs of recovery in July and the regional unemployment rate decreased to 10.6%, but future forecasts are highly uncertain as many pandemic impacts are still unknown. California and the Bay Area lagged behind the nation in terms of job recovery, most likely due to a more cautious re-opening pace. There is also concern, as crisis continues, that many of the temporary layoffs may become permanent job losses.

The three counties that Caltrain serves mirror the greater Bay Area in terms of pre-pandemic growth and unemployment and inability to escape the impact of COVID-19 once the pandemic started. On the Peninsula, the unemployment rate in San Mateo County was 2.8% in March, and it ranked #1 in lowest unemployment in the state. In April, that rate jumped to 11.4%. With restrictions lifted, the unemployment rate improved to 10.8% in June; however, San Mateo County's unemployment ranking dropped to #7 in the state. To the south, Santa Clara County's unemployment rate was 3.3% in March, with a #4 ranking in lowest unemployment in the state. In April, Santa Clara County's unemployment rate jumped to 11.7%. In June the unemployment rate decreased to 10.7% with a state ranking of #6 in lowest unemployment rate. To the north, San Francisco County's unemployment rate was 3.1% in March with a #2 ranking in lowest unemployment. In April, the rate jumped to 12.6%. In June, San Francisco County's unemployment rate only dipped slightly to 12.5% with a #20 ranking in lowest unemployment in the state. Overall, across the three counties, while the recovery has been slow, the region served by Caltrain is relatively well positioned to continue recovering due to the large number of high-paying tech jobs in the area.

Housing production has increased in recent years but is not keeping pace with the Bay Area population growth. Housing affordability remains a major issue for the entire Bay Area, and as home prices and rents continue to rise this will worsen the affordability crisis as well as likely result in reduced population growth. With the increase in remote work and flexibility of where tech workers can work due to the COVID-19 pandemic, net migration will likely be negative for the foreseeable future in the region.

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The Bay Area technology sector continues to expand rapidly. In 2018, venture capital funding to local tech firms surpassed \$10 billion in both San Mateo and Santa Clara Counties. In San Francisco County, venture capital funding was over \$20 billion, helping to fuel job growth. Income per capita in 2018 was \$102,000, \$121,400, \$125,300 in Santa Clara County, San Mateo County, and San Francisco County respectively, placing the three counties among the wealthiest regions of California. Real income per capita was expected to grow between 2.3% and 2.8% per year through 2024 in the three counties prior to the pandemic-induced recession.

Long-term Financial and Strategic Planning

Adopted in 2014, Caltrain's Strategic Plan identified the agency's vision to provide a safe, reliable, sustainable modern rail system that meets the growing mobility needs of the San Francisco Bay Area region. The policy framework articulated by the Strategic Plan was reflected in Caltrain's FY18-27 Short Range Transit Plan (adopted by the Board of Directors in June 2019). That plan outlined Caltrain's operating plan and Capital Improvement Program for the coming ten years and forms the current basis for decisions related to service adjustments and capital project coordination. Caltrain updates its Short Range Transit Plan on a regular basis as requested by the Metropolitan Transportation Commission.

In 2017, Caltrain launched a Business Plan process that was intended to run through the majority of 2020 and provide a major update to Caltrain's plans, policies and financial projections. When complete, the Business Plan will constitute a wholesale update of Caltrain's current Strategic Plan and will form the basis for future Short Range Transit Plan updates, will generate a long-term Capital Improvement plan, and will provide a financial model to guide the long-term sustainability and development of the Caltrain service.

As part of the Business Plan process, in October 2019, the Caltrain Board of Directors unanimously adopted a Long-Range Service Vision for the railroad, which provides high-level policy guidance to evolve the Caltrain corridor and service from a traditional commuter railroad to a regional rail system operating at transit-level frequencies throughout the day. The adopted Service Vision directs staff to plan for a level of service of eight peak period trains per hour per direction while simultaneously working with the region and State towards development of a larger regional rail system that could include even higher levels of train service operating in the corridor if needed and supported by regional decisions. Following adoption of the Long-Range Service Vision, staff continued to work on the Business Plan to conduct additional technical and policy analysis, complete additional stakeholder outreach, and develop the full Business Plan document itself. Due to the COVID crisis, however, in spring of 2020, the Business Plan team shifted toward pandemic recovery planning for the railroad (described below). As recovery proceeds, staff will resume work to complete the Business Plan, which will update and inform all of the service, financial and policy issues described below.

Prior to the onset of the pandemic, Caltrain operated a total of 92 diesel locomotive-hauled trains per day on weekdays between San Francisco and San Jose with limited service further south to Gilroy. In the peak period it operated 5 trains per peak hour per direction. After the completion of electrification, Caltrain currently plans to expand its service to 114 trains per weekday using a mixed fleet of diesel locomotive-hauled rolling stock and new Electric Multiple Unit (EMU) trains. This shift poses both a tremendous opportunity and challenge that underlies the agency's operational planning.

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In response to the pandemic, Caltrain completed a series of service changes, and currently operates 70 daily trains with 3 trains per peak hour per direction. Until the onset of the pandemic, Caltrain experienced rapid ridership growth and many of its peak-hour trains operated near, at, or above their seated capacity. Meeting growing customer demand while maintaining a high standard of safe, reliable and comfortable service was the preeminent operational challenge faced by the agency. The service was extremely reliable throughout the construction and continues to support the electrification project and two other large grade separation/station projects.

Caltrain will need to determine the best way to recover ridership and gain new markets while insuring the operational integrity required to safely and successfully operate and maintain an expanded, electrified system. To provide guidance to staff and transparency to the public as the railroad navigates a prolonged period of intensive challenges and transformation, Caltrain staff began to develop an Equity, Connectivity, Recovery, and Growth Framework in spring of 2020. The Framework is based on detailed technical analysis undertaken by Caltrain and its partner agencies as part of the Caltrain Business Plan process during 2018, 2019 and 2020. It outlines the initial principles, policies and actions the railroad must urgently pursue to help the region address the interrelated and compounding crises of the COVID-19 pandemic and longstanding systemic inequality and racism.

Caltrain does not have a dedicated source of funding and continues to have challenges in funding its operating budget. These challenges have been exacerbated by the COVID-19 pandemic, which has led to greatly reduced ridership. Caltrain's operating budget is currently heavily supported by federal funding made available through the CARES Act. Caltrain is currently developing strategies to address these budget issues and will comprehensively evaluate a variety of factors that influence the system's operating results including: fare policy and pass programs; incremental impacts of added service on operating revenues and costs; potential for securing dedicated operating funds through voter-approved funding measures; cost containment strategies and other solutions. Currently, a three-county sales tax measure dedicated to funding Caltrain will be on the November 2020 ballot.

Caltrain's 10-year Capital Improvement Plan (CIP) is a \$3 billion program focused on maintaining the JPB's assets in a state-of-good-repair, enhancing the reliability of the system, and delivering electrified service from San Francisco to San Jose by 2022. The CIP also reflects Caltrain's ongoing planning for the next generation of system improvements that are needed through the fiscal year 2024 timeframe to expand system capacity and continue preparations for Caltrain/High Speed Rail (HSR) blended system. The projects included in the CIP will continue to be reviewed in light of the pandemic as well as reflect the needs of the Business Plan.

The revenue sources included in the current CIP reflect Caltrain's reasonable expectation of funding levels pre pandemic. Caltrain will continue to work with its funding partners to revise the Caltrain 10-year CIP and funding plan and identify additional funding to implement the CIP in total. Among other options, Caltrain will explore both traditional (e.g. grants) and innovative funding strategies, including the possibility of new public and private partnerships and will depend on whether the funding measure is successful.

MAJOR INITIATIVES

Caltrain Electrification

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

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

Positive Train Control

The Positive Train Control (PTC) Project will equip the corridor with federally-mandated safety technology and increase system capacity to help accommodate future increases in ridership demand. PTC will be interoperable with all other rail systems that access the Caltrain corridor, including commuter rail, freight rail and, in the future, high-speed rail. The Caltrain PTC system has been operable since September 2019 and is anticipated to receive PTC Safety Certification by December 2020. PTC is a key component of the Caltrain Modernization Program that will electrify and upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain's commuter rail service, providing a modernized rail service that will help meet growing ridership demand between San Francisco and San Jose.

Regional Service Coordination

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

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

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

Caltrain Bicycle Program

Caltrain offers a comprehensive bicycle program that helps provide options for the last-mile connection to the train station, as well as onboard the train. Caltrain offers a range of bicycle options at stations, including more than 400 rack spaces, 1,100 lockers and a staffed parking facility at the San Francisco Station. Caltrain maintains the most generous onboard bicycle program of all U.S. commuter rail operators. Every train has a guaranteed 72-bike space capacity, with some trains having as many as 80. There are no peak-hour or direction restrictions, other than capacity. According to the Caltrain 2019 Annual Passenger Counts, Caltrain had 5,506 bike boardings on an average weekday. This represents a 7.0% decrease from fiscal year 2018.

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In September 2008, Caltrain adopted a Bicycle Access and Parking Plan, which identified bicycle programs and innovative strategies to improve bicycle access to the stations. The strategy was focused and refined in 2014 through the development of a Bicycle Access and Parking Plan Implementation Strategy. In general, Caltrain's strategy is to encourage and promote bicycle access to stations by increasing and improving bicycle parking and pursuing innovative approaches to managing demand of the onboard bicycle program. Caltrain has a dedicated Bicycle Advisory Committee that serves as the primary venue for the interests of bicyclists to be integrated into Caltrain's planning processes. The JPB Board adopted a Bicycle Parking Management Plan in 2018 to provide a blueprint for improved bicycle facilities, customer service and administrative of those facilities at stations. Previously, Caltrain received \$4M in state grant funds to further develop its wayside bike program beginning with a significant investment in electronic bike lockers at stations. Future investments and partnerships include those with regional bikeshare and scooter companies.

State-of-Good-Repair Program

This program includes system-wide, scheduled improvements on infrastructure, tracks, bridges, signal and communication equipment, ticket vending equipment, and preventative maintenance and strategic replacement of the Caltrain rolling stock. In order to ensure these assets are kept in a state of good repair, replacement and rehabilitation of these assets must be done at intervals recommended by industry or manufacturer standards. Failure to maintain this program could lead to higher costs of operating these assets due to higher maintenance costs and operational delays that occur when these assets are out of service or in a state of disrepair. Projects that are currently underway include the replacement of the Guadalupe River Bridge in San Jose, the upgrade of the bridge structures at the Napoleon Street Bridge in San Francisco, the South San Francisco Station rebuild project, the retrofitting of existing Ticket Vending Machines (TVM) to accommodate the region's Clipper card ticketing operations, renovation of the bathrooms at the 4th and King Station in San Francisco, and development of a broadband wireless communications systems to improve railroad operations and maintenance.

Projects completed in fiscal year 2019 include the rehabilitation of the track work and drainage structures in Tunnels 1 and 4 in San Francisco, and the retrofitting of crossing gate mechanisms that include LED lighting at 16 crossings.

Rolling stock activities completed in fiscal year 2019 include various component replacements on locomotives and cars to improve reliability, safety and customer experience. Of note, complete mid-life overhauls were completed on the three F40 locomotives that are expected to remain in service post-electrification. Also, a contract was awarded to begin the mid-life overhauls on the six MP36 locomotives that also will remain in service following electrification.

Caltrain Safety Improvement Program

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

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

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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. Ongoing projects include traffic signal preemption at Mary and Evelyn Avenues in Sunnyvale to improve vehicle crossing safety, and a project to make improvements to safety features at five grade crossings in the cities of San Mateo, Menlo Park and Atherton. Additionally, Caltrain is working with regulators to develop a pilot program at crossings that will better demarcate the dynamic envelope at grade crossings so that individuals in cars can better understand the safe areas around grade crossings.

Grade separation projects aim to improve safety by separating vehicle traffic from rail crossings. The San Mateo Grade Separation Project currently underway will construct grade separations at 31st, 28th, and 25th Avenues in the City of San Mateo. Caltrain is also working with numerous other cities to help plan, design and eventually construct grade separations at some of the busiest intersections along the rail line, including the Broadway crossing in the City of Burlingame and Rengstorff Avenue in Mountain View.

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

FUTURE OF CALTRAIN – SYSTEM EXPANSION AND CONNECTIONS

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

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

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

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

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FINANCIAL POLICIES

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

AWARDS AND ACKNOWLEDGMENTS

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

The Government Finance Officers Association (GFOA) recognized the JPB's 2019 Comprehensive Annual 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 2020 Comprehensive Annual 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, Eide Bailly LLP, for its timely and expert guidance in this matter.

A comprehensive annual 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,



Jim Hartnett
Executive Director



Derek Hansel
Chief Financial Officer/Treasurer



Government Finance Officers Association

Certificate of Achievement for Excellence in
Financial Reporting

Presented to

Peninsula Corridor Joint Powers Board California

For its Comprehensive Annual Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

PENINSULA CORRIDOR JOINT POWERS BOARD

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EXECUTIVE MANAGEMENT

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Jim Hartnett

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Derek Hansel – Chief Financial Officer

Michelle Bouchard – Chief Operating Officer, Rail

April Chan – Chief Officer, Planning, Grants, and the Transportation Authority

John Funghi – Chief Officer, CalMod Program

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David Olmeda – Chief Operating Officer, Bus

Dora Seamans – Executive Officer District Secretary/Executive Administration

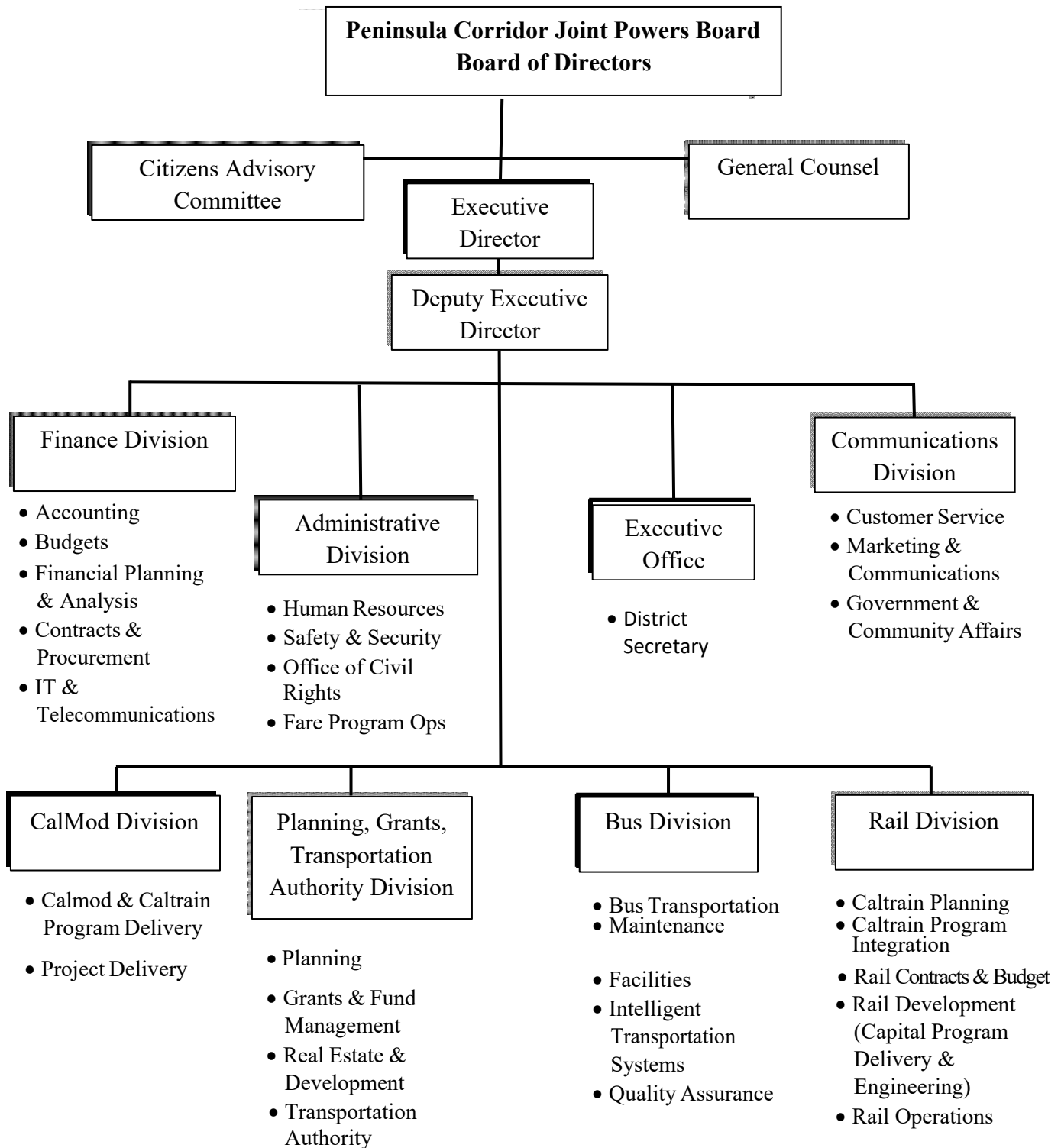
GENERAL COUNSEL

Hanson Bridgett, LLP

Joan Cassman, Esq.

PENINSULA CORRIDOR JOINT POWERS BOARD

ORGANIZATION CHART



PENINSULA CORRIDOR JOINT POWERS BOARD

MAP



PENINSULA CORRIDOR JOINT POWERS BOARD

TABLE OF CREDITS

The following individuals contributed to the production of the fiscal year 2020 Comprehensive Annual Financial Report:

Finance:

Deputy Chief Financial Officer	Grace Martinez, CPA
Director, Treasury	Connie Mobley-Ritter
Director, Budgets	Ladi Millard-Olmeda, CPA
Manager, Financial Reporting and General Ledger	Jennifer Ye, CPA
Manager, Finance Planning and Analysis	Ryan Hinchman
Manager, Grants and Capital Accounting	Brian Lee

Audit Firm:

Partner	Ahmad Gharaibeh, CPA
Senior Manager	Tomohito Oku, CPA

Section II

FINANCIAL

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

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

Supplementary Information

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Peninsula Corridor Joint Powers Board (JPB) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the JPB's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the JPB, as of June 30, 2020 and 2019 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other 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 introductory section, supplementary schedule of revenues and expenses - comparison of budget to actual, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedule of revenues and expenses - comparison of budget to actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of revenues and expenses - comparison of budget to actual, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020 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 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

San Mateo, California
October 26, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2020 AND 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis of the JPB's financial performance provides an overview of the JPB's activities for the fiscal year ended June 30, 2020 with comparisons to prior fiscal years ended June 30, 2018 and June 30, 2019. 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, 2020, the JPB's assets exceeded its liabilities by \$2,355.7 million (net position). Of this amount, \$43.0 million represents unrestricted net position, which may be used to meet the JPB's ongoing obligations. At June 30, 2019, the JPB's assets exceeded its liabilities by \$2,071.3 million. Of this amount, \$41.0 million represents unrestricted net position.
- The JPB's total net position increased by \$284.4 million and \$329.4 million in the fiscal year 2020 and 2019 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 supplemental information.

Basic Financial Statements

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

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

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 non-capital financing activities* include operating grant proceeds as well as operating subsidy payments from third parties as well as other non-operating 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 sale of investments, receipt of interest and changes in the fair value of investments subject to reporting as cash equivalents. Outflows in this category include the purchase of investments.

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2020 AND 2019

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 \$316.8 million or 13.9% to \$2,594.8 million at June 30, 2020 compared to June 30, 2019, and increased by \$309.3 million or 15.7% at June 30, 2019 compared to June 30, 2018. The increases for fiscal year 2020 and fiscal year 2019 were mainly due to activities in construction in progress and right of way improvement projects. Current assets increased by \$25.0 million or 12.4% to \$226.9 million in 2020. In 2019, current assets decreased by \$25.1 million or 11.1% compared to 2018. The increase for fiscal year 2020 was due to increases in cash and cash equivalent. The decrease for fiscal year 2019 was due to decreases in receivables from member agencies and accounts receivables.

Total capital assets, net of accumulated depreciation and amortization increased by \$291.9 million or 14.1% at June 30, 2020 to \$2,367.9 million from \$2,076.0 million on June 30, 2019, and increased by \$334.4 million or 19.2% from \$1,741.6 million in fiscal year 2019 compared to fiscal year 2018. Investments in capital assets, before depreciation, consist of acquisitions and improvements to the right of way (\$1,429.3 million or 42.5%), rail vehicles (\$333.0 million or 9.9%), facilities and equipment (\$145.1 million or 4.3%), office equipment (\$13.4 million or 0.4%), intangible asset – trackage rights (\$8.0 million or 0.2%) and construction in progress (\$1,447.5 million or 43.0%) in fiscal year 2020. In fiscal year 2019, investments in capital assets, before depreciation, consist of acquisitions and improvements to the right of way (\$1,417.3 million or 46.9%), rail vehicles (\$333.8 million or 11.1%), facilities and equipment (\$136.6 million or 4.5%), office equipment (\$14.5 million or 0.5%), intangible asset – trackage rights (\$8.0 million or 0.3%) and construction in progress (\$1,124.6 million or 37.2%).

Total liabilities increased by \$32.4 million or 15.7% to \$239.1 million at June 30, 2020 compared to June 30, 2019 and decreased by \$20.1 million or 8.9% to \$206.6 million at June 30, 2019 compared to June 30, 2018. The fiscal year 2020 increase was mainly due to increases in unearned revenue, and unearned member contributions, partially offset by decreases in accounts payable and accrued liabilities. The fiscal year 2019 decrease was mainly due to decreases in accounts payables and accrued liabilities, unearned member contributions, and revolving line of credit, partially offset by increases in farebox revenue bonds payables.

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2020 AND 2019

Total net position was \$2,355.7 million at June 30, 2020 which represents an increase of \$284.4 million or 13.7% from June 30, 2019 and \$2,071.3 million at June 30, 2019, which represents an increase of \$329.4 million or 18.9% from June 30, 2018. The increase was largely due to additional capital contributions received associated with the Caltrain electrification project. Net investment in capital asset was \$2,312.7 million at June 30, 2020, representing 98.2% of the total net position, \$2,030.3 million at June 30, 2019, representing 98.0% of total net position and \$1,707.2 million at June 30, 2018 representing 98.0% of total net position. The JPB's net investment in capital assets represents right of way improvements, rail vehicles, and facilities and equipment, less any related outstanding debt that was used to acquire those assets. The JPB uses these capital assets to provide a variety of services to its customers. Accordingly, these assets are not available for future spending. Although the JPB's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balances of \$43.0 million, \$41.0 million, and \$34.6 million are unrestricted at June 30, 2020, 2019, and 2018 respectively and may be used to meet the JPB's ongoing obligations to its citizens and creditors.

NET POSITION (in thousands)

	2020	2019	2018
Assets:			
Current assets	\$ 226,904	\$ 201,944	\$ 227,036
Capital assets, net of depreciation/amortization	2,367,860	2,075,977	1,741,558
Total assets	<u>2,594,764</u>	<u>2,277,921</u>	<u>1,968,594</u>
Liabilities:			
Current liabilities	183,406	150,498	191,376
Long-term liabilities	55,673	56,140	35,330
Total liabilities	<u>239,079</u>	<u>206,638</u>	<u>226,706</u>
Net Position:			
Net investment in capital assets	2,312,715	2,030,255	1,707,243
Unrestricted	42,970	41,027	34,646
Total net position	<u>\$ 2,355,685</u>	<u>\$ 2,071,282</u>	<u>\$ 1,741,889</u>

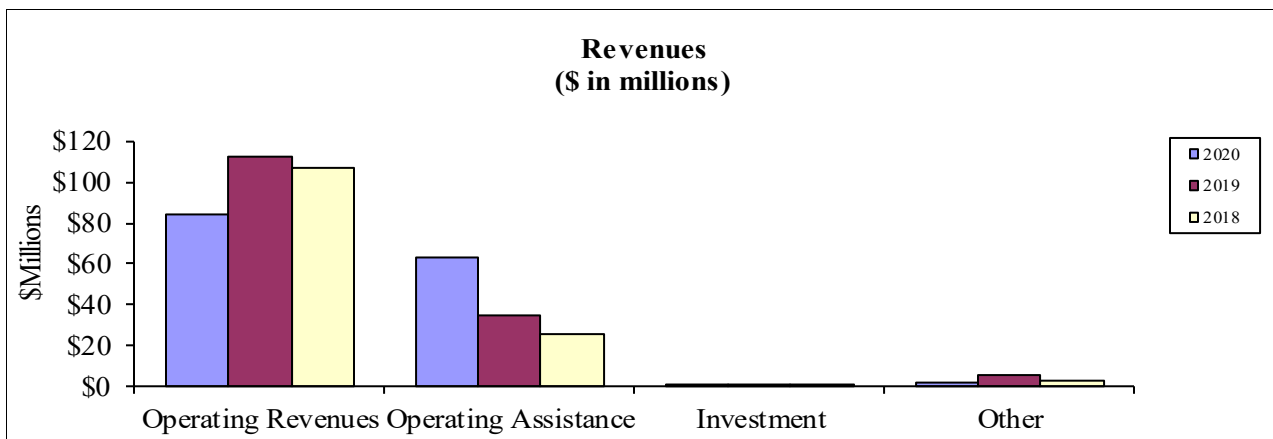
PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2020 AND 2019

Revenue Highlights

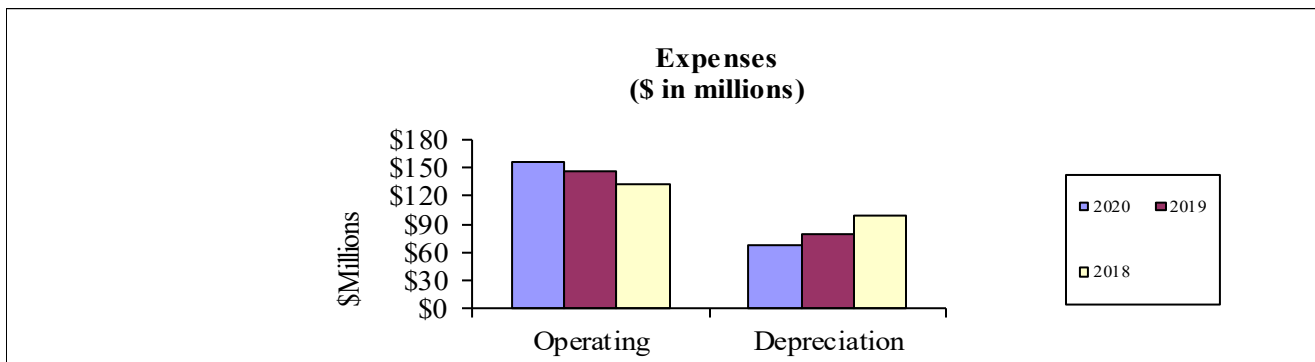
Operating revenues decreased to \$84.5 million in fiscal year 2020, a \$28.3 million or 25.1% decrease from fiscal year 2019 and increased to \$112.8 million in fiscal year 2019, a \$5.7 million or 5.4% increase from fiscal year 2018. The decrease in 2020 was mostly due to a decrease in passenger fares and/or ridership as a result of the COVID-19 pandemic. The increase in 2019 was due to an increase in passenger fares and/or ridership.

Non-operating revenues increased by \$24.4 million or 59.6% to \$65.3 million at June 30, 2020 compared to June 30, 2019 and increased by \$12.2 million or 42.5% in fiscal year 2019 compared to fiscal year 2018. The increase in 2020 was mainly due to the Federal CARES Act funding of \$23.1 million. The increase in 2019 was due to increases in Federal, State and Local operating grant revenues and other incomes.



Expense Highlights

Total operating expenses of \$157.0 million in fiscal year 2020 were \$9.7 million or 6.6% higher than fiscal year 2019, and in fiscal year 2019, \$14.4 million or 10.8% higher than fiscal year 2018. Total expense increase in fiscal year 2020 is mostly due to increases in contract services and professional services. Total expense increase in fiscal year 2019 is mostly due to increases in contract services, wages and benefits, and temporary services. Depreciation and amortization for fiscal year 2020 was \$67.0 million, an \$11.9 million or 15.1% decrease over fiscal year 2019. In fiscal year 2019, depreciation and amortization was \$78.9 million, a \$21.2 million or 21.2% decrease over fiscal year 2018. The decrease in depreciation and amortization expenses in fiscal year 2020 was due to some assets which have been fully depreciated and/or disposed of.



PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2020 AND 2019

CHANGES IN NET POSITION (in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues:			
Passenger fares	\$ 76,094	\$ 102,668	\$ 97,050
Parking, shuttle and pass revenues	6,045	7,894	7,790
Advertising	1,469	1,050	1,016
Other	850	1,165	1,180
Total operating revenues	<u>84,458</u>	<u>112,777</u>	<u>107,036</u>
Operating expenses:			
Contract services	107,038	99,541	92,899
Insurance	4,166	4,129	1,188
Fuel	9,311	11,184	10,322
Parking, shuttle and pass revenues	5,591	5,280	5,916
Professional services	5,535	2,068	2,178
Wages and benefits	17,355	16,765	13,911
Utilities and supplies	2,059	2,189	2,063
Maintenance services	1,390	1,643	1,667
Temporary services, rent and other	4,578	4,528	2,781
Total operating expenses	<u>157,023</u>	<u>147,327</u>	<u>132,925</u>
Operating loss before depreciation and amortization	(72,565)	(34,550)	(25,889)
Depreciation and amortization	(66,966)	(78,890)	(100,097)
Operating loss	<u>(139,531)</u>	<u>(113,440)</u>	<u>(125,986)</u>
Nonoperating revenues			
Federal, state and local operating assistance	63,044	35,070	25,346
Rental income	534	1,901	2,070
Investment income (loss)	495	714	93
Other income (expense)	1,201	3,211	1,198
Total nonoperating revenues	<u>65,273</u>	<u>40,895</u>	<u>28,706</u>
Nonoperating expenses	(2,641)	(3,222)	(1,500)
Net loss before capital contributions	(76,899)	(75,767)	(98,780)
Capital contributions	361,303	405,162	321,303
Change in net position	284,403	329,393	222,523
Net position - beginning of year	2,071,282	1,741,889	1,519,366
Net position - end of year	<u><u>\$ 2,355,685</u></u>	<u><u>\$ 2,071,282</u></u>	<u><u>\$ 1,741,889</u></u>

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2020 AND 2019

Capital Program

The JPB incurred capital expenses of \$359.8 million and recognized related revenue in the form of capital contributions of \$361.3 million in fiscal year 2020, which is a \$43.9 million or 10.8% decrease in capital contributions in fiscal year 2020 over fiscal year 2019. The fiscal year 2020 capital sources mainly consisted of federal grants (\$170.4 million or 47.4%), state grants (\$148.4 million or 41.3%), local assistance including the three member agencies (\$42.5 million or 11.8%).

The JPB incurred capital expenses of \$413.3 million and recognized related revenue in the form of capital contributions of \$405.2 million in fiscal year 2019, which is an \$83.9 million or 26.1% increase in capital contributions in fiscal year 2019 over fiscal year 2018. The JPB's capital contributions are comprised of federal grants, state grants and local assistance including member agencies which are on a reimbursement basis and therefore tied to the related capital expenses. The reason for the increase in both fiscal year 2020 and 2019 is due to more activities on right of way improvement projects.

Following is a summary of the JPB's major capital expenses for fiscal year 2020:

- Caltrain modernization program (\$285.3 million).
- Grade Separation and Grade Crossing (\$40.8 million).
- Station improvements and repairs (\$16.2 million).
- Facility improvements and repairs (\$11.0 million).

Additional information about the JPB's capital activities appear in Note #6 – Capital Assets in the Notes to the Financial Statements.

Debt

At the end of fiscal year 2020, the JPB had \$55.2 million in outstanding farebox revenue bonds, \$0.4 million less than the bonds outstanding at the end of fiscal year 2019. During fiscal year 2008, the JPB issued \$23.1 million of farebox revenue bonds (2007 Series A Farebox Revenue Bonds) to finance the purchase of eight new passenger railcars and refinance the outstanding balance of the JPB's 1999 Series A Farebox Revenue Bonds. Principal payments are not scheduled to begin on the 2007 Series A Farebox Revenue Bonds until October 1, 2018. On January 14, 2015, the JPB issued an additional series of Farebox Revenue Bonds (2015 Series A Farebox Revenue Bonds) to finance a portion of the costs of the acquisition rehabilitation of sixteen passenger rail cars and related capital improvements. In February, 2019, the JPB issued \$56,218,000 in 2019 Series A Farebox Revenue Bonds; this issuance used \$24,087,000 of the proceeds to fully pay and legally defease the 2007 Series A Bonds and \$11,363,000 used to fully payoff the 2015 Series A Revenue Bonds. In addition, \$20,768,000 of the proceeds were used for building acquisition. Principal on the 2019 Series A Bonds is payable on October 1, 2021 and annually thereafter on October 1 of each year through 2049. More information regarding the JPB's long-term debt activity can be found in Note 9 – Farebox Revenue Bonds Payable in the notes to the financial statements.

PENINSULA CORRIDOR JOINT POWERS BOARD

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2020 AND 2019

Economic Factors and Next Year's Budget

The JPB Board approved the Fiscal Year 2021 interim first quarter Operating Budget on June 4, 2020 and an interim second quarter Operating Budget on October 1, 2020. The Fiscal Year 2021 interim first and second quarter 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 2021 interim first and second quarter Operating Budgets consist of \$81.3 and \$78.0 million in revenues and expenditures. The major components of revenue include operating revenue of \$19.0 million, primarily from farebox, and \$62.3 million in contributed revenue, which includes Assembly Bill 434 and San Mateo County Transportation Authority shuttle funding, State Transit Assistance formula funds, JPB Member contributions and Federal CARES Act Funds. Operating expenses are projected to be \$64.9 million with the Rail Operator Contract, insurance costs, security service costs, facilities and equipment maintenance costs, and fuel costs making up a significant part of the budget. Administrative expenses are projected to be \$12.0 million.

The Fiscal Year 2021 Capital Budget was approved on June 4, 2020 and amended on October 1, 2020. The \$84.2 million capital budget consists primarily of critical infrastructure and equipment state of good repair, legal mandates, and operational improvements. The fiscal year 2021 Capital Budget will be funded by Federal, State, regional and local grants as well as funds provided by the JPB Member Agencies.

Some of the highlights of the capital budget include:

- Marin Street and Napoleon Street Bridges.
- Fencing - ROW.
- Fiber Optic Corrective Repair.
- Business Plan.
- System-wide Track Rehab – SOGR.
- Upper Level Doors Installation.
- Positive Train Control.
- Broadway Burlingame Grade Separation.

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 JPB 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 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents (Note 3)	\$ 97,720,895	\$ 50,338,170
Restricted cash (Note 3)	9,315,877	12,937,261
Total cash and cash equivalents	<u>107,036,772</u>	<u>63,275,431</u>
Due from other governmental agencies	82,142,473	98,156,519
Receivables from member agencies (Note 14)	20,630,330	15,792,272
Accounts receivable - other, net of allowance	6,600,484	4,643,147
Inventory	7,961,987	7,360,578
Prepaid items	-	8,049
Other current assets	249,233	-
Restricted investment with fiscal agents (Note 3)	2,282,528	12,707,925
Total current assets	<u>226,903,807</u>	<u>201,943,921</u>
Noncurrent Assets:		
Capital assets (Note 6)		
Right-of-way improvements	1,192,985,735	1,183,600,090
Rail vehicles	333,025,260	333,787,351
Facilities and equipment	145,121,817	136,598,945
Office equipment	13,354,102	14,528,800
Capital assets, gross	<u>1,684,486,914</u>	<u>1,668,515,186</u>
Less accumulated depreciation	(1,008,479,277)	(958,867,149)
Construction in progress (Note 2L)	1,447,512,006	1,124,617,573
Right of way	236,339,939	233,711,000
Intangible assets - trackage rights (Note 6)	8,000,000	8,000,000
Total capital assets, net	<u>2,367,859,582</u>	<u>2,075,976,610</u>
Total noncurrent assets	<u>2,367,859,582</u>	<u>2,075,976,610</u>
Total assets	<u>2,594,763,389</u>	<u>2,277,920,531</u>

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

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF NET POSITION (Continued) JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 68,894,891	\$ 80,748,934
Interest payable	999,625	1,246,340
Self-insurance claims liabilities (Note 10)	654,632	887,433
Unearned member contributions (Note 14)	34,756,128	14,575,936
Unearned revenue	52,947,308	27,885,470
Revolving credit facility (Note 15)	25,000,000	25,000,000
Other	153,247	153,522
Total current liabilities	<u>183,405,831</u>	<u>150,497,635</u>
Noncurrent Liabilities:		
Self-insurance claims liabilities - long-term (Note 10)	519,305	723,244
Farebox revenue bonds payable - long-term (Note 9)	55,153,344	55,416,971
Total noncurrent liabilities	<u>55,672,649</u>	<u>56,140,215</u>
Total liabilities	<u>239,078,480</u>	<u>206,637,850</u>
NET POSITION:		
Net investment in capital assets	2,312,714,520	2,030,255,347
Unrestricted	42,970,389	41,027,334
Total Net Position	<u><u>\$ 2,355,684,909</u></u>	<u><u>\$ 2,071,282,681</u></u>

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

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES:		
Passenger fares	\$ 76,094,434	\$ 102,668,115
Parking, shuttle and pass revenues	6,044,612	7,894,269
Advertising	1,468,979	1,050,303
Other	849,157	1,164,453
Total operating revenues	<u>84,457,182</u>	<u>112,777,140</u>
OPERATING EXPENSES:		
Contract services (Note 12A)	107,037,075	99,540,498
Insurance	4,165,530	4,128,561
Fuel	9,310,984	11,183,949
Parking, shuttle and pass expenses	5,591,284	5,279,764
Professional services	5,535,340	2,067,909
Wages and benefits	17,355,138	16,765,377
Utilities and supplies	2,059,045	2,188,809
Maintenance services	1,391,161	1,644,021
Temporary services, rent and other	4,578,519	4,528,724
Total operating expenses before depreciation and amortization	<u>157,024,076</u>	<u>147,327,612</u>
Depreciation and amortization	66,965,834	78,889,501
Total operating expenses	<u>223,989,910</u>	<u>226,217,113</u>
Operating Loss	<u>(139,532,728)</u>	<u>(113,439,973)</u>
NON-OPERATING REVENUES (EXPENSES):		
Federal, state and local operating assistance (Note 7)	63,044,476	35,070,203
Rental income	533,562	1,901,052
Investment income	494,860	713,502
Interest expense	(2,641,801)	(3,222,955)
Other income	1,200,774	3,210,552
Total non-operating revenues, net	<u>62,631,871</u>	<u>37,672,354</u>
Loss before capital contributions	<u>(76,900,857)</u>	<u>(75,767,619)</u>
Capital contributions (Note 11)	361,303,085	405,161,543
Change in net position	284,402,228	329,393,924
NET POSITION:		
Beginning of year	2,071,282,681	1,741,888,757
End of year	<u><u>\$ 2,355,684,909</u></u>	<u><u>\$ 2,071,282,681</u></u>

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

PENINSULA CORRIDOR JOINT POWERS BOARD

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 82,499,845	\$ 126,737,262
Rent and other cash receipts	1,734,336	5,111,604
Payments to vendors for services	(140,948,546)	(130,365,427)
Payments to employees	(17,355,138)	(16,765,377)
Net cash used for operating activities	<u>(74,069,503)</u>	<u>(15,281,938)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	63,044,476	35,070,203
Net cash provided by noncapital and financing activities	<u>63,044,476</u>	<u>35,070,203</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(370,702,849)	(426,888,751)
Capital contributions from grants	417,721,103	419,102,528
Proceeds from (payments of) the revolving credit facility	-	(25,686,000)
Payment of capital debt	(55,478,899)	(34,293,818)
Proceed from refunding of capital debt	55,746,446	55,746,446
Interest paid on capital debt	(3,419,690)	(3,019,221)
Net cash provided by capital and related financing activities	<u>43,866,111</u>	<u>(15,038,816)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	10,425,397	-
Purchase of investment	-	(8,716,424)
Investment income received	494,860	713,502
Net cash used for investing activities	<u>10,920,257</u>	<u>(8,002,922)</u>
Net decrease in cash and cash equivalents	43,761,341	(3,253,473)
Cash and cash equivalents, beginning of year	63,275,431	66,528,904
Cash and cash equivalents, end of year	<u>\$ 107,036,772</u>	<u>\$ 63,275,431</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (139,532,728)	\$ (113,439,973)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	66,965,834	78,889,501
Rent and other cash receipts	1,734,336	5,111,604
Effect of changes in:		
Receivables	(1,957,337)	13,960,122
Prepaid items	(241,184)	1,513,289
Accounts payable, accrued liabilities	(275)	15,822
Claims liabilities	(436,740)	(606,324)
Net cash provided by (used for) operating activities	<u>\$ (74,069,503)</u>	<u>\$ (15,281,938)</u>
NONCASH INVESTING AND CAPITAL ACTIVITIES:		
Change in fair value of investments	\$ 8,401	\$ 15,586
Noncash capital contributions	78,538,532	95,557,516
Net noncash investing and capital activities	<u>\$ 78,546,933</u>	<u>\$ 95,573,102</u>

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

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PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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 right only, and the California Transportation Commission. The JPB holds title to the Mainline located in all three counties. Because the District advanced the initial contribution in the amount of \$8,294,000 and \$34,652,000 on behalf of the CCSF and VTA, respectively, to complete the funding package to acquire the right of way, the JPB and the District are tenants in common as to all right of way property located in San Mateo County.

On October 31, 2008, all three of the JPB Member Agencies, together with the Metropolitan Transportation Commission (MTC), signed an agreement to fully resolve all outstanding financial issues related to the acquisition of the right of way. Both CCSF and VTA have agreed to reimburse the District using gasoline tax “spillover” funds. Population based “spillover” funds are to be paid directly to the District from the MTC and the revenue based “spillover” funds are to be paid to the District from the San Francisco Municipal Transportation Agency (SFMTA) and VTA. The parties have agreed to make best efforts to allocate the funds in full within two to four years and, in no event, later than ten years. When all payments have been received by the District, the District will reconvey to the JPB all of its interests in the title to the right of way in San Mateo County. This October 31, 2008 Agreement also designates the District as the Managing Agency of the JPB and further states that the District “will serve in that capacity unless and until it no longer chooses to do so”.

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

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

B. Implementation of Governmental Accounting Standards Board Statements

Effective this Fiscal Year

GASB Statement No. 95 – In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 or later. For the JPB, the requirements became effective for FY 2019/2020. The dates noted below were modified to include the postponement.

Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or the FY 2020/2021. The JPB is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2020, or FY 2021/2022. The JPB is evaluating the impact of this Statement on the financial statements.

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. The JPB is evaluating the impact of this Statement on the financial statements.

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

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

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

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

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 equivalents also include amounts invested in Local Agency Investment Fund (LAIF) and the San Mateo County Pool (see Note 3).

E. Accounts Receivable – Other

During the course of normal operations, the JPB carries various receivable balances for services and rent. At June 30, 2020 and 2019, the allowance for doubtful accounts included in Accounts receivable – other, remains unchanged at \$413,499.

F. Inventories

Inventories consist principally of spare parts that are recorded when purchased and expensed when used. Inventories are stated at average cost which approximates market and are maintained by TransitAmerica Services, Inc. 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 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.

I. Restricted and Unrestricted Resources

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 year

L. Construction in Progress

	<u>2020</u>	<u>2019</u>
Caltrain Modernization program	\$ 1,210,803,374	\$ 925,929,563
Bridge improvements	3,702,130	2,402,293
Rolling stock-purchase/improvements	39,823,610	37,193,554
Grade crossing and separations	143,144,389	104,493,455
System-wide track improvements	2,218,218	18,435,765
Station improvements	43,792,998	31,202,217
Safety	3,731,431	3,213,413
Communications	295,856	1,747,313
Total Construction in Progress	<u>\$ 1,447,512,006</u>	<u>\$ 1,124,617,573</u>

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 14), 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.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

P. Member Agency Assistance

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

Q. Federal, State and Local Operating Assistance

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

R. Wages and Benefits

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

S. Operating/Nonoperating Revenues and Expenses

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

T. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles 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

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

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

V. Fair Value Measurement

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

W. Reclassification

For the year ended June 30, 2020, 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 2020 presentation.

NOTE 3 – CASH AND INVESTMENTS

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

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

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 97,720,895	\$ 50,338,170
Restricted cash	9,315,877	12,937,261
Restricted investments with fiscal agents	2,282,528	12,707,925
Total Cash and Investments	\$ 109,319,300	\$ 75,983,356

The JPB's cash and investments consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 36,453	\$ 36,453
Deposits with financial institutions	106,403,616	62,192,815
Investments	2,879,231	13,754,088
Total Cash and Investments	\$ 109,319,300	\$ 75,983,356

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

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

Authorized Investment Type	Minimum Credit Rating	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations		15 years	100%	100%
U.S. Agency Securities		15 years	100%	100%
Banker's Acceptances	A1/P1/F1	180 days	15%	5%
Commercial Paper (\$500 Mil. Min. Assets)	A1/P1/F1	270 days	15%	10%
Commercial Paper		31 days	10%	10%
Negotiable Certificates of Deposit		5 years	10%	5%
Repurchase Agreements		1 year	100%	50%
Reverse Repurchase Agreements		92 days	20% of base value	20%
Medium-term Notes		5 years	30%	10%
Shares of Beneficial Interest Issued by Diversified Management Companies		30 days	10%	5%
Mortgage Pass-through Securities	AA	5 years	20%	5%
Obligations of California Local Agencies		10 years	50%	50%
Local Agency Investment Fund (LAIF)		N/A	None	\$75M
San Mateo County Investment Fund		N/A	None	None

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.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

The JPB's weighted average maturity of its investment portfolio at June 30, 2020 was as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
Local Agency Investment Fund (LAIF)	\$ 36,932	0.52
San Mateo County Investment Pool	559,771	1.75
Held by bond trustee:		
Money Market Mutual Fund	2,282,528	0
Total Investment Portfolio	\$ 2,879,231	
Portfolio Weighted Average Maturity		0.35

The JPB's weighted average maturity of its investment portfolio at June 30, 2019 was as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (in years)</u>
San Mateo County Investment Pool	\$ 1,046,163	0.84
Held by bond trustee:		
Money Market Mutual Fund	12,707,925	0
Total Investment Portfolio	\$ 13,754,088	
Portfolio Weighted Average Maturity		0.06

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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 fiscal years ended June 30, 2020 and 2019 for each investment type:

Investment Type	Amount	Rating as of June 30, 2020	
		S & P Rating AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 36,932	\$ -	\$ 36,932
San Mateo County Pool	559,771	-	559,771
Held by bond trustee:			
Money Market Mutual Funds	2,282,528	2,282,528	-
Total	\$ 2,879,231	\$ 2,282,528	\$ 596,703

Investment Type	Amount	Rating as of June 30, 2019	
		S & P Rating AAA	Not Rated
San Mateo County Pool	\$ 1,046,163	\$ -	\$ 1,046,163
Held by bond trustee:			
Money Market Mutual Funds	12,707,925	12,707,925	-
Total	\$ 13,754,088	\$ 12,707,925	\$ 1,046,163

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, 2020 or June 30, 2019.

Fair Value Measurements

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

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

The following is the JPB's fair value hierarchy table as of June 30, 2020:

<u>Investment Type</u>	<u>Total</u>	<u>Level 2 Inputs</u>	<u>Uncategorized</u>
Local Agency Investment Fund (LAIF)	\$ 36,932	\$ -	\$ 36,932
San Mateo County Investment Pool	559,771	-	559,771
Money Market Mutual Fund	2,282,528	2,282,528	-
Total Investments by Fair Value Type	\$ 2,879,231	\$ 2,282,528	\$ 596,703

The following is the JPB's fair value hierarchy table as of June 30, 2019:

<u>Investment Type</u>	<u>Total</u>	<u>Level 2 Inputs</u>	<u>Uncategorized</u>
San Mateo County Investment Pool	\$ 1,046,163	\$ -	\$ 1,046,163
Money Market Mutual Fund	12,707,925	12,707,925	-
Total Investments by Fair Value Type	\$ 13,754,088	\$ 12,707,925	\$ 1,046,163

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 investment is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the JPB will not be able to recover the value of its investment or collateral securities that are in possession of another party. 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, 2020 and 2019, the JPB had \$107,874,556 and \$62,192,815, 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.

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, 2020 and 2019 in the amount of \$548,903 and \$1,046,163, respectively.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 JPB's investment in this pool is reported in the accompanying financial statements at amounts based upon 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, 2020, the JPB had a contractual withdrawal value of \$36,687 in the pool.

NOTE 4 – GILROY EXTENSION

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

NOTE 5 – CONTRIBUTED ASSETS FROM CALTRANS

In order to facilitate the purchase of the Mainline and the Gilroy Extension on a timely basis, and to provide for an orderly transition to local administration in a manner that would assure no service interruption, Caltrans and the JPB executed an agreement memorializing various commitments. Caltrans granted the JPB the right to use and control various real and personal property. These properties included: stations, locomotives, and 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.

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

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance at June 30, 2019	Additions and Transfers	Deletions and Transfers	Balance at June 30, 2020
Depreciable and amortized capital assets:				
Right of way improvements	\$ 1,183,600,090	\$ 24,716,146	\$ (15,330,501)	\$ 1,192,985,735
Rail vehicles	333,787,351	401,577	(1,163,668)	333,025,260
Facilities and equipment	136,598,945	9,103,452	(580,580)	145,121,817
Office equipment	14,528,800	21,316	(1,196,014)	13,354,102
Total depreciable and amortized capital assets	<u>1,668,515,186</u>	<u>34,242,491</u>	<u>(18,270,763)</u>	<u>1,684,486,914</u>
Accumulated depreciation for:				
Right of way improvements	632,432,625	48,264,865	(14,584,490)	666,113,000
Rail vehicles	246,235,599	13,535,551	(1,163,668)	258,607,482
Facilities and equipment	66,271,233	4,839,716	(580,580)	70,530,369
Office equipment	13,927,692	325,702	(1,024,968)	13,228,426
Total accumulated depreciation	<u>958,867,149</u>	<u>66,965,834</u>	<u>(17,353,706)</u>	<u>1,008,479,277</u>
Capital assets nondepreciable:				
Right of way	233,711,000	2,628,939	-	236,339,939
Construction in progress	1,124,617,573	357,136,924	(34,242,491)	1,447,512,006
Intangible Asset - Trackage Rights	8,000,000	-	-	8,000,000
Total nondepreciable capital assets	<u>1,366,328,573</u>	<u>359,765,863</u>	<u>(34,242,491)</u>	<u>1,691,851,945</u>
Capital assets, net	<u>\$ 2,075,976,610</u>	<u>\$ 327,042,520</u>	<u>\$ (35,159,548)</u>	<u>\$ 2,367,859,582</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance at June 30, 2018	Additions and Transfers	Deletions and Transfers	Balance at June 30, 2019
Depreciable and amortized capital assets:				
Right of way improvements	\$ 1,170,024,646	\$ 13,706,452	\$ (131,008)	\$ 1,183,600,090
Rail vehicles	333,571,854	215,497	-	333,787,351
Facilities and equipment	133,831,966	3,055,175	(288,196)	136,598,945
Office equipment	14,528,800	-	-	14,528,800
Total depreciable and amortized capital assets	<u>1,651,957,266</u>	<u>16,977,124</u>	<u>(419,204)</u>	<u>1,668,515,186</u>
Accumulated depreciation for:				
Right of way improvements	579,397,732	53,165,901	(131,008)	632,432,625
Rail vehicles	230,536,907	15,698,692	-	246,235,599
Facilities and equipment	61,356,601	5,202,828	(288,196)	66,271,233
Office equipment	9,105,612	4,822,080	-	13,927,692
Total accumulated depreciation	<u>880,396,852</u>	<u>78,889,501</u>	<u>(419,204)</u>	<u>958,867,149</u>
Capital assets nondepreciable:				
Right of way	226,972,189	6,738,811	-	233,711,000
Construction in progress	735,025,437	406,569,263	(16,977,127)	1,124,617,573
Intangible Asset - Trackage Rights	8,000,000	-	-	8,000,000
Total nondepreciable capital assets	<u>969,997,626</u>	<u>413,308,074</u>	<u>(16,977,127)</u>	<u>1,366,328,573</u>
Capital assets, net	<u>\$ 1,741,558,040</u>	<u>\$ 351,395,697</u>	<u>\$ (16,977,127)</u>	<u>\$ 2,075,976,610</u>

NOTE 7 – OPERATING ASSISTANCE

Member Agencies provide funding to the JPB. Net operating and administrative costs are apportioned on the basis of mutually agreed contribution rates, updated on an annual basis. Funding allocations for the years ended June 30, were:

	2020	2019
District - Operating	30.60%	30.00%
VTA - Operating	42.40%	42.40%
CCSF - Operating	27.00%	27.60%

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

	<u>2020</u>	<u>2019</u>
Member agency local funds	\$ 28,035,057	\$ 25,448,000
Assembly Bill 434 operating assistance	607,933	632,350
Federal CARES Act	23,127,798	-
State transit assistance	11,003,688	8,989,853
Other	270,000	-
Total	<u>\$ 63,044,476</u>	<u>\$ 35,070,203</u>

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 Farebox Revenue Bonds (See Note 9 – Farebox Revenue Bonds Payable). Costs of capital replacement and enhancement projects that are not covered by outside funding sources are allocated to the Member Agencies based upon the terms of the Joint Powers Agreement.

A. Member Agencies

On an annual basis, the Board determines the amount to be contributed to a Capital Contingency Fund (CCF) to cover unanticipated necessary capital improvements. The total amount contributed to the CCF was \$990,000 for each of the years ended June 30, 2020 and 2019.

In fiscal years 2020 and 2019, the JPB received capital reimbursements and capital advances from the member agencies totaling \$62,536,053 and \$103,117,351, respectively. The unexpended amounts at June 30, 2020 and 2019 are shown as Unearned Member Contributions. (See Note 14 – Related Parties).

B. Federal and State Grants

At June 30, 2020, the JPB had 35 federal, 38 state and 36 local grants/allocations that provide funding for Caltrain capital projects. Capital additions for the years ended June 30, 2020 and 2019 applicable to these projects are \$361,303,085 and \$405,161,543, respectively. The related federal participation was \$170,461,187 and \$152,959,885 for fiscal year ended 2020 and 2019, respectively.

The JPB had receivables of \$27,213,592 and \$49,876,000 at June 30, 2020 and 2019, respectively, for qualifying capital project expenditures under FTA grant contracts in excess of reimbursements, which is reported as due from other governmental agencies. In addition, the JPB has receivables of \$39,709,705 and \$45,473,759 at June 30, 2020 and 2019, 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 is under grant-prescribed limits.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 9 – FAREBOX REVENUE BONDS PAYABLE

Composition and Changes

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

Long-term debt activity for the year ended June 30, 2020 is as follows (in thousands):

	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
2019 Series A					
Revenue Bonds	\$ 47,635,000	\$ -	\$ -	\$ 47,635,000	\$ -
Add: Unamortized premium, net	7,781,971	-	263,627	7,518,344	-
Total long-term debt	\$ 55,416,971	\$ -	\$ 263,627	\$ 55,153,344	\$ -

Long-term debt activity for the year ended June 30, 2019 is as follows (in thousands):

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Current Portion</u>
2007 Series A					
Revenue Bonds	\$ 23,140,000	\$ -	\$ 23,140,000	\$ -	\$ -
2015 Series A					
Revenue Bonds	11,000,000	-	11,000,000	-	-
2019 Series A					
Revenue Bonds	-	47,635,000	-	47,635,000	-
Add: Unamortized premium, net	355,517	8,111,446	684,992	7,781,971	-
Total long-term debt	\$ 34,495,517	\$ 55,746,446	\$ 34,824,992	\$ 55,416,971	\$ -

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Description of the JPB's Long-Term Debt Issues

A. 2007 Series A Bonds

In October 2007, the JPB issued \$23,140,000 in 2007 Series A Farebox Revenue Bonds with \$2,117,000 used to fully pay and legally defease the 1999 Series A Bonds. The balance, net of cost of issuance, was used to finance the acquisition of eight new rail cars. The refinancing of the 1999 Series A Bonds extended the length of the existing debt service obligations by 12 years, from 2016 to 2028.

The 2007 Series A Bonds carry coupon rates ranging from 4.0 to 5.0 percent with interest due on April 1 and October 1 of each year through October 1, 2037. Principal on the 2007 Series A Bonds is payable on October 1, 2018 and annually thereafter on October 1 of each year through 2037.

The 2007 Series Bonds are special obligations of the JPB payable from and secured by a pledge of farebox revenues, which also secures the 2015 Series A Farebox Revenue Bonds. 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. The term excludes grants from the state or the federal government or any member agency. The 2007 Series A Bonds were refunded by the 2019 Series A Bonds in February 2019.

B. 2015 Series A Bonds

On January 14, 2015, the JPB issued \$11,000,000 in 2015 Series A Farebox Revenue Bonds to finance a portion of the costs of the acquisition and rehabilitation of sixteen passenger railcars. The 2015 Series A Farebox Revenue Bonds were issued in a bank term rate which is subject to adjustment from time to time as provided in the trust agreement (Trust Agreement) pursuant to which the Series 2015 Series A Farebox Revenue Bonds were issued. Interest payments are due on April 1 and October 1 of each year. Annual principal payments commence on October 1, 2019 and continue through the maturity date of October 1, 2033 (19 years repayment).

The 2015 Series A Farebox Revenue Bonds are special obligations of the JPB payable from and secured by a pledge of farebox revenues which also secures the 2007 Series A Farebox Revenue Bonds. 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 is the outstanding secured debt service as noted on the debt service requirement schedule in the following paragraph. The 2015 Series A Bonds were refunded by the 2019 Series A Bonds in February 2019.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
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C. 2019 Series A 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 Bonds and \$11,363,000 used to fully payoff 2015 Series A Revenue Bonds. \$20,768,000 of the proceeds are allocated for building acquisitions or to finance other improvements to Caltrain. The 2019 Series A 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 2010 Series A Bonds is 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 A 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 is the outstanding secured debt service as noted on the debt service requirement schedule in the following paragraph.

D. Pledged Revenues and Annual Debt Service Payments

The amount of farebox pledged revenues recognized during the fiscal years ended June 30, 2020 and 2019 were \$84,675,137 and \$112,777,140. The total debt service requirement for the 2019 Series A bonds for the fiscal year ended June 30, 2020 was \$2,639,773; the first payment on 2019 Series A debt was scheduled for October 1, 2019. Annual principal and interest payments for the 2019 Series A are as follows:

Year Ending June 30:	Principal	Interest	Total
2021	\$ -	\$ 2,381,750	\$ 2,381,750
2022	1,120,000	2,353,750	3,473,750
2023	1,175,000	2,296,375	3,471,375
2024	1,235,000	2,236,125	3,471,125
2025	1,300,000	2,172,750	3,472,750
2026-2030	7,565,000	9,793,625	17,358,625
2031-2035	9,710,000	7,644,250	17,354,250
2036-2040	9,460,000	5,035,250	14,495,250
2041-2045	7,035,000	3,173,125	10,208,125
2046-2050	9,035,000	1,174,375	10,209,375
Total	\$ 47,635,000	\$ 38,261,375	\$ 85,896,375

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020, coverage provided by self-insurance and excess coverage (purchased by or for the JPB) is generally summarized as follows:

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

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

The unpaid claims liabilities are based on the results of actuarial studies and include amounts for claims incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Annual expense is charged using various allocation methods that include actual costs, trends in claims experience and number of participants. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims. It is the JPB's practice to obtain full actuarial studies annually. Changes in the balances of self-insured claims liabilities for public liability and property damage for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Self-insured claims liabilities, beginning of year	\$ 1,610,677	\$ 2,217,001
Incurred claims and changes in estimates	(359,101)	(181,873)
Claim payments and related costs	(77,639)	(424,451)
Total self-insured claims liabilities	1,173,937	1,610,677
Less current portion	654,632	887,433
Noncurrent portion	<u>\$ 519,305</u>	<u>\$ 723,244</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 on assets acquired with capital contributions is included in the Statement of Revenues, Expenses, and Changes in Net Position. Capital contributions earned for the years ended June 30, are as follows:

	<u>2020</u>	<u>2019</u>
Contributions from the Federal government	\$ 170,387,058	\$ 152,959,885
Contributions from the State	148,420,501	183,897,588
Contributions from local governments	42,495,526	68,304,070
Total	<u>\$ 361,303,085</u>	<u>\$ 405,161,543</u>

NOTE 12 – COMMITMENT AND CONTINGENCIES

A. Operating Contract

The JPB Board of Directors awarded a contract to Transit America Services, Inc. (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. Amtrak continued to provide services through the mobilization period.

This is a Cost Plus Performance Fee based contract. All direct costs are reimbursable and TASI has the opportunity to earn up to \$4.5 million per year as a performance fee. The first year budget plus mobilization costs were negotiated prior to contract award. A performance fee program and quantifiable metrics are discussed and agreed upon annually by the parties in key areas such as safety and on-time performance. These metrics are measured quarterly with the exception of adherence to the budget which will be measured annually. TASI's reported results are also independently verified and validated by a third party consultant. The expenses billed to the JPB by TASI for providing rail operation services for the years ended June 30, 2020 and 2019 are recorded as Contract Services in the Statement of Revenues, Expenses, and Changes in Net Position.

B. Litigation

As of June 30, 2020, 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.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
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C. Lawsuit between Peninsula Corridor Joint Powers Board v. Parsons Transportation Group, Inc., Zurich American Insurance Company, Federal Insurance Company, Fidelity and Deposit Company America Maryland

The JPB and Parsons Transportation have each sued each other for breach of contract among other claims related to Parsons’ provision of the JPB’s Positive Train Control System. The JPB has also sued Parsons’ surety for failing to comply with its obligations under the contract’s performance bond. The lawsuits have been consolidated and are presently in the discovery/pre-trial motion phase of the litigation. The contract underlying these actions is valued at \$159 million. Parsons alleges damages of approximately \$59 million. The JPB in its action against Parsons alleges damages of \$113 million. The JPB is vigorously pursuing its claims, and defending against those of Parsons, but an out-of-court settlement process has also commenced. We are presently unable to comment on the likelihood of an unfavorable outcome or range of potential loss/gain.

D. 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 year as well as the remaining commitment as of June 30, 2020 (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, 2019	\$ 997,101	\$ 478,436	\$ 822,073	\$ 871,385
Net Expenditures	(38,551)	(119,318)	(14,939)	(344,506)
Unspent balance at June 30, 2020	\$ 958,550	\$ 359,118	\$ 807,134	\$ 526,879

	PTMISEA Electrification Improvements (Fund 3638)	PTMISEA Community Based Overlay Signal System (Fund 3647)	PTMISEA Interest Earned (Fund 3636)
Total Allocations as of June 30, 2019	\$ 34,938	\$ 3,957,438	\$ 266,864
Adjustments	890	-	-
Interest Earned, Net of Bank Charges	-	-	43,546
Net Expenditures	-	(1,741,088)	-
Unspent balance at June 30, 2020	\$ 35,828	\$ 2,216,350	\$ 310,410

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 – LEASING TRANSACTIONS

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

NOTE 14 – RELATED PARTIES

A. Operating Expenses Paid to 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 are included as operating expenses in the accompanying statements of revenues, expenses, and changes in net position are as follows:

	<u>2020</u>	<u>2019</u>
Wages and fringe	\$ 12,878,680	\$ 10,254,439
Overhead	4,476,458	6,510,938
Total wages and benefits	<u>\$ 17,355,138</u>	<u>\$ 16,765,377</u>

B. Receivables from Member Agencies

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

	<u>2020</u>	<u>2019</u>
District	\$ 9,647,173	\$ 5,485,167
VTA	5,145,418	3,936,795
CCSF	5,837,739	6,370,310
Total	<u>\$ 20,630,330</u>	<u>\$ 15,792,272</u>

C. Payables to the San Mateo County Transit District

Amounts due to the District as Managing Agency at June 30, 2020 and 2019 total \$7,089,280 and \$12,494,593, respectively, and are included in accrued liabilities.

PENINSULA CORRIDOR JOINT POWERS BOARD

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

D. Unearned Member Contributions

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

	2020	2019
District	\$ 17,511,506	\$ 4,494,399
VTA	15,852,365	9,370,096
CCSF	1,392,257	711,441
Total	\$ 34,756,128	\$ 14,575,936
Committed for:		
Centralized traffic control system	\$ 840	\$ 840
Farebox capital	919	919
Capital contingency fund	1,991,324	1,405,628
Capital contribution, Member's local match	32,763,045	13,168,549
Total Committed	34,756,128	14,575,936
Uncommitted funds:		
District	-	-
VTA	-	-
CCSF	-	-
Total Uncommitted	-	-
Total	\$ 34,756,128	\$ 14,575,936

NOTE 15 – REVOLVING CREDIT FACILITY

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

In December 2016, the JPB secured the 2016 Credit Facility to assist the JPB in meeting its cash flow needs in connection with the PCEP Project. The amount outstanding under the 2016 Credit Facility may not exceed \$170 million at any one time. This Credit Facility commitment was reduced March 31, 2019 to a level not to exceed \$120 million. Funds drawn will be applied to fund cash flow mismatch with respect to the PCEP Project and the 2018 TIRCP Grant Projects and/or to enable the JPB to access the 2018 TIRCP Grant awarded to the JPB to fund a portion of the 2018 TIRCP Grant Projects. Funds drawn by the JPB pursuant to the 2016 Credit Facility constitute loans made to the JPB by the provider of the 2016 Credit Facility. Such loans are secured by funds received by the JPB from funding sources identified in the 2017 Funding Plan and from the 2018 TIRCP Grant to reimburse the JPB for its prior payment of PCEP Project expenditures and 2018 TIRCP Grant Projects expenditures and by a pledge of farebox revenues subordinate to the pledge which will secure the 2019 Series A Bonds, any other Bonds issued pursuant to the Trust Agreement and any Parity Obligations.

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

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

Fees are set forth in the Fee and Pricing Agreement. There are two ongoing fees associated with the revolving credit facility: an undrawn and a draw fee. For those amounts available to the JPB but undrawn and not used at a particular time, the Lender will charge a fee equal to 0.60 percent times the undrawn amount. For those amounts drawn and used under the revolving credit facility, the Lender will charge a draw fee (i.e., and interest rate). The draw fee is equal to the following formula: 0.70 percent times one month London Interbank Offered Rate (LIBOR), plus 2.20 percent. Taking 70 percent of the LIBOR approximately converts that taxable index to a tax-exempt rate. The one-month LIBOR resets on a daily basis. The Fee and Pricing Agreement also specifies closing costs payable to the Lender and Lender's Counsel. As of June 30, 2020, \$25,000,000 of the revolving credit facilities balance was outstanding.

Pursuant to California Government Code Section 6586.5, each of the three JPB member agencies held a public hearing and, subsequent to conducting the public hearing, adopted a resolution approving the interim financing of the PCEP and making a finding of significant public benefit in accordance with the criteria specified in Section 6586.5.

SUPPLEMENTARY INFORMATION

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PENINSULA CORRIDOR JOINT POWERS BOARD

**SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENSES –
COMPARISON OF BUDGET TO ACTUAL (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020**

	Budget (Unaudited)	Actual	Variance Positive/ (Negative)
OPERATING REVENUES:			
Passenger fares	\$106,000,000	\$ 76,094,434	\$ (29,905,566)
Parking, shuttle and pass revenues	8,003,200	6,044,612	(1,958,588)
Advertising	738,450	1,468,979	-
Other	1,245,900	849,157	(396,743)
Total operating revenues	<u>115,987,550</u>	<u>84,457,182</u>	<u>(31,530,368)</u>
OPERATING EXPENSES:			
Contract services	103,616,130	107,037,075	(3,420,945)
Insurance	5,457,858	4,165,530	1,292,328
Fuel	11,039,617	9,310,984	1,728,633
Parking, shuttle and pass expenses	6,510,930	5,591,284	919,646
Professional services	1,876,054	5,535,340	(3,659,286)
Wages and benefits	17,150,062	17,355,138	(205,076)
Utilities and supplies	2,326,522	2,059,045	267,477
Maintenance services	1,762,369	1,391,161	371,208
Temporary services, rent and other	3,324,908	4,578,519	(1,253,611)
Total operating expenses	<u>153,064,450</u>	<u>157,024,076</u>	<u>(3,959,626)</u>
Operating loss	<u>(37,076,900)</u>	<u>(72,566,894)</u>	<u>(35,489,994)</u>
NONOPERATING REVENUES (EXPENSES):			
Federal, State and local operating assistance	35,814,518	63,044,476	27,229,958
Rental income	2,060,540	533,562	(1,526,978)
Interest income	50,000	222,832	172,832
Interest expense	(2,639,773)	(2,641,801)	(2,028)
Other income	727,000	1,200,774	473,774
Total nonoperating revenues, net	<u>36,012,285</u>	<u>62,359,843</u>	<u>26,347,558</u>
Net Income (loss)	<u>(1,064,615)</u>	<u>(10,207,051)</u>	<u>(9,142,436)</u>
CAPITAL OUTLAY:			
Capital assistance	54,500,185	361,303,085	306,802,900
Capital debt financing	-	(1,537,222)	(1,537,222)
Capital expenditures	<u>(54,500,185)</u>	<u>(359,765,863)</u>	<u>(305,265,678)</u>
Net capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND NONOPERATING INCOME OVER EXPENSES, CAPITAL OUTLAY AND DEBT PRINCIPAL PAYMENT			
	<u>\$ (1,064,615)</u>	<u>\$ (10,207,051)</u>	<u>\$ (9,142,436)</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

NOTES TO SUPPLEMENTARY SCHEDULE YEAR ENDED JUNE 30, 2020

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The JPB prepares its budget on a basis of accounting that differs from generally accepted accounting principles ("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 Supplemental 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 is not budgeted and budgeted capital expenses are not recorded as an expense per GAAP. In addition, unrealized gains and losses under 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 2019.

NOTE 2 – RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess of operating revenues and nonoperating revenues over expenses and capital outlay		\$ (10,207,051)
Reconciling Items		
Capital expenditures	\$ 359,765,863	
Depreciation and amortization	(66,965,834)	
Capital debt financing	1,537,222	
GASB 31 unrealized gain/loss	8,401	
Bond premium amortization	263,627	
Sub-total reconciling items		<u>294,609,279</u>
Change in net position, GAAP basis		<u>\$ 284,402,228</u>

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

Demographics and Economic Information

- Population, Income and Unemployment Rates
- Principal Employers

Operating Information

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

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STATISTICAL SECTION

The Statistical Section of JPB's CAFR represents detailed information as a context for understanding the information in the financial statements, notes disclosure 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 2011 THROUGH 2020 (in thousands)**

	2020	2019	2018	2017
Operating revenues:				
Passenger fares	\$ 76,094	\$ 102,668	\$ 97,050	\$ 92,429
Parking, shuttle and pass revenues	6,045	7,894	7,790	7,911
Advertising	1,469	1,050	1,016	370
Other	850	1,165	1,180	1,321
Total operating revenues	84,458	112,777	107,036	102,031
Operating expenses:				
Contract services	107,038	99,541	92,899	89,639
Insurance	4,166	4,129	1,188	7,105
Fuel	9,311	11,184	10,322	8,613
Parking, shuttle and pass expenses	5,591	5,280	5,916	5,629
Professional service	5,535	2,068	2,178	1,514
Wages and benefits	17,355	16,765	13,911	13,561
Utilities and supplies	2,059	2,189	2,063	2,179
Maintenance services	1,391	1,644	1,668	1,508
Temporary services, rent and other	4,579	4,529	2,782	2,886
Total operating expenses	157,025	147,329	132,927	132,634
Operating loss before depreciation and amortization	(72,567)	(34,552)	(25,891)	(30,603)
Depreciation and amortization	(66,966)	(78,890)	(100,097)	(83,922)
Operating loss	(139,533)	(113,442)	(125,988)	(114,525)
Nonoperating revenues				
Federal, state and local operating assistance	63,044	35,070	25,346	25,489
Rental income	534	1,901	2,070	1,861
Investment income (loss)	495	714	93	28
Other income (expense)	1,201	3,211	1,198	2,413
Total nonoperating revenues	65,274	40,896	28,707	29,791
Nonoperating expenses	(2,642)	(3,223)	(1,501)	(1,302)
Net loss before capital contributions	(76,901)	(75,769)	(98,782)	(86,036)
Capital contributions	361,303	405,162	321,303	246,767
Change in net position	284,402	329,393	222,521	160,731
Net position - beginning of year	1,519,366	1,519,366	1,519,366	1,358,635
Prior period adjustment per GASB 65 ^[1]	-	-	-	-
Components of net position				
Net investment in capital assets	2,312,715	2,030,255	1,707,243	1,484,730
Restricted	-	-	-	-
Unrestricted	42,970	41,027	34,646	34,636
Net position - end of year	\$ 2,355,685	\$ 2,071,282	\$ 1,741,889	\$ 1,519,366

[1] Per GASB 65 effective as of fiscal year 2012 certain items deferred outflows/inflows of resources were reclassified from assets and liabilities. Deferred bond issuance costs previously recognized were restated to reflect the change.

Source: Current and prior years' CAFRs.

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

	2016	2015	2014	2013	2012	2011
\$	86,959	\$ 83,351	\$ 74,846	\$ 68,767	\$ 59,891	\$ 49,026
	7,226	5,990	5,859	5,275	4,411	3,576
	190	227	86	308	176	196
	1,057	1,194	1,354	1,196	206	498
	<u>95,432</u>	<u>90,762</u>	<u>82,145</u>	<u>75,546</u>	<u>64,684</u>	<u>53,296</u>
	82,942	78,240	75,238	65,485	65,882	60,637
	35	6,593	3,874	5,186	4,783	7,310
	8,312	12,118	14,797	15,350	15,288	12,937
	6,104	5,316	5,476	5,756	4,183	3,912
	1,618	1,255	1,322	1,098	885	1,046
	12,943	11,501	10,668	9,322	5,731	6,026
	2,172	2,068	1,524	1,726	1,520	1,599
	1,054	1,039	1,007	1,011	1,070	382
	2,664	1,981	1,854	2,117	1,833	1,779
	<u>117,844</u>	<u>120,110</u>	<u>115,760</u>	<u>107,051</u>	<u>101,175</u>	<u>95,628</u>
	(22,412)	(29,348)	(33,616)	(31,506)	(36,490)	(42,332)
	<u>(93,540)</u>	<u>(75,300)</u>	<u>(73,452)</u>	<u>(59,968)</u>	<u>(62,724)</u>	<u>(62,119)</u>
	<u>(115,952)</u>	<u>(104,648)</u>	<u>(107,068)</u>	<u>(91,474)</u>	<u>(99,214)</u>	<u>(104,451)</u>
	25,078	27,578	29,522	39,165	35,282	43,142
	1,781	1,764	1,728	1,783	1,760	1,733
	111	242	206	128	193	143
	613	1,007	4,044	2,137	2,555	1,907
	<u>27,583</u>	<u>30,590</u>	<u>35,500</u>	<u>43,213</u>	<u>39,790</u>	<u>46,925</u>
	<u>(1,301)</u>	<u>(1,192)</u>	<u>(1,120)</u>	<u>(1,120)</u>	<u>(1,123)</u>	<u>(1,123)</u>
	<u>(89,670)</u>	<u>(75,250)</u>	<u>(72,688)</u>	<u>(49,383)</u>	<u>(60,549)</u>	<u>(58,648)</u>
	<u>131,329</u>	<u>115,225</u>	<u>111,349</u>	<u>87,385</u>	<u>81,375</u>	<u>91,834</u>
	<u>41,659</u>	<u>39,975</u>	<u>38,661</u>	<u>38,002</u>	<u>20,827</u>	<u>33,186</u>
	<u>1,316,975</u>	<u>1,277,001</u>	<u>1,238,339</u>	<u>1,200,336</u>	<u>1,180,185</u>	<u>1,146,999</u>
	-	-	-	-	(676)	-
	1,323,485	1,282,932	1,246,218	1,208,591	1,181,995	1,163,379
	-	-	-	-	-	11,664
	35,150	34,043	30,783	29,748	18,341	5,121
	<u>\$ 1,358,635</u>	<u>\$ 1,316,975</u>	<u>\$ 1,277,001</u>	<u>\$ 1,238,339</u>	<u>\$ 1,200,336</u>	<u>\$ 1,180,184</u>

PENINSULA CORRIDOR JOINT POWERS BOARD

**REVENUE CAPACITY - REVENUE BASE AND REVENUE RATE
FISCAL YEARS 2011 THROUGH 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Passenger fares (in thousands)	\$ 75,789	\$ 102,668	\$ 97,050	\$ 92,429
 <u>Revenue Base</u>				
Number of passengers (in thousands)	13,684	17,797	18,944	18,743
Source: National Transit Database (NTD)				
Four-zone fare structure				
Full adult fare:				
One-way	10.50	10.50	10.50	9.75
Day Pass	21.00	21.00	21.00	19.50
8-ride ^[1]	-	-	-	68.10
Monthly Pass	298.50	298.50	278.60	243.80
 Eligible discount fare:				
One-way	4.75	4.75	4.75	4.75
Day Pass	10.50	10.50	10.50	9.75
8-ride ^[1]	-	-	-	34.05
Monthly Pass	138.00	138.00	128.80	121.90

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

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

Source: CAFRs, Caltrain codified tariff, and Caltrain board reports on passenger counts; National Transit Database.

2016	2015	2014	2013	2012	2011
\$ 86,959	\$ 83,351	\$ 74,846	\$ 68,767	\$ 59,891	\$ 49,026
19,233	18,567	17,029	15,596	14,134	12,673
9.75	9.25	9.25	8.75	8.75	8.75
19.50	18.50	18.50	17.50	17.50	17.50
68.10	64.75	64.75	59.50	59.50	59.50
243.80	232.00	232.00	232.00	232.00	232.00
4.75	4.50	4.50	4.25	4.25	4.25
9.75	9.25	9.25	8.75	8.75	8.75
34.05	32.25	32.25	29.75	29.75	29.75
121.90	116.00	116.00	116.00	116.00	116.00

PENINSULA CORRIDOR JOINT POWERS BOARD

**REVENUE CAPACITY - PRINCIPAL REVENUE PAYERS
FISCAL YEAR ENDED JUNE 30, 2020**

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

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY - RATIO OF OUTSTANDING DEBT
FISCAL YEARS 2011 THROUGH 2020 (in thousands)**

Fiscal Year	Farebox Revenue Bonds for JPB (in thousands)^[1]	Personal Income for San Mateo County^[2]	As a Percent of Personal Income
2020	\$ 55,153	\$ 95,598,314	0.058%
2019	55,417	92,813,897	0.060%
2018	34,496	85,779,129	0.040%
2017	34,514	83,280,708	0.041%
2016	34,532	80,855,056	0.043%
2015	34,551	77,283,538	0.045%
2014	23,564	70,201,626	0.034%
2013	23,569	65,192,835	0.036%
2012	23,140	64,765,189	0.036%
2011	23,140	57,964,665	0.040%

^[1] Source: Current and prior years' CAFRs.

^[2] U.S. Department of Commerce, Bureau of Economic Analysis and calendar year figures. Personal Income data for 2018, 2019, and 2020 are based on an estimated three percent annual increase over 2017.

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

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY - BONDED DEBT
FISCAL YEARS 2011 THROUGH 2020 (in thousands)**

Fiscal Year	Farebox Revenue Bonds	Member Agency Operating Contributions	As a Percent of Member Agency Contributions
2020	\$ 55,153	\$ 28,035	196.7%
2019	55,417	25,448	217.8%
2018	34,496	20,448	168.7%
2017	34,514	20,448	168.8%
2016	34,532	19,727	175.0%
2015	34,551	19,829	174.2%
2014	23,564	17,236	136.7%
2013	23,140	33,500	69.1%
2012	23,140	25,030	92.4%
2011	23,140	35,093	65.9%

Source: Current and prior years' CAFRs.

This table presents the capacity of the JPB to issue Farebox Revenue Bonds based on the total member contributions from the District, VTA and CCSF.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY - DIRECT AND OVERLAPPING DEBT
FISCAL YEAR ENDED JUNE 30, 2020**

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

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY - DEBT LIMITATIONS
FISCAL YEAR ENDED JUNE 30, 2020**

The JPB does not have a legal debt limit.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEBT CAPACITY - PLEDGED REVENUE COVERAGE
FISCAL YEARS 2011 THROUGH 2020 (in thousands)**

Year	Pledged Revenue	Debt Service			Debt Coverage
		Principal	Interest	Total	
2020	\$ 84,458	\$ -	\$ 2,283	\$ 2,283	37
2019	112,777	-	1,451	1,451	78
2018	107,036	-	1,282	1,282	83
2017	102,031	-	1,292	1,292	79
2016	95,433	-	1,282	1,282	74
2015	90,763	-	1,148	1,148	79
2014	82,145	-	1,103	1,103	74
2013	75,546	-	1,103	1,103	68
2012	64,684	-	1,103	1,103	59
2011	53,296	-	1,103	1,103	48

Source: Current and prior years' CAFRs.

This table presents the relationship between total farebox revenue and total principal and interest payments, as well as the JPB's ability to meet its debt obligations.

Note: Refer to Note 9 in the Financial Section for specifics of the JPB's debt and pledged farebox revenues.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION - POPULATION, INCOME
AND UNEMPLOYMENT RATES - COUNTY OF SAN MATEO
FISCAL YEARS 2011 THROUGH 2020**

Year	Population	Total Personal Income (in millions)	Per Capita Personal Income	Average Unemployment Rates
2020	773,244	\$ 95,598 *	\$ 123,926 *	10.8%
2019	774,485	92,814 *	120,317 *	2.2%
2018	772,372	90,111 *	116,812 *	2.5%
2017	770,256	87,486	113,410	2.9%
2016	765,895	82,046	106,615	3.3%
2015	759,155	78,607	102,516	3.3%
2014	758,581	71,111	93,672	4.2%
2013	750,489	65,656	87,501	5.7%
2012	740,738	64,765	87,523	7.0%
2011	729,425	57,965	79,465	8.3%

[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.

*Personal Income and Per Capital Personal Income data for 2018, 2019, and 2020 is based on an estimated three percent annual increase over 2017. Source data for table is FY19 San Mateo County CAFR.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION - POPULATION, INCOME,
AND UNEMPLOYMENT RATES - CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2011 THROUGH 2020**

Year	Population ^[1]	Total Personal Income (in millions) ^[2]	Per Capita Personal Income ^[2]	Average Unemployment Rates ^[3]
2020	897,806	\$ 119,709 *	\$ 133,336 *	12.5%
2019	887,463	116,223	130,961	2.3%
2018	883,305	112,448	127,304	2.6%
2017	879,166	106,007	120,576	3.1%
2016	876,103	96,161	109,760	3.4%
2015	862,004	89,533	103,867	4.0%
2014	852,469	77,233	90,600	5.2%
2013	841,138	72,858	86,619	6.5%
2012	825,863	70,574	85,455	8.1%
2011	812,826	63,102	77,633	9.2%

[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.

*Personal Income and Per Capital Personal Income data for 2020 is based on an estimated three percent annual increase over 2019. Source data for table is FY19 San Francisco County CAFR.

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

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION - POPULATION, INCOME,
AND UNEMPLOYMENT RATES - COUNTY OF SANTA CLARA
FISCAL YEARS 2011 THROUGH 2020**

Year	Population ^[1]	Total Personal Income (in millions) ^[2]	Per Capita Personal Income ^[2]	Average Unemployment Rates ^[3]
2020	1,961,969	\$ 207,620 *	\$ 107,122 *	10.7%
2019	1,954,286	201,573 *	104,002 *	2.6%
2018	1,956,598	195,702 *	100,973 *	2.9%
2017	1,938,180	190,002	98,032	3.5%
2016	1,927,888	170,673	88,920	4.0%
2015	1,889,638	158,729	82,756	4.6%
2014	1,868,558	141,874	74,883	6.1%
2013	1,842,254	130,624	70,151	7.6%
2012	1,816,486	122,259	66,535	9.0%
2011	1,797,375	111,880	61,833	10.5%

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

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

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

*Personal Income and Per Capital Personal Income data for 2018, 2019, and 2020 is based on an estimated three percent annual increase OVER 2017. Source data for table is FY19 Santa Clara County CAFR.

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

PENINSULA CORRIDOR JOINT POWERS BOARD

DEMOGRAPHICS AND ECONOMIC INFORMATION - PRINCIPAL EMPLOYERS COUNTY OF SAN MATEO FISCAL YEARS 2018 AND 2010

Employers in San Mateo County	Business Type	2018*			2010		
		Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Facebook Inc.	Social Network	14,000	1	3.13%			
Genentech Inc.	Biotechnology	9,500	2	2.12%	8,800	1	2.57%
Oracle Corp.	Hardware and Software	7,535	3	1.68%	5,600	3	1.64%
County of San Mateo	Government	5,570	4	1.25%	6,079	2	1.78%
Gilead Sciences Inc	Biotechnology	4,000	5	0.89%			
Walmart Labs	Retail Technology	2,000	6	0.45%			
YouTube	Online Video-Streaming Platform	2,000	7	0.45%			
Robert Half International Inc.	Personnel Services	1,668	8	0.37%			
Sony Interactive Entertainment	Interactive Entertainment	1,602	9	0.36%			
Electronic Arts Inc.	Interactive Entertainment	1,520	10	0.34%			
Kaiser Permanente	Health Care				3,777	4	1.10%
Mills-Peninsula Health Services	Health Care				2,500	5	0.73%
Visa Inc	Global Payments Technology				2,462	6	0.72%
Safeway Inc	Retail Grocer				2,075	7	0.61%
San Mateo Community College District	Public Education				1,951	8	0.57%
SLAC National Accelerator Laboratory	Scientific Research				1,764	9	0.52%
Seton Medical Center	Hospital				1,672	10	0.49%
Total		49,395		11.04%	36,680		10.73%

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

This table presents the top 10 principal employers in San Mateo County for 2018 and 2010.

Source: San Francisco Business Times - 2019 Book of Lists; California Employment Development Department (provided by San Mateo County Controller's office) from the FY2019 County of San Mateo CAFR.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION - PRINCIPAL EMPLOYERS
CITY AND COUNTY OF SAN FRANCISCO
FISCAL YEARS 2018 AND 2009**

Employers in San Francisco City and County	2018*			2009		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
University of California, San Francisco	34,690	1	6.09%	24,759	2	5.79%
City and County of San Francisco	32,749	2	5.75%	26,554	1	6.20%
San Francisco Unified School District	10,506	3	1.84%	5,313	7	1.24%
Salesforce	8,000	4	1.40%	-	-	0.00%
Wells Fargo & Co	7,747	5	1.36%	9,214	3	2.15%
Kaiser Permanente	6,659	6	1.17%	5,629	5	1.32%
Sutter Health	5,359	7	0.94%	-	-	0.00%
Uber Technologies Inc.	5,000	8	0.88%	-	-	0.00%
Gap, Inc.	4,000	9	0.70%	3,804	10	0.89%
PG&E Corporation	3,800	10	0.67%	4,394	9	1.03%
California Pacific Medical Center				6,800	4	1.59%
State of California				5,555	6	1.30%
United States Postal Service				4,697	8	1.10%
Total	118,510		20.80%	96,719		22.61%

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

This table presents the top 10 principal employers in San Francisco County for 2018 and 2009.

Source: FY2019 County of San Francisco CAFR. Total City and County of San Francisco employee count is obtained from the State of California Employee Development Department. All other data is obtained from the San Francisco Business Times Book of Lists.

PENINSULA CORRIDOR JOINT POWERS BOARD

**DEMOGRAPHICS AND ECONOMIC INFORMATION - PRINCIPAL EMPLOYERS
COUNTY OF SANTA CLARA
FISCAL YEARS 2019 AND 2010**

Employers in Santa Clara County	2019*			2010		
	Estimated Number of Employees⁽¹⁾	Rank	Percent of Total County Employment	Estimated Number of Employees⁽²⁾	Rank	Percent of Total County Employment
Apple Inc.	25,000	1	2.44%	10,000	5	1.28%
Google LLC	24,626	2	2.40%	n/a		n/a
County of Santa Clara	20,883	3	2.01%	15,550	1	1.99%
Stanford University	16,919	4	1.65%	10,101	4	1.29%
Cisco Systems Inc.	14,674	5	1.43%	13,000	2	1.67%
Kaiser Permanente	12,500	6	1.22%	5,000	10	0.64%
Stanford Healthcare (formerly Hospital & Clinics)	10,034	7	0.98%	5,569	8	0.71%
Tesla Motors Inc.	10,000	8	0.98%	n/a		n/a
Applied Materials Inc	8,500	9	0.83%	n/a		n/a
Intel Corporation	8,400	10	0.82%	5,684	7	0.73%
Lockheed Martin Space Systems Co.	n/a			10,400	3	1.33%
City of San Jose	n/a			6,623	6	0.85%
Hewlett-Packard Co.	n/a			5,001	9	0.64%
Total - Top 10 Employers	151,536			86,928		
Total County Employment	1,024,900			780,100		

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

This table presents the top 10 principal employers in Santa Clara County for 2019 and 2010.

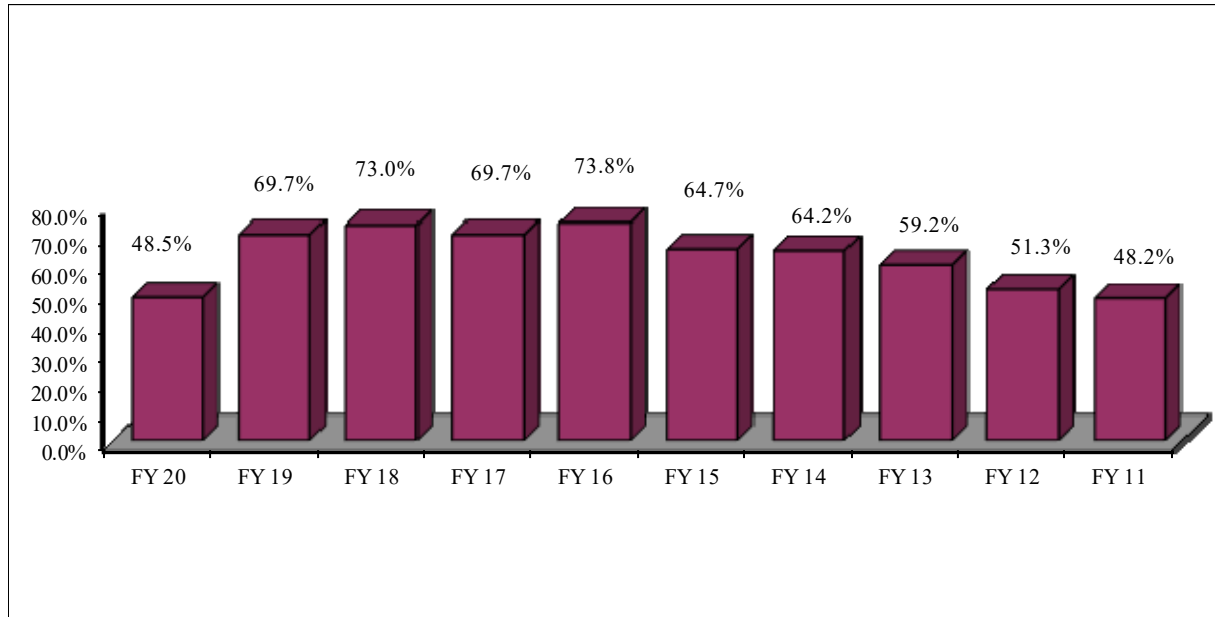
Source: (provided by Santa Clara County Controller's office) from the FY2019 County of Santa Clara CAFR.

PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION - FAREBOX RECOVERY AND PASSENGER MILES FISCAL YEARS 2011 THROUGH 2020

FAREBOX RECOVERY

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

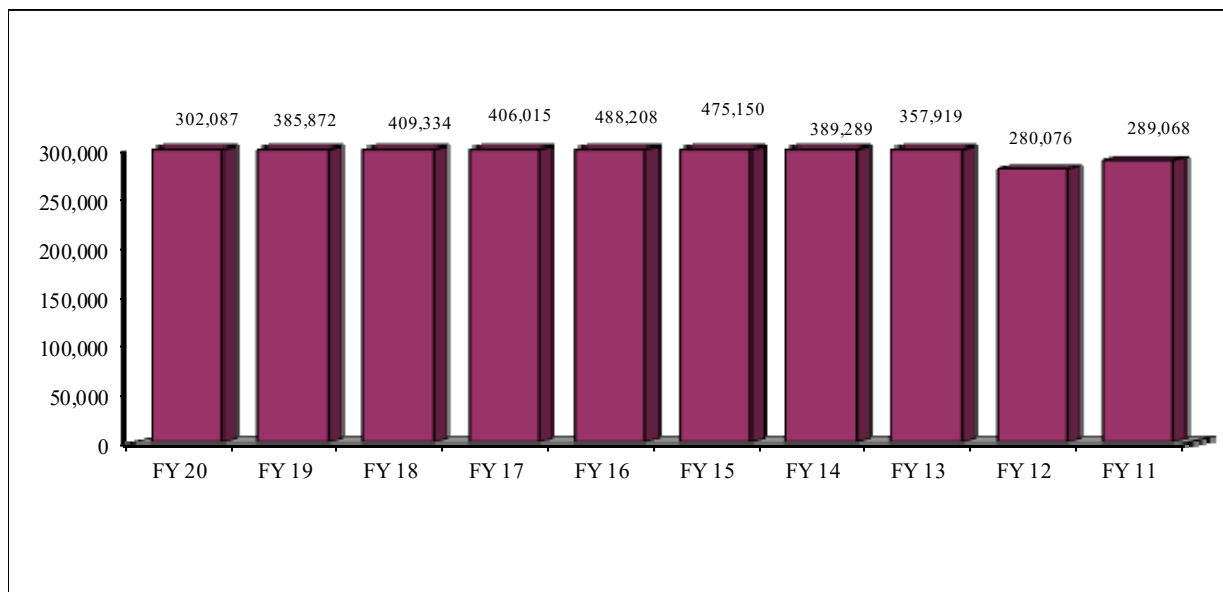


PASSENGER MILES

(In Thousands)

Total passenger miles (weekday and weekend)

In response to COVID-19 pandemic and shelter in place orders in March of 2020, train service reduced from 92 weekday trains to 70 on 3/17/2020, reduced to 42 trains on 3/30/2020 and increased back to 70 trains on 6/25/2020.



Source: JPB's National Transportation Database.

PENINSULA CORRIDOR JOINT POWERS BOARD

OPERATING INFORMATION - EMPLOYEES (FULL-TIME EQUIVALENTS) FISCAL YEARS 2011 THROUGH 2020

DIVISION	FULL-TIME EQUIVALENTS (FTEs)								
	2020	2019	2018	2017	2016	2015	2014	2013	2012
EXECUTIVE	0.90	6.76	0.52	0.56	0.70	0.76	0.85	0.87	0.91
PUBLIC AFFAIRS		-	-	-	5.35	4.80	4.80	4.00	4.46
OPERATIONS, ENGINEERING AND CONSTRUCTION	79.13	74.44	62.60	42.88	51.64	49.64	47.81	43.35	46.75
PLANNING AND DEVELOPMENT	8.09	7.00	6.70	8.45	6.43	5.95	6.40	3.04	5.09
FINANCE AND ADMINISTRATION	28.96	21.34	29.86	33.71	29.44	29.40	31.00	33.71	33.10
CALTRAIN MODERNIZATION PROGRAM	9.00	9.00	17.45	8.25	9.95	5.95	4.95	3.50	-
CUSTOMER SERVICE AND MARKETING	17.34	15.09	16.79	24.01	11.27	11.14	14.61	12.56	11.40
TOTAL FTEs	143.42	133.63	133.92	117.85	114.78	107.64	110.42	101.03	101.71

Note: The organization went through a reorganization in FY 2010; Caltrain Modernization Program division was added in FY 2013 as a replacement for the Peninsula Rail Department.

DIVISION	2011
EXECUTIVE	0.85
ADMINISTRATION	
COMMUNICATIONS	
CUSTOMER SERVICE AND MARKETING	10.88
DEVELOPMENT	
FINANCE	
FINANCE AND ADMINISTRATION	32.17
PLANNING AND DEVELOPMENT	5.21
PENINSULA RAIL PROGRAM	2.00
PUBLIC AFFAIRS	2.80
OPERATIONS	
OPERATIONS, ENGINEERING AND CONSTRUCTION	45.52
TOTAL FTEs	99.43

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

Source: JPB's annual capital and operating budget.

Note: Caltrain Modernization Program division was added in FY 2013 as a replacement for the Peninsula Rail department.

PENINSULA CORRIDOR JOINT POWERS BOARD

**OPERATING INFORMATION - CAPITAL ASSETS (in thousands)
FISCAL YEARS 2011 THROUGH 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Depreciable and amortized capital assets			
Right of way improvements	\$ 1,192,986	\$ 1,183,600	\$ 1,170,025
Rail vehicles	333,025	333,787	333,572
Facilities and equipment	145,122	136,599	130,231
Office equipment	13,354	14,529	18,129
Total depreciable and amortized capital assets	<u>1,684,487</u>	<u>1,668,515</u>	<u>1,651,957</u>
Accumulated depreciation and amortization			
Right of way improvements	(666,113)	(632,433)	(579,398)
Rail vehicles	(258,607)	(246,236)	(230,537)
Facilities and equipment	(70,530)	(66,271)	(61,357)
Office equipment	(13,228)	(13,928)	(9,106)
Total accumulated depreciation and amortization	<u>(1,008,479)</u>	<u>(958,867)</u>	<u>(880,397)</u>
Nondepreciable capital assets			
Right of way	236,340	233,711	226,972
Construction in progress	1,447,512	1,124,618	735,025
Intangible Asset - Trackage Rights*	8,000	8,000	8,000
Total nondepreciable capital assets	<u>1,691,852</u>	<u>1,366,329</u>	<u>969,998</u>
Capital assets, net	<u><u>\$ 2,367,860</u></u>	<u><u>\$ 2,075,977</u></u>	<u><u>\$ 1,741,558</u></u>

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

Source: CAFRs

2017	2016	2015	2014	2013	2012	2011
\$ 1,131,890	\$ 1,033,142	\$ 972,866	\$ 804,003	\$ 739,383	\$ 719,324	\$ 677,797
312,738	300,680	284,023	284,128	285,040	285,125	284,203
130,942	128,365	128,584	127,653	127,568	128,428	127,048
2,669	1,084	1,084	869	860	875	855
<u>1,578,239</u>	<u>1,463,272</u>	<u>1,386,557</u>	<u>1,216,653</u>	<u>1,152,851</u>	<u>1,133,752</u>	<u>1,089,903</u>
(515,275)	(452,151)	(399,280)	(341,424)	(293,985)	(264,091)	(222,481)
(206,161)	(190,840)	(161,494)	(149,882)	(137,309)	(126,011)	(113,553)
(57,522)	(52,459)	(48,396)	(43,790)	(39,743)	(34,820)	(29,337)
<u>(1,341)</u>	<u>(929)</u>	<u>(854)</u>	<u>(648)</u>	<u>(672)</u>	<u>(751)</u>	<u>(702)</u>
<u>(780,300)</u>	<u>(696,378)</u>	<u>(610,024)</u>	<u>(535,744)</u>	<u>-</u>	<u>(425,673)</u>	<u>(366,073)</u>
226,972	226,972	226,972	226,893	226,893	226,893	226,893
486,333	356,152	305,977	354,256	316,125	261,771	227,381
8,000	8,000	8,000	8,000	8,000	8,000	8,000
<u>721,305</u>	<u>591,124</u>	<u>540,949</u>	<u>589,149</u>	<u>551,018</u>	<u>496,664</u>	<u>462,274</u>
<u>\$ 1,519,244</u>	<u>\$ 1,358,017</u>	<u>\$ 1,317,482</u>	<u>\$ 1,270,058</u>	<u>\$ 1,703,869</u>	<u>\$ 1,204,743</u>	<u>\$ 1,186,104</u>