

**NORTH COUNTY  
TRANSIT DISTRICT**



# Annual Comprehensive Financial Report

For the Fiscal Years Ended  
June 30, 2021 and 2020



Prepared by: Finance Division, North County Transit District



## WHO WE ARE

North County Transit District's services are a vital part of San Diego's regional transportation network. Prior to the effects of COVID-19, NCTD moved approximately 10.4 million passengers each year by providing public transportation for North San Diego County. The family of transit services includes:

- BREEZE Fixed route bus
- LIFT ADA paratransit
- FLEX on-demand, deviated fixed-route, and point-deviated fixed-route
- COASTER Commuter rail
- SPRINTER Hybrid rail

## MISSION

Our mission is to deliver safe, convenient, reliable, and user-friendly public transportation services.

## VISION

Our vision is to build an integrated transit system that enables our customers to travel easily and efficiently throughout our growing region.

We will achieve our Mission and Vision by:

- Placing service to our customers first
- Ensuring the safety and security of our employees and customers
- Delivering high-quality transit services
- Developing and maintaining facilities that sustain and promote current and future transportation services
- Securing adequate revenue, protecting our assets, and getting the maximum return on the public investment
- Working in partnership with our communities and other stakeholders
- Encouraging innovation, creativity, and leadership

**Table of Contents**

**Introductory Section (Unaudited)**

Letter of Transmittal ..... 1  
 Board of Directors ..... 6  
 Organizational Chart ..... 7  
 Certificate of Achievement for Excellence in Financial Reporting ..... 8  
 Services and Activities ..... 9

**Financial Section**

Independent Auditor's Report ..... 16  
 Management's Discussion and Analysis ..... 18  
 Basic Financial Statements  
     Statements of Net Position ..... 30  
     Statements of Revenues, Expenses and Changes in Net Position ..... 31  
     Statements of Cash Flows ..... 32  
     Notes to Basic Financial Statements ..... 34  
 Required Supplementary Information  
     Schedule of Changes in the Net Pension Liability and Related Ratios ..... 62  
     Schedule of Plan Contributions ..... 64  
     Schedule of Changes in the Total OPEB Liability and Related Ratios ..... 66

**Statistical Section (Unaudited)**

Statistical Section Index ..... 67  
 Financial Trends  
     Net Position by Component ..... 68  
     Changes in Net Position ..... 69  
 Revenue Capacity  
     Operating Revenues by Source ..... 70  
     Public Funding Sources ..... 71  
     Fare Revenue by Mode ..... 75  
     Passenger Boardings by Mode ..... 76  
     Passenger Fare Rates ..... 77  
     Principal Fare Revenue ..... 80  
 Debt Capacity  
     Ratios of Outstanding Debt ..... 81  
 Demographic and Economic Statistics  
     Regional Population and Personal Income Statistics ..... 82  
     Major Employers within Service Area ..... 83  
     Budgeted Employees by Function ..... 84  
 Operating Information  
     Operating Indicators by Transportation Mode ..... 85  
     Capital Asset Statistics by Function and Transportation Mode ..... 91  
     Industry Comparative Statistics ..... 93

## **Introductory Section (Unaudited)**

## Letter of Transmittal

November 24, 2021

### To the Board Chairman, Members of the Board, and Citizens of North San Diego County:

On behalf of the North County Transit District (NCTD and/or District), we are pleased to present you with the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The basic financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and have been audited by Eide Bailly LLP 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. This letter of transmittal highlights significant factors affecting the financial and operating results of NCTD. Further detail is presented in management's discussion and analysis (MD&A), and the audited basic financial statements and accompanying notes.

NCTD management is solely responsible for the accuracy, completeness and fairness of the information presented in this ACFR. Management has established a comprehensive system of internal controls to prevent the loss, theft, or misuse of NCTD assets and to ensure that adequate financial information is compiled to allow for the presentation of the financial statements in conformity with GAAP. Due to the inherent limitations of internal controls, such controls are designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. To the best of our knowledge, the basic financial statements, as presented, are accurate and complete in all material respects and present fairly NCTD's financial position and the results of NCTD operations for fiscal year 2021 (FY2021) and fiscal year 2020 (FY2020).

### NCTD Governance

The North San Diego County Transit Development Board (NSDCTDB) was created by California Senate Bill No. 802 on September 20, 1975, to plan, construct, and operate, directly, or through a contractor, public transit systems in its area of jurisdiction. On January 1, 2003, Senate Bill 1703 (SB 1703) consolidated all the roles and responsibilities of the San Diego Association of Governments (SANDAG) with many of the transit functions of the Metropolitan Transit Development Board (now MTS) and the NSDCTDB. The consolidation allowed SANDAG to assume transit planning, funding allocation, project development, and capacity enhancing constructing projects in the San Diego region in addition to its ongoing transportation responsibilities and other regional roles. In January 2006, the North San Diego County Transit Development Board was renamed to the North County Transit District.

NCTD provides bus, van, and train service for people primarily in the northern half of San Diego County, from the rural areas of Fallbrook and Ramona and the Camp Pendleton Marine Corps Base, to the cities of Oceanside, Vista, Carlsbad, Encinitas, San Marcos, Del Mar, Solana Beach, and Escondido, plus the unincorporated areas of North San Diego County. A ten-member Board of Directors (Board), with voting members consisting of eight city council representatives (one from each of the eight cities in North San Diego County), one representative from the San Diego County Board of Supervisors Fifth District, and one ex officio member from the City of San Diego, governs the operations of NCTD.

### Operations, Services and Activities

NCTD contracts with private operators for the provision of all modes of public transit service. Through these contracts, NCTD provides the following transit services: commuter rail (COASTER), hybrid rail (SPRINTER), fixed-route bus (BREEZE), demand response fixed-route and route deviation (FLEX), and Americans with Disability Act of 1990 (ADA) paratransit (LIFT). The COASTER commuter rail service and the SPRINTER hybrid rail service are operated by Bombardier Transportation (Holdings) USA, Inc. (Bombardier). BREEZE, LIFT, and FLEX services are operated by MV Transportation, Inc. For FY2021, NCTD had a total of 145.5 budgeted positions to support operations, safety and security, customer service, engineering, technology, and other support functions and, through its contracts with MV and Bombardier, had 685 budgeted contracted positions.

## Economic and Funding Outlook

The COVID-19 pandemic introduced a new and significant challenge for NCTD and other transit agencies since early 2020. Since the issuance of Executive Order N-33-20 (Stay-at-Home Order) by the Governor in response to the COVID-19 pandemic, NCTD experienced sharp declines in fare revenues and ridership. The nature of the virus and the required mitigation strategies, such as social distancing, directly impacted the core nature of our business, which is premised on moving large numbers of people in an efficient manner. COVID-19 negatively impacted customer ridership and customer revenue, however, the impact on sales tax revenues was not as significant. The decline in customer revenue was offset by federal stimulus payments that were approved by Congress through the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and the American Rescue Plan (ARP) Act of 2021.

The CARES Act that was signed in March 2020, provided emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic, and provide emergency appropriations to support Executive Branch agency operations during the COVID-19 pandemic. A total of \$25 billion was allocated to the U.S. Department of Transportation's Federal Transit Administration (FTA) to help the nation's public transportation systems respond to COVID-19. The FTA allocated \$25 billion to recipients of urbanized area and rural area formula funds, with \$22.7 billion allocated to large and small urban areas and \$2.2 billion allocated to rural areas. The CARES Act allocated \$314.3 million of Section 5307 funds and \$2.4 million of Section 5311 funds to the San Diego region. Section 5307 funds were allocated 30% (\$94.3 million) for NCTD and 70% (\$220 million) for the Metropolitan Transit System (MTS). Section 5311 funds were allocated 59% (\$1.4 million) for NCTD and 41% (\$1 million) for (MTS) based on service area rural population.

The ARP Act that was signed by President Biden on March 11, 2021, included \$30.5 billion in federal funding to support the nation's public transportation systems during the COVID-19 public health emergency. The relief fund included \$26.6 billion to be allocated by statutory formulas to urbanized and rural areas and tribal governments. ARP allocated \$200.6 million of Section 5307 funds to the San Diego region, of which 30% (\$60.2 million) were allocated to NCTD and 70% (\$140.4 million) to MTS.

Transit funding is subject to annual appropriation by Congress and is administered by the FTA. FTA formula programs generally provide 80% of the cost of eligible activities that are primarily capital. Additional state and local funding sources supplement the FTA programs. The formula for determining each metropolitan area's share of FTA funds involves population, density, bus and rail vehicle miles, and rail route miles. FTA revenues comprised 43% of NCTD's total operating revenues and 44% of NCTD's capital revenues during FY2021.

State and local sales taxes revenue continue to be a significant source of funding for NCTD. The Mills-Alquist-Deddeh Act (SB 325), or Transportation Development Act of 1971 (TDA), was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. The TDA provides two funding sources: (1) Local Transportation Fund (LTF), which is derived from a one-quarter of a cent of the general sales tax collected statewide and (2) State Transit Assistance fund (STA), which is derived from the statewide sales tax on diesel fuel. In 1987, San Diego County residents approved the 20-year TransNet program, a half-cent sales tax to fund a variety of transportation projects throughout San Diego County. In November 2004, voters approved an extension ordinance and expenditure plan (Proposition A) that extends the TransNet program to 2048. Authorized usage of TransNet funds include highway, transit, and local road projects that reduce traffic congestion in San Diego County. The San Diego Association of Governments (SANDAG) administers the funds generated by TransNet. The share of LTF and TransNet fund between NCTD and MTS is allocated based on the population of each transit agency's service areas. TDA and TransNet revenues comprised 26.5% and 15.8%, respectively, of NCTD's operating revenues during FY2021.

## Financial Health

NCTD's FY2021 operating expenses were under budget by \$16.6 million (excluding the defined benefit plan unfunded accrued liability payment, which is not included in the operating budget). Budget savings will be utilized to fund capital investments and will also roll over additional operating funds into future fiscal years. For FY2021, 55% of NCTD's operating costs (excluding interest, depreciation, and lease expense) were attributable to purchased transportation agreements with private transit service providers. Purchased

transportation and maintenance agreements have annual Consumer Price Index (CPI) increases to limit increases in costs, assuming no changes in contracted services.

### **Long-Term Financial Planning and Contingency Planning**

NCTD is required to adopt a balanced operating budget each fiscal year. Each year, NCTD develops its operating budget and five-year year Capital Improvement Program to support the key strategic priorities of NCTD. The budget is developed to support strategic investments that can be implemented over a five-year period that will foster increased ridership, increased customer revenues, and address state of good repair and capital priority needs. The budget document also includes a ten-year operating and capital plan expense management strategy based on low-range, mid-range, and high-range revenue scenarios. NCTD is prepared to mitigate the near-term financial impact caused by the COVID-19 pandemic. NCTD will supplement the loss of fare revenue and sales tax-sourced grant revenues with federal CARES Act and ARP funds.

NCTD's capital budget for fiscal year 2022 (FY2022) is \$41.9 million, exceeding the Board's annual capital investment goal of \$15 million, and the 5-Year mid-range forecast indicates that NCTD will have balanced budgets. NCTD will continue to aggressively pursue discretionary grants. The award of discretionary grants is critical as current dedicated funding sources are insufficient to meet NCTD's annual needs for capital investment. NCTD, on an annual basis, develops and distributes a discretionary grants strategy to highlight capital needs and plans to seek funding.

In FY2022, NCTD will be ramping up surveys and outreach to current and potential customers to encourage them to use our transit services. NCTD is actively working to accelerate key operational improvements to include, but not limited to: increasing COASTER train frequencies from 22 to a minimum of 42 trains per day by fiscal year 2024 (FY2024), implementing 15-minute SPRINTER headways by 2030, and making improvements to the street network to support improved bus operations by 2030. NCTD is also implementing micro-transit beginning in FY2022, procuring new replacement and expansion equipment, enhancing cleaning practices, and upgrading technologies for an improved customer riding experience.

NCTD has established and maintains a minimum cash reserve fund of the lower of \$15 million or fifteen (15) percent of the annually budgeted operating expenditures and an additional \$3.3 million cash reserve fund for self-insured retention. The specific requirements of these cash reserve funds are included in Board Policy No. 10. NCTD's pension plan is funded at 70.8% as of the measurement period ended June 30, 2020, down from 71.6% for the measurement period ended June 30, 2019. NCTD has fully met its annual actuarially determined contributions each year since fiscal year 2009. Beginning in FY2022, NCTD will be making additional contributions towards the unfunded pension liability under a 15-Year amortization schedule with the goal of fully funding the pension plan by 2035.

### **Major Initiatives**

Each year, NCTD staff, its Board of Directors (Board), customers, and key stakeholders identify key business activities and initiatives for the District. NCTD aligns its strategic areas of focus within these identified initiatives to ensure that budget, personnel, and business activities support the strategic direction and goals of the District. The following information details some of these business initiatives:

*Design and Construction of the Convention Center Platform.* In December 2020 NCTD and the San Diego Association of Governments (SANDAG) were awarded a grant request of \$106 million grant from the California Transportation Commission (CTC) to fund the trade corridor enhancements program (TCEP) in the San Diego region. One of the projects within this program is the COASTER Convention Center Platform project. This project intends to improve passenger and rail operations while also improving the traffic flow in downtown San Diego. Key benefits of the project include the construction of a new downtown COASTER station that would provide single ride access to the Convention Center, Gaslamp, and Padres Stadium area; extension of signaling and positive train control systems into the BNSF rail facility to support increased and improved rail operations and to better coordinate rail crossing gate activations to reduce delay/impacts to automobile travel; and increased capacity at Santa Fe Depot to support increased Amtrak, COASTER, and BNSF trains by relocating the COASTER to a separate dedicated station at the Convention Center.

*BREEZE Fixed Route Fleet Replacement.* During FY2021, NCTD placed 30 new compressed natural gas (CNG) full-size heavy duty transit buses that replaced buses that had reached or exceeded the end of their useful lives. In FY2022, NCTD intends to replace an additional 27 compressed natural gas and 9 diesel

full-size heavy duty transit buses with 30 compressed natural gas and 6 Battery Electric Buses (BEB), which will completely remove diesel buses from NCTD's fleet and begin the conversion to Zero Emissions technology mandated by the California Air Resources Board (CARB) in the Innovative Clean Transit (ICT) regulation adopted in December 2018.

*BREEZE Speed and Reliability Study.* This study will focus on ten key corridors within NCTD's BREEZE bus system to identify transit-supportive roadway network improvements. This effort will develop a phased infrastructure, technology, and service implementation plan that will support improved reliability of NCTD's BREEZE network. The study will require close and constant communication with Caltrans and NCTD's City partners to identify opportunities and develop solutions for North County over the course of 18 months.

*Oceanside Transit Center Transit-Oriented Development Project.* This business initiative supports a transit-oriented development project at the Oceanside Transit Center (OTC). The OTC redevelopment includes generating a revenue source for the District through ground lease payments that will accommodate transit operations, serve as NCTD's General Administration Office (GAO), and increase activation of downtown Oceanside. On March 18, 2021, the Board authorized NCTD to enter into an Option Agreement with Toll Brothers for the redevelopment of the OTC. This project is currently in the due diligence phase.

*Customer Wayfinding Program.* This business plan initiative supports the development and implementation of a comprehensive and cohesive customer wayfinding program at transit stops, centers, and stations throughout the service area to improve the ease of using NCTD transit services. NCTD staff developed a phased implementation approach that prioritized program implementation to address all bus stop signage in the service area as well as COASTER and SPRINTER electronic platform signage. The installation of new bus stop signage was completed during FY2021 and the procurement for horizontal electronic signage for COASTER and SPRINTER platforms is planned for FY2022.

*COASTER Equipment Expansion.* On September 27, 2019, the San Diego Association of Governments (SANDAG) Board of Directors approved the allocation of \$58.8 million to NCTD for the purchase of two additional train sets to provide more frequent COASTER commuter rail service. Funding from SANDAG will be received from FY2021 through FY2024, with most of the funding programmed for FY2023 and FY2024. The additional train sets will support increased COASTER service frequencies to 42 weekday trains.

*Zero Emission Bus Infrastructure and BREEZE Buses.* On December 14, 2018, the California Air Resources Board adopted the Innovative Clean Transit Regulation (Regulation). The Regulation requires all public transit agencies to gradually transition to a 100-percent zero-emission bus fleet by 2040. The Regulation is part of a statewide effort to reduce emissions from the transportation sector, which accounts for 40% of greenhouse gas emissions and 80-90% of smog-forming pollutants. A series of infrastructure planning studies in order to identify required modifications to the BREEZE Operations Bus Maintenance Facilities in Escondido (East Division), Escondido Transit Center (ETC), and the BREEZE Operations Bus Maintenance Facility in Oceanside (West Division) to support compliance with Regulation have been completed. Master plans, project study reports (PSR), and infrastructure design for an initial zero-emission bus (ZEB) pilot of six battery electric buses (BEB) will be completed in FY2022. The infrastructure construction for the six pilot BEBs will be completed as well in FY2022. Additionally, a design-build project for the infrastructure to support a second pilot of eight hydrogen fuel cell electric (FCEB) electric buses was awarded in November 2021 and construction is anticipated to begin in September 2022.

*Development of New Regional Fare System.* In coordination with the San Diego Metropolitan Transit System (MTS), a new regional fare system branded as PRONTO was developed for use by both NCTD and MTS throughout San Diego County. This new fare system allows sales through ticket vending machines (TVMs), ticket office terminals (TOTs), customer and institutional websites, a mobile application, a retail network of participating stores, and a new customer relationship management (CRM) software used by customer service staff. The regional fare system launched on September 1, 2021 and NCTD initiated a public awareness campaign to support customer adoption of the new system.

*Micro-transit Pilot Programs.* Micro-transit is a form of shared transportation that offers highly flexible routing and scheduling that a customer can request on-demand. Through the analysis conducted in the Strategic Multimodal Transit Implementation Plan (SMTIP), NCTD has identified several zones where fixed-route service could be shifted to on-demand service to improve the customer experience and attract new riders. To support improved first/last mile connections for commuters, NCTD will implement micro-transit pilot programs with Uber Technologies, Inc. (Uber) and Lyft, Inc., (Lyft) at the Sorrento Valley and Carlsbad Poinsettia Stations to complement the increased frequencies connecting COASTER riders with their place



of employment, and for the Vista Transit Center, which will support first/last mile connections for SPRINTER/BREEZE riders. The Uber and LYFT services are precursors to services that NCTD will provide using NCTD equipped and contracted personnel once a micro-transit application has been implemented.

*San Diego Sub-Division Signal Modernization.* NCTD has received funding from the Federal Railroad Administration (FRA) and State of California Transit and Intercity Rail Capital Program (TIRCP) for the modernization of signaling and positive train control systems along the Los Angeles-San Diego-San Luis Obispo (LOSSAN) rail corridor. The LOSSAN rail corridor is the busiest state-supported corridor service on the Amtrak network, and second busiest intercity rail corridor in the nation. This corridor also supports significant freight and commuter rail operations and is part of the U.S. Strategic Rail Corridor Network (STRACNET). The signal delays on the San Diego Subdivision are primarily caused by the corridor's many obsolete, legacy train control and crossing warning equipment which pre-date 1991. The obsolete equipment is no longer supported by the manufacturer, including the production of spare parts. This project will yield significant benefit to both passenger and freight operations by implementing a state-of-the-art signal and communications system that utilizes a data-driven approach to railroad operations and maintenance. The project started the design phases in FY2021 and will be implementing over the course of four years from FY2022 through FY2025.

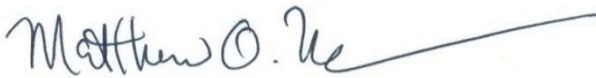
The pandemic has highlighted that NCTD's services are essential to our region and residents. In the short-term, the pandemic has negatively impacted ridership. It is critical that policymakers and stakeholders understand that full recovery of transit ridership is tied directly to full recovery and reopening of our economy and resumption of normal freedom of movement. The State of California has established laws and regulations to create a future that is less dependent upon single-occupant automobile travel (reductions in vehicle miles traveled or VMT) and to reduce greenhouse gas emissions. It is important that the San Diego region continues to support and invest in public transportation to support long-term mobility and environmental goals.

### Financial Reporting

The Financial Section includes the independent auditor's report, management's discussion and analysis, audited basic financial statements and accompanying notes, and required supplementary information.

We express our appreciation to the dedicated NCTD employees who assisted in the preparation of this report as well as our independent auditors who helped prepare and review this report. We extend special appreciation to the Board of Directors for its support of NCTD efforts to provide excellent operational and financial management of NCTD.

Respectfully submitted,



Matthew O. Tucker  
Executive Director



Eun Park-Lynch  
Chief Financial Officer

Board of Directors



**Tony Kranz**  
Deputy Mayor, City of Encinitas  
**Board Chair**  
**Chair of Executive Committee**

- Member of SANDAG Board of Directors
- Member of SANDAG Airport Connectivity Subcommittee
- Member of Joint Committee on Regional Transit



**Jewel Edson**  
Council Member, City of Solana Beach  
**Vice-Chair of Executive Committee**  
**Chair of Performance, Administration, and Finance Committee**

- Member of SANDAG Transportation Committee
- Member of SANDAG Airport Connectivity Subcommittee (Alternate)
- Member of LOSSAN Corridor Board of Directors



**Priya Bhat-Patel**  
Council Member, City of Carlsbad  
**Vice-Chair of Marketing, Service Planning, and Business Development Committee**

- Member of LOSSAN Corridor Board of Directors (Alternate)
- Member of SANDAG Board of Directors (2nd Alternate)



**Dan Quirk**  
Council Member, City of Del Mar  
**Chair of Marketing, Service Planning, and Business Development Committee**



**Paul McNamara**  
Mayor, City of Escondido  
**Member of Marketing, Service Planning, and Business Development Committee**

- Member of SANDAG Regional Planning Committee
- Member of Joint Committee on Regional Transit (Alternate)



**Jim Desmond**  
District 5 Supervisor, County of San Diego  
**Member of Performance, Administration, and Finance Committee**

- Member of Joint Committee on Regional Transit



**Sharon Jenkins**  
Mayor Pro Tem, City of San Marcos  
**Vice-Chair of Performance, Administration, and Finance Committee**

- Member of SANDAG Board of Directors (1st Alternate)
- Member of SANDAG Transportation Committee (1st Alternate)
- Member of Joint Committee on Regional



**Esther Sanchez**  
Mayor, City of Oceanside  
**Member of Performance, Administration, and Finance Committee**

- Member of SANDAG Regional Planning Committee (Alternate)



**Corinna Contreras**  
Council Member, City of Vista  
**Member of Marketing, Service Planning, and Business Development Committee**

- Member of SANDAG Transportation Committee (2nd Alternate)



**Matthew O. Tucker**  
Executive Director  
North County Transit District

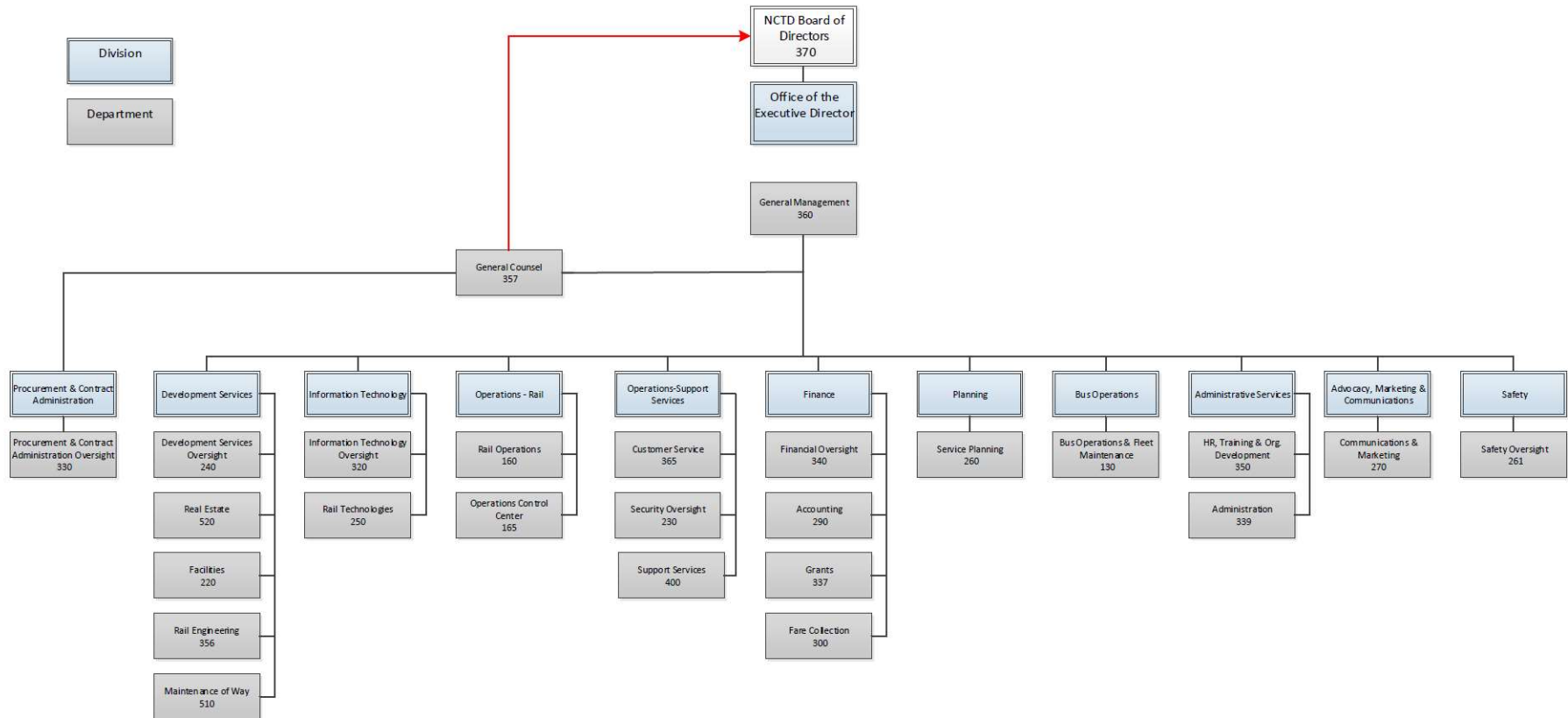


**Lori A. Winfree**  
General Counsel  
North County Transit District



**Anthony Flores**  
Clerk of the Board  
North County Transit District

## Organizational Chart



## Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North County Transit District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgements

Special thanks to the team of NCTD employees who have assisted in preparing this Annual Comprehensive Financial Report. We thank them for their hard work and commend them for their professionalism.

Sincerely,



Eun Park-Lynch  
Chief Financial Officer



Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

### North County Transit District California

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020



Executive Director/CEO

## Services and Activities

### History

The North San Diego County Transit Development Board (NSDCTDB) was established by an act of the California State Legislature (Senate Bill 802) on September 20, 1975, to plan, construct and operate public transit systems in the northern region of San Diego County. The NSDCTDB acquired the municipal transit systems operated by the cities of Escondido and Oceanside. NSDCTDB commenced operations in July 1976 by providing bus services to the region and was renamed as the North County Transit District (NCTD) in January 2006. In 1992, NCTD was designated by the San Diego Association of Governments (SANDAG) as the lead agency for providing commuter rail service in San Diego County. Rail services between Oceanside and San Diego (called the COASTER) began in February 1995. On January 1, 2003, a state law was enacted (Senate Bill 1703) that essentially transferred future transit planning, programming, development, and capacity enhancing construction projects to SANDAG, San Diego County's Regional Planning Agency. In 2003, NCTD began the construction of a hybrid rail system between Escondido and Oceanside (called the SPRINTER). Project management for the SPRINTER project was subsequently transitioned to SANDAG. The SPRINTER project consisted of reconstructing 22 miles of railroad in the existing east-west corridor. The SPRINTER hybrid rail service commenced operations in March 2008.



NCTD provides integrated public transit service in North San Diego County with its BREEZE buses, FLEX on-demand, LIFT ADA-certified paratransit, COASTER commuter rail, and SPRINTER hybrid rail modes of transportation. NCTD is unique within the transit industry given the size of its annual operating budget and its operations of multimodal services that are typically operated by larger transit systems. There are 30 commuter rail agencies in the United States that operate service like the COASTER and six agencies that operate diesel multiple units like the SPRINTER. Moreover, NCTD is responsible for maintenance of railroad tracks that support commuter, intercity, and freight operations.

### Service Area

NCTD provides bus, van, and train service in San Diego County - from the rural areas of Fallbrook, Ramona, and the Camp Pendleton Marine Corps Base, to the cities of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, and the unincorporated parts of north San Diego County, with COASTER service extending to downtown San Diego. The total population of NCTD's 340 square mile service area (1,029 jurisdiction area) is estimated to be 1,043,734.



NCTD provides connecting service to other transit agencies including MTS in San Diego via the Trolley, MTS buses and ACCESS; Riverside Transit Association (RTA) buses; Metrolink commuter rail service at Oceanside; Amtrak trains connecting at Oceanside, Solana Beach, and San Diego; and Greyhound buses connecting at Oceanside and Escondido. BREEZE buses, SPRINTER trains, and LIFT vehicles also connect at each of the NCTD transit centers located in Oceanside, Vista, and Escondido.

### BREEZE Fixed Route Bus

NCTD provided safe and efficient bus service to nearly 6.4 million passengers prior to the COVID-19 pandemic. During FY2021, the BREEZE had 2,990,643 boardings, which represented a decrease of 53.1% compared with fiscal year 2019 (FY2019). The BREEZE currently operates 30 routes in the North County service area, from early morning to late at night, seven days a week. Of the active fleet of 152 buses, 145 are compressed natural gas (CNG) vehicles.



All BREEZE buses in the fleet are equipped with bicycle racks giving passengers the ability to bike and ride to their destinations and are accessible with low floors, ramps, or wheelchair lifts to assist the elderly and passengers with disabilities to board and ride with ease. BREEZE buses are equipped with fareboxes that allow passengers to use a regional transit card for seamless travel throughout San Diego County on all public transportation. Customers can load value, day passes, and monthly passes to ride transit throughout the San Diego region.

### LIFT ADA Paratransit

NCTD provided over 168,000 rides to LIFT paratransit passengers throughout Northern San Diego County prior to the COVID-19 pandemic. During FY2021, LIFT carried 57,427 boardings, which represented a decline of 66.0% compared with FY2019. NCTD has a fleet of 46 vans and small buses known as “cut-aways” that support LIFT services. The use of LIFT services requires the assessment and determination that the customer has a functional limitation that prevents the use of some or all parts of fixed-route service.



Persons who are certified to use LIFT and obtain an NCTD paratransit photo ID can ride the BREEZE buses, COASTER commuter rail, and SPRINTER free of charge. A personal care attendant (PCA) that accompanies a LIFT customer can also travel fare free on BREEZE and SPRINTER services. LIFT service is operated within a  $\frac{3}{4}$  mile corridor of fixed-route services and its operating hours are consistent with fixed-route service in accordance with NCTD Board Policy No. 21 - *Complementary ADA Paratransit Program*.

### FLEX On-Demand, Deviated Fixed-Route, and Point-Deviated Fixed-Route

FLEX on-demand routes take passengers anywhere within the FLEX Zone. FLEX deviated fixed-route service has a set schedule and route but can deviate from the route up to a certain distance to pick-up or drop-off customers. Reservations are required at least 30 minutes in advance for any on-demand service and allowable deviation. The FLEX fleet is comprised of 11 vehicles that are equipped with bicycle racks giving passengers the ability to bike and ride to their destinations and are accessible with wheelchair lifts to assist the elderly and passengers with disabilities to board and ride with ease. FLEX buses are also equipped with fareboxes that allow passengers to use a transit card for seamless travel.



Currently FLEX route 371 travels between Ramona and Escondido and routes 392 and 395 serve the Camp Pendleton area. NCTD is currently in the process of enhancing its on-demand services through a 12-month partnership with Transportation Network Companies (TNCs) Uber, Lyft, and SOL Transportation. Branded under the program name NCTD+, this TNC-based pilot service will provide on-demand trips connecting to and from key transit stations to enhance first-last mile connections to NCTD's more frequent services. Riders will be able to request a ride by using a distinct voucher code within Uber/Lyft's existing smartphone applications and connect to the station or their destination through a subsidized trip within a designated

### FLEX On-Demand, Deviated Fixed-Route, and Point-Deviated Fixed-Route (continued)

geographical boundary. NCTD is currently in the soft-launch phase for this pilot service at the Carlsbad Poinsettia and Sorrento Valley stations and will launch the service at Vista Transit Center as well.

Upon completion of the NCTD+ TNC pilot, NCTD intends to enhance its FLEX Demand Response brand by procuring and implementing an on-demand app that supports on-demand trip requests on 12-passenger vans. The intent of this service enhancement is to support phased implementation of improved BREEZE, COASTER, and SPRINTER frequencies that provide more efficient connection to first and last mile destinations and foster increased shared rides within specified geographical areas. NCTD is proposing to implement expanded services in the City of Carlsbad and new service in the City of San Marcos, which could later serve as a replacement for BREEZE Routes 444 and 445. Route 444 currently offers peak-only trips from the Carlsbad Poinsettia Station to surrounding employment centers, while Route 445 provides peak-only service from Carlsbad Poinsettia Station to Palomar College in San Marcos. The FLEX Demand Response service will allow travel throughout the entire day, expanding the market for transit trips in this area.

### COASTER Commuter Rail

The COASTER provides 41 directional miles of commuter rail service seven days a week, north and south paralleling the busy Interstate 5 corridor between Oceanside and San Diego, including trains for special events and for every Padres baseball game. Currently, the COASTER service is provided with seven locomotives and 28 bi-level passenger coaches. In February 2021, NCTD placed into service five new, state-of-the-art Siemens locomotives and several renovated COASTER passenger cars. The new Siemens Tier-4 locomotives are among the cleanest passenger locomotives in the nation and reduce emissions by nearly 90% compared to the Tier-0 locomotives previously used by NCTD.



The COASTER provided approximately 1.4 million passengers prior to the COVID-19 pandemic, comprised primarily of workers, tourists, and special event attendees. During FY2021, the COASTER had 162,707 boardings, which represented a decline of 88.4% compared with FY2019. The total trip duration is about one hour. Eight stations provide service points along the route, and travelers can connect to the MTS trolley and buses at both the San Diego Old Town and Santa Fe stations in downtown San Diego, and the MTS Sorrento Valley COASTER Connection at the Sorrento Valley station. Passengers can connect with Metrolink and Amtrak train service north to Orange County and Los Angeles from NCTD's Oceanside Transit Center.

NCTD and Amtrak have an agreement (Rail to Rail) to accept certain tickets and passes issued from each agency to be used on its trains at no additional cost for the passenger (with some blackout periods) for stops at Oceanside Transit Center, Solana Beach, Old Town, and Santa Fe Depot. This agreement increases the number of trains available to riders throughout the day.

COASTER implemented service reductions beginning in March 2020 in response to the Governor's Stay-at-Home order which resulted in significant declines in ridership for commuter rail. All weekend service was suspended, and weekday trips were reduced from 22 daily trips to 12 daily trips. COASTER service was restored to pre-COVID levels on May 29, 2021 as the economy partially reopened and higher vaccination rates were achieved among the San Diego region's population.

The *San Diego Forward: The 2019 Federal Regional Transportation Plan* (San Diego Forward) developed by SANDAG provides a long-term blueprint for the San Diego region, including long-range transportation plans. San Diego Forward contemplates operating COASTER trains on 20-minute frequencies during the peak period by 2025. On September 27, 2019, SANDAG's Board of Directors allocated \$58.8 million to NCTD for the purchase of two additional capacity enhancement train sets to provide more frequent COASTER commuter rail service, including 30-minute peak period service. The phased approach for increased COASTER service started on October 25, 2021, which included an increase in weekday daily trips from 22 to 30 and an increase in weekend daily trips from 8 to 20. The second phase of the increased service is anticipated to take place in late FY2024 contingent upon the receipt and commissioning of the

two new capacity enhancement train sets and provision of operating funds from SANDAG and or other sources.

### **SPRINTER Hybrid Rail**

The SPRINTER hybrid rail extends 22 miles, roughly paralleling State Route 78, providing connections between Oceanside and Escondido. SPRINTER service is operated with twelve diesel multiple units (DMUs). Passenger service runs seven days a week from approximately 4:03 AM to 9:26 PM with Friday and Saturday service extended to 12:26 AM. Weekday service runs every 30 minutes and weekend trains run 30- minute frequencies during peak travel times and hourly service during non-peak times from 10:03 AM to 6:03 PM.



The SPRINTER offers easy connections to the COASTER commuter rail, BREEZE bus service, Amtrak, Metrolink, Greyhound and to MTS' Rapid Express bus service in Escondido. The SPRINTER transported a total of 2.4 million passengers prior to the COVID-19 pandemic, comprised primarily of workers, students, and tourists. During FY2021, the SPRINTER had 1,225,435 boardings, which represented a decrease of 49.1% compared with FY2019.

### **Bus Operations and Vehicle Maintenance**

NCTD contracts the responsibility for bus operations and vehicle maintenance to MV Transportation (MV). NCTD's BREEZE, FLEX, and LIFT service had a budget of 324 coach operators and 67 mechanics that work under its contractor.

MV operates and maintains buses, vans, and numerous other transit support vehicles. To maintain this fleet, mechanics work 24 hours a day, seven days a week at two locations: the West Division facility in Oceanside and the East Division in Escondido. These bus yards include CNG (Compressed Natural Gas) fueling, maintenance and administration buildings, parking areas for buses, service vehicles, and bus operators' vehicles. Inside the maintenance buildings there are bus repair bays, pits for general servicing, bus lifts, hoists, forklifts, engine repair benches, a body shop, a parts inventory storeroom, and a paint shop. Maintenance continues around the clock to keep the buses in a state of good repair and keep road calls and service interruptions to a minimum. In addition to servicing and repairing the bus fleet, the maintenance contractors also maintain a fleet of service vehicles, administrative automobiles, forklifts, and ride-on sweepers.



### **Rail Operations and Vehicle Maintenance**

NCTD contracts with Bombardier Transportation (Bombardier) to maintain and operate the COASTER and SPRINTER passenger trains. Bombardier maintains COASTER rail equipment at NCTD's Stuart Mesa facility located on the Camp Pendleton Marine Corps Base. The SPRINTER operations facility is in the City of Escondido. The Stuart Mesa facility houses massive and specialized equipment, primarily booms, cranes, and lifts to assist with replacement of heavy parts. Dedicated contract mechanics and service workers perform daily train-washing and exterior and interior maintenance and repair.

The 40,000 square foot SPRINTER facility was constructed specifically to house the operations center and to maintain the SPRINTER DMU trains. The operations area is the home of the operations control center and security monitoring center. The facility includes storage, training rooms, lockers, and office areas for employees. The maintenance area can house up to four train sets. Two structurally supported tracks allow maintenance contractors access underneath and on top of trains to fully service the vehicles via pits, suspended platforms, and overhead bridge cranes. The pits are fully functional with integrated electrical service, compressed air, and lube oil systems.



## Facilities Maintenance

NCTD has two administration buildings in Oceanside, two bus maintenance buildings located in Oceanside and Escondido, three transit centers, eight multi-modal train stations along the coastal railroad, 15 train stations along the inland railroad, two train maintenance facilities, and significant adjacent land and parking lots. To support bus and rail operations, facilities maintenance also includes maintenance of equipment such as the CNG filling stations, vehicle lifts, and bus and train washes.

NCTD contracts with MV for the maintenance of its bus operations facilities and to Bombardier for the janitorial and structural maintenance of rail operations facilities, administration facilities, transit centers, COASTER stations, and SPRINTER stations. Facilities maintenance contractors maintain, clean, and repair most of the facilities using specialized equipment. These contractors keep the maintenance buildings in a state of good repair condition, considering that buses and trains regularly arrive for repairs and routine maintenance and are subject to substantial amounts of dirt, dust, and salt air, in addition to weather changes, during a single day.

NCTD performs minor, routine maintenance and improvement projects such as roof replacements, parking lot paving and striping, bus shelter replacements and repairs, heating and air-conditioning repair and replacement, and painting and repair of the administration buildings. NCTD also maintains various specialty contracts, such as landscaping, electrical, and plumbing, which further supports the maintenance of its facilities and equipment.

## Rail Maintenance-of-Way

NCTD owns the north-south railroad right-of-way between the Orange County border and the northern border of the City of San Diego, which is 41 directional route miles of track. The San Diego Metropolitan Transit System (MTS) owns the north-south railroad right-of-way from the northern border of the City of San Diego to downtown San Diego, which is 21 directional route miles of track. NCTD also owns the east-west railroad right-of-way between Escondido and Oceanside, which is 22 directional route miles of track. The COASTER operates on the north-south railroad tracks and the SPRINTER operates on the east-west railroad tracks.



NCTD maintains both railroad tracks, including the MTS portion. NCTD is also responsible for numerous railroad bridges, railroad bed, sidings, grade crossings, turnouts, culverts and signals, land alongside the track, and NCTD property located within the right-of-way. Specialty equipment is used to maintain the railroad right-of-way including, but not limited to, clearing vegetation away from the tracks and replacing rail ties. Track maintenance equipment and personnel are housed in a facility located in Oceanside.

## Safety and Security



NCTD provides a safe, secure, and healthy environment for all employees and passengers while maintaining compliance with all federal and state laws, rules, and guidelines.

Security at train stations, parking lots, and bus transfer centers is provided by deputies from the San Diego County Sheriff's Department, officers of the Oceanside Police Department, and/or Escondido Police Department. Video security cameras at the COASTER and SPRINTER stations are monitored by NCTD staff who contact the Sheriff/Police in case of incidents

## **Management and Oversight**

The NCTD Board of Directors consists of ten members, including one member from each of the city councils of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, one member from the San Diego County Board of Supervisors Fifth District, and one ex officio member from the City of San Diego. The Fifth District covers unincorporated areas of North County.

The management of NCTD is comprised of the Office of the Executive Director supported by eleven Divisional Chiefs that oversee each of the functional divisions. These divisions include Operations-Rail; Safety; Development Services; Procurement and Contract Administration; Finance; Planning; Advocacy, Marketing, and Communications; Bus Operations; Information Technology; Operations Support Services; and Administrative Services.

The Office of the Executive Director provides leadership and strategic direction based on recommendations from the Board of Directors. The Office of the Executive Director also provides oversight for intergovernmental affairs, stays abreast of federal, state, and local regulatory issues that affect NCTD, manages the application of discretionary grants, and collaborates with other agencies to achieve NCTD goals and objectives.

The Office of General Counsel provides in-house legal counsel, provides oversight of the Procurement and Contract Administration Division, and compliance functions to support NCTD's focus on safety, contract management and regulatory/legal compliance in all business transactions. The Office of General Counsel is responsible for District-wide compliance and oversight and the management of all legal matters and claims, and includes internal audit, contract compliance, environmental compliance, civil rights (Disadvantaged Business Enterprise [DBE], Equal Employment Opportunity [EEO], Title VI and ADA compliance), claims and risk/insurance management.

The Operations-Rail Division is responsible for rail operations, maintenance for COASTER and SPRINTER equipment, and maintenance of signals. This Division develops and maintains programs and procedures related to rail transit service operations within the guidelines, rules and regulations required by State and Federal agencies.

The Safety Division promotes a culture of safety throughout NCTD in collaboration with rail, bus, and facility contractors. This Division conducts the triennial safety and security audit program, performs hazard assessments, documents risk analysis, identifies safety trends, and recommends predictive mitigation while maintaining strict procedural, operational, and regulatory compliance.

The Development Services Division oversees NCTD real estate interests, facility and equipment maintenance operations, and facilities and right-of-way projects management.

The Procurement and Contract Administration Division is responsible for the procurement of goods and services for NCTD in accordance with State of California Public Contracting Code, Federal Transportation Administration Circular 4220.1F, NCTD Board policies, and internal compliance standards, while ensuring that there is fair and open competition from prospective vendors and suppliers.

The Finance Division is responsible for financial management leadership and ensuring that financial transactions are recorded accurately in accordance with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) standards. The Finance Division has oversight of the operating and capital budgets, financial compliance and internal controls, grants accounting and reporting, fare collection, payroll, and general accounting functions.

The Planning Division is responsible for reviewing, maintaining, and revising schedules to ensure reliable service to the public. This Division coordinates the multimodal transit service operations planning and implementation activities of NCTD and participates in regional transportation studies and related service development activities.

The Advocacy, Marketing, and Communications Division supports operations through activities focused on increasing ridership, growing revenue, and focusing strategic communications to support achievement of NCTD's mission and goals. This Division develops and implements marketing, public relations, and customer communications programs that enhance the customer experience.

**Management and Oversight (continued)**

The Bus Operations Division manages the outsourced contract bus operations, including maintenance, to ensure compliance with state and federal regulatory requirements. This includes monitoring, directing, and auditing the contractors that deliver NCTD BREEZE, LIFT Paratransit, and FLEX Demand Response transit services.

The Information Technology Division supports both operational and administrative technology for NCTD and is responsible for the delivery of technology projects and programs necessary to deliver safe, convenient, reliable, and compliant public transportation services including Positive Train Control (PTC), railroad signal, and train control system projects.

The Operations Support Services Division has responsibility over customer service and security, and partners with the Rail and Bus Operations Divisions to provide operations support services and programs, including capital program project delivery and training program development.

The Administrative Services Division has oversight of human resources, which includes organizational development, compensation, benefits, training, recruitment, retention, FTA Drug and Alcohol Program compliance, and employee relations, and general administrative services. This Division oversees records management and document control services and has responsibility for overseeing NCTD Board of Directors meetings and calendars.

## **Financial Section**

## Independent Auditor's Report



### Independent Auditor's Report

Board of Directors  
North County Transit District  
Oceanside, California

#### Report on the Financial Statements

We have audited the accompanying financial statements of North County Transit District (NCTD) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise NCTD'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NCTD as of June 30, 2021 and 2020, and the changes in financial position and its 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 and defined benefit pension plan and other postemployment health care benefits schedules, 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 an opinion on the financial statements that collectively comprise NCTD's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. 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 a report dated November 24, 2021 on our consideration of NCTD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 NCTD'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 NCTD's internal control over financial reporting and compliance.



Laguna Hills, California  
November 24, 2021

**Management's Discussion and Analysis**  
**(Required Supplementary Information)**  
**(Unaudited)**  
**June 30, 2021 and 2020**

## Introduction

The following discussion and analysis of the financial performance and activity of the North County Transit District (NCTD) provides an introduction and understanding of the basic financial statements of NCTD. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

## The Financial Statements

NCTD's basic financial statements include the following:

1. The *Statements of Net Position* report NCTD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Total net position is displayed in three components: net investment in capital assets, restricted, and unrestricted.
2. The *Statements of Revenues, Expenses and Changes in Net Position* present information to show changes in NCTD's net position during the fiscal year. The Statements categorize revenues and expenses as either operating or nonoperating, based upon the definitions provided by Governmental Accounting Standards Board (GASB) Statement No. 34.
3. The *Statements of Cash Flows* are presented using the direct method and include a reconciliation of operating cash flows to operating income or loss.



## Condensed Statements of Net Position

Below is a comparison of NCTD's Statements of Net Position as of June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease) \$</u>	<u>Increase (Decrease) %</u>
Current assets	\$ 127,549,056	\$ 112,557,045	\$ 14,992,011	13%
Capital assets	788,899,704	489,298,175	299,601,529	61%
Total assets	<u>916,448,760</u>	<u>601,855,220</u>	<u>314,593,540</u>	<u>52%</u>
Deferred outflows of resources	8,602,326	9,135,835	(533,509)	(6%)
Current liabilities	54,116,013	47,984,507	6,131,506	13%
Long-term debt	20,450,000	21,750,000	(1,300,000)	(6%)
Long-term unearned grant revenue	16,409,226	8,242,705	8,166,521	99%
Net pension liability	42,808,821	41,302,949	1,505,872	4%
Other noncurrent liabilities	10,432,481	11,771,634	(1,339,153)	(11%)
Total liabilities	<u>144,216,543</u>	<u>131,051,795</u>	<u>13,164,748</u>	<u>10%</u>
Deferred inflows of resources	206,533	834,243	(627,710)	(75%)
Net position:				
Net investment in capital assets	769,330,955	468,428,473	300,902,482	64%
Restricted	50,495	50,495	-	0%
Unrestricted	11,246,560	10,626,049	620,511	6%
Total net position	<u>\$ 780,628,010</u>	<u>\$ 479,105,017</u>	<u>\$ 301,522,993</u>	<u>63%</u>

In fiscal year 2021, current assets increased by \$15 million (13%) and current liabilities increased by \$6.1 million (13%) as compared to fiscal year 2020. The increase in current assets was driven primarily by an increase in cash and investments of \$16 million, of which \$10 million was for the reimbursement from the California Air Resources Board Carl Moyer Program once the grant requirements were met on the purchase of the five Siemens Chargers locomotives. The increase in current liabilities was primarily from an increase in the current portion of unearned grant revenue of \$3.9 million, of which the majority are for payments expected to be made in the next twelve months for the purchase of bus and rail revenue vehicles.

Capital assets increased in fiscal year 2021 mainly as result of \$307.3 million in contributed assets received from SANDAG along the COASTER rail line, which included \$180.9 million for Elvira to Morena double-track (the project converted 2.6 miles of single-track to double-track), \$91.2 million for the San Diego River bridge (the project added 0.9 miles of second main track and replaced the former bridge with a double track bridge), and \$32.6 million for the San Elijo Lagoon double-track (the project included 1.5 miles of new double-track and the replacement of Bridge 240.4). Refer to Note 5 of the financial statements for additional information on capital assets.

Long-term debt decreased by \$1.3 million (6%) due to principal payments made during the year. Long-term unearned grant revenues increased by \$8.2 million (34%) mostly due to local funds programmed for COASTER bi-level cars and train sets that have payments due after June 30, 2022.

**Condensed Statements of Net Position (continued)**

Below is a comparison of NCTD's Statements of Net Position as of June 30, 2020 and June 30, 2019:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease) \$</u>	<u>Increase (Decrease) %</u>
Current assets	\$ 112,557,045	\$ 104,441,969	\$ 8,115,076	8%
Capital assets	489,298,175	522,251,285	(32,953,110)	(6%)
Total assets	<u>601,855,220</u>	<u>626,693,254</u>	<u>(24,838,034)</u>	<u>(4%)</u>
Deferred outflows of resources	<u>9,135,835</u>	<u>7,187,112</u>	<u>1,948,723</u>	<u>27%</u>
Current liabilities	47,984,507	39,657,384	8,327,123	21%
Long-term debt	21,750,000	23,050,000	(1,300,000)	(6%)
Long-term unearned grant revenue	8,242,705	12,515,177	(4,272,472)	(34%)
Net pension liability	41,302,949	38,993,922	2,309,027	6%
Other noncurrent liabilities	<u>11,771,634</u>	<u>9,759,360</u>	<u>2,012,274</u>	<u>21%</u>
Total liabilities	<u>131,051,795</u>	<u>123,975,843</u>	<u>7,075,952</u>	<u>6%</u>
Deferred inflows of resources	<u>834,243</u>	<u>142,473</u>	<u>691,770</u>	<u>486%</u>
Net position:				
Net investment in capital assets	468,428,473	500,819,718	(32,391,245)	(6%)
Restricted	50,495	50,495	-	0%
Unrestricted	<u>10,626,049</u>	<u>8,891,837</u>	<u>1,734,212</u>	<u>20%</u>
Total net position	<u>\$ 479,105,017</u>	<u>\$ 509,762,050</u>	<u>\$ (30,657,033)</u>	<u>(6%)</u>

In fiscal year 2020, current assets increased by \$8.1 million (8%) and current liabilities increased by \$8.3 million (21%) as compared to fiscal year 2019. The increase in current assets was driven primarily by an increase in grants receivable of \$15.7 million, offset by a reduction in cash of \$9.6 million. The increase in grants receivable was for Federal Transit Administration (FTA) pending drawdowns from CARES Act funds for preventive maintenance and operating expenses, as well as amounts due from SANDAG for capital costs associated with the COASTER expansion equipment. The increase in current liabilities was primarily from an increase in the current portion of unearned grant revenue of \$9.9 million, of which the majority is for payments expected to be made in the next twelve months for the purchase of buses, locomotives, and bi-level cars.

Capital assets decreased \$33.0 million as a result of asset additions of \$51.1 million and SANDAG contributed asset additions of \$0.3 million, offset by annual depreciation of \$84.4 million. (Refer to Note 5 of the financial statements for additional information on capital assets).

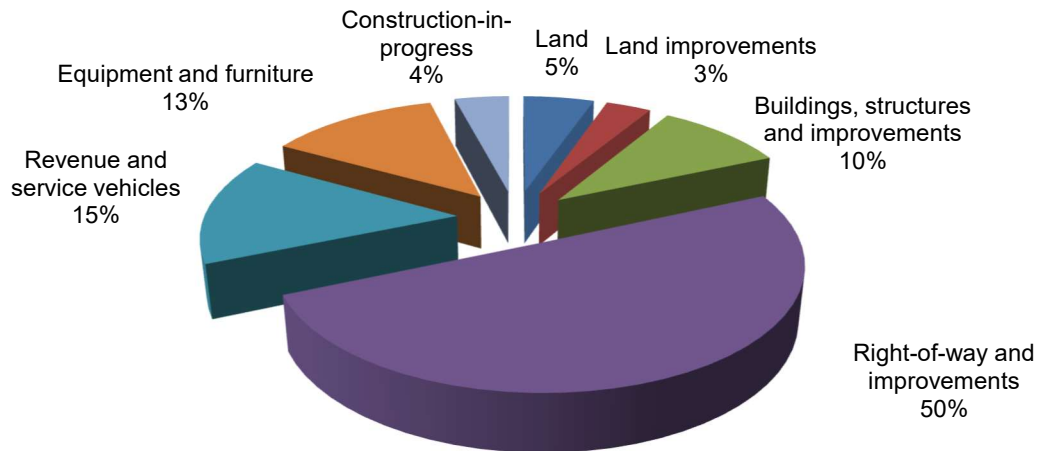
Long-term debt decreased by \$1.3 million (6%) due to principal payments made during the year (\$1.25 million) and the reclassification of the current portion (\$1.3 million) to current liabilities from long-term. Long-term unearned grant revenues decreased by \$4.3 million (34%) due to the reclassification to current deferred revenue for the payments expected to be made in the next twelve months, offset by additional funding received from grants for future capital projects, primarily from the Transit and Intercity Rail Capital Program (TIRCP) and the Low Carbon Transit Operations Program (LCTOP) grants. The TIRCP grant will be used for improvements and bridge replacements in the COASTER right-of-way and the LCTOP grant will be used for the purchase of zero emission buses.

### Net Capital Assets

During fiscal year 2021, the amount of net capital assets increased by \$299.6 million. Below is a more detailed analysis of the changes in NCTD’s capital assets and accumulated depreciation during the year ended June 30, 2021:

	2021	2020	Increase (Decrease) \$	Increase (Decrease) %
Land	\$ 92,274,014	\$ 92,851,021	\$ (577,007)	0%
Land improvements	58,976,603	56,444,202	2,532,401	4%
Buildings, structures and improvements	168,828,462	163,909,109	4,919,353	3%
Right-of-way and improvements	869,670,206	558,219,857	311,450,349	56%
Revenue and service vehicles	249,810,945	201,395,755	48,415,190	24%
Equipment and furniture	221,636,053	216,695,367	4,940,686	2%
Construction-in-progress	71,005,786	82,467,574	(11,461,788)	(14%)
<b>Total</b>	<b>1,732,202,069</b>	<b>1,371,982,885</b>	<b>360,219,184</b>	<b>26%</b>
Less: accumulated depreciation	943,302,365	882,684,710	60,617,655	7%
<b>Net Capital Assets</b>	<b>\$ 788,899,704</b>	<b>\$ 489,298,175</b>	<b>\$ 299,601,529</b>	<b>61%</b>

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2021:



Below are some of the significant changes in net capital assets during fiscal year 2021:

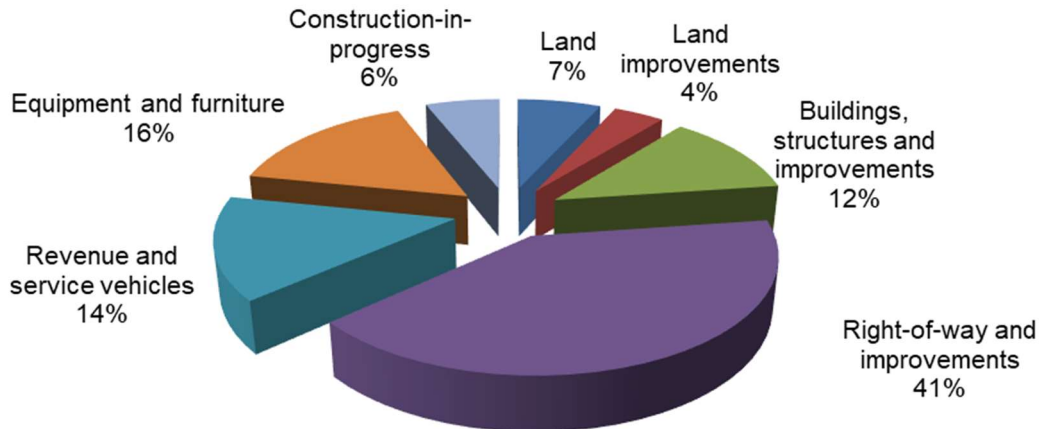
- Capital assets increased mainly as result of \$307.3 million of assets contributed by SANDAG along the COASTER rail line, which included \$180.9 million for Elvira to Morena double-track, \$91.2 million for the San Diego River bridge, and \$32.6 million for the San Elijo Lagoon double-track.
- Forty (40) BREEZE Compressed Natural Gas (CNG) buses were placed in service during fiscal year 2021.

**Net Capital Assets (continued)**

During fiscal year 2020, the amount of net capital assets decreased by \$33.0 million. Below is a more detailed analysis of the changes in NCTD’s capital assets and accumulated depreciation during the year ended June 30, 2020:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease) \$</u>	<u>Increase (Decrease) %</u>
Land	\$ 92,851,021	\$ 92,851,021	\$ -	0%
Land improvements	56,444,202	56,444,202	-	0%
Buildings, structures and improvements	163,909,109	163,720,800	188,309	0%
Right-of-way and improvements	558,219,857	553,327,548	4,892,309	1%
Revenue and service vehicles	201,395,755	190,287,625	11,108,130	6%
Equipment and furniture	216,695,367	217,264,774	(569,407)	(0%)
Construction-in-progress	82,467,574	50,150,645	32,316,929	64%
<b>Total</b>	<u>1,371,982,885</u>	<u>1,324,046,615</u>	<u>47,936,270</u>	<u>4%</u>
Less: accumulated depreciation	<u>882,684,710</u>	<u>801,795,330</u>	<u>80,889,380</u>	<u>10%</u>
<b>Net Capital Assets</b>	<u>\$ 489,298,175</u>	<u>\$ 522,251,285</u>	<u>\$ (32,953,110)</u>	<u>(6%)</u>

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2020:



Below are some of the significant changes in net capital assets during fiscal year 2020:

- Construction-in-progress increased \$51.1 million due primarily to capital investments of \$19.4 million for the replacement of five Siemens COASTER locomotives, \$11.4 million for 20 BREEZE compressed natural gas (CNG) bus replacements, \$3.6 million for various SPRINTER overhauls, \$3.0 million for two additional COASTER train sets that will support future service increases, and \$2.5 million for right-of-way projects. NCTD transferred construction-in-process amounts totaling \$18.8 million into capital assets, including \$11.5 million for 35-foot CNG BREEZE buses, \$4.8 million in right-of-way projects, and \$1.0 million in computer equipment and software.
- Depreciation of \$84.4 million is mostly from equipment depreciation of \$68.4 million, of which Positive Train Control (PTC) had depreciation expense of \$14.5 million. There was a one-time increase in depreciation expense of \$25.0 million for changes to the depreciable lives of signal equipment from 60-years to 20-years, representing a change in estimate that better aligns with their expected useful life.

## Condensed Statements of Revenue, Expenses, and Change in Net Position

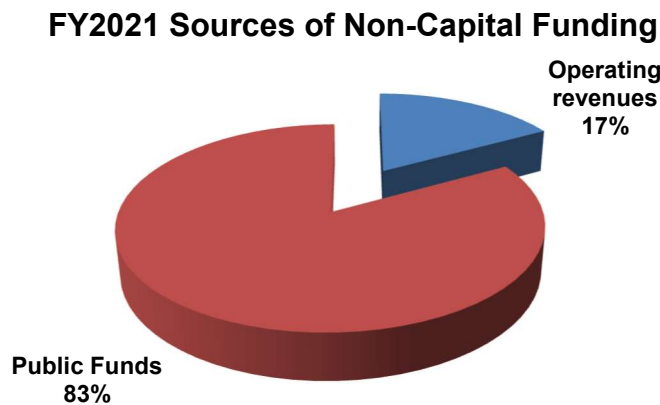
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2021 and 2020:

	2021	2020	Favorable (Unfavorable) \$	Favorable (Unfavorable) %
Operating revenues	\$ 19,529,337	\$ 29,535,265	\$ (10,005,928)	(34%)
Operating expenses	(183,285,093)	(195,000,245)	11,715,152	6%
Operating loss	(163,755,756)	(165,464,980)	1,709,224	1%
Nonoperating revenues/expenses, net	94,642,020	83,366,598	11,275,422	14%
Capital grants and contributions	370,636,729	51,441,349	319,195,380	621%
Change in net position	301,522,993	(30,657,033)	332,180,026	1084%
Net position				
Beginning of year	479,105,017	509,762,050	(30,657,033)	(6%)
End of year	\$ 780,628,010	\$ 479,105,017	\$ 301,522,993	63%

The overall change in net position for fiscal year 2021 was an increase of \$332.2 million compared to fiscal year 2020. The main driver in the change of net position was from SANDAG's capital contribution of \$307.3 million for completed improvements along the COASTER rail line for which NCTD took over maintenance responsibilities.

Refer to the Operating Revenues and Operating Expenses sections for more detailed information on operating activities.

As shown in the graph below, for the fiscal year 2021, of the total non-capital funding, operating revenues of \$19.5 million accounted for 17% and operating grants (public funds) of \$95.3 million accounted for 83%.



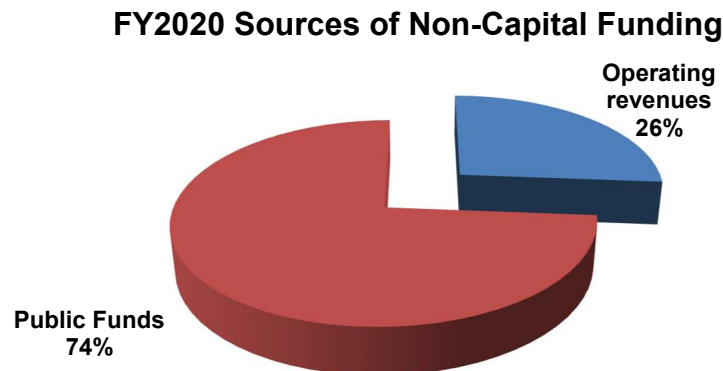
**Condensed Statements of Revenue, Expenses, and Change in Net Position (continued)**

Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2020 and 2019:

	2020	2019	Favorable (Unfavorable) \$	Favorable (Unfavorable) %
Operating revenues	\$ 29,535,265	\$ 30,200,546	\$ (665,281)	(2%)
Operating expenses	(195,000,245)	(164,979,609)	(30,020,636)	(18%)
Operating loss	(165,464,980)	(134,779,063)	(30,685,917)	(23%)
Nonoperating revenues/expenses, net	83,366,598	77,583,872	5,782,726	7%
Capital grants and contributions	51,441,349	25,647,705	25,793,644	101%
Change in net position	(30,657,033)	(31,547,486)	890,453	3%
Net position				
Beginning of year	509,762,050	541,309,536	(31,547,486)	(6%)
End of year	\$ 479,105,017	\$ 509,762,050	\$ (30,657,033)	(6%)

The overall change in net position for fiscal year 2020 was an increase of \$0.9 million compared to fiscal year 2019. The main drivers in the change of net position were higher capital grants revenue from NCTD managed projects of \$25.6 million, offset by higher depreciation expense of \$26.6 million. Refer to the operating revenues and operating expenses sections for more detailed information on operating activities.

As shown in the graph below, for the fiscal year 2020, of the total non-capital funding, operating revenues of \$29.5 million accounted for 26% and operating grants (public funds) of \$83.2 million accounted for 74%.

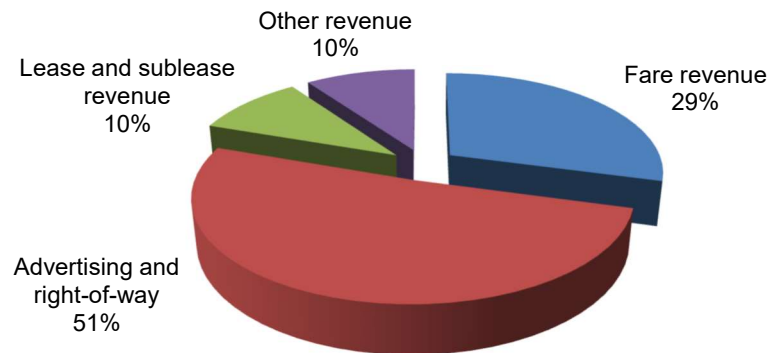


## Operating Revenues

During fiscal year 2021, NCTD's operating revenues decreased by 34%, as compared to fiscal year 2020. Below is a more detailed breakdown of NCTD's operating revenues:

	2021	2020	Increase (Decrease) \$	Increase (Decrease) %
Fare revenue	\$ 5,704,716	\$ 12,842,154	\$ (7,137,438)	(56%)
Advertising and right-of-way	9,976,280	10,993,033	(1,016,753)	(9%)
Lease and sublease revenue	1,929,543	2,111,491	(181,948)	(9%)
Other revenue	1,918,798	3,588,587	(1,669,789)	(47%)
<b>Total operating revenues</b>	<b>\$ 19,529,337</b>	<b>\$ 29,535,265</b>	<b>\$ (10,005,928)</b>	<b>(34%)</b>

### FY21 Operating Revenues



The negative effects of the COVID-19 pandemic on ridership that started in March 2020 were ongoing during fiscal year 2021. The decrease in fare revenue of \$7.1 million in fiscal year 2021 compared to fiscal year 2020 was a reflection of the full fiscal year of lower ridership levels caused by the pandemic.

Fees collected from Amtrak for right-of-way use, operations, and maintenance were also reduced in fiscal year 2021 as Amtrak reduced its number of scheduled daily trains from 26 to 12 in response to lower ridership due to the COVID-19 pandemic.

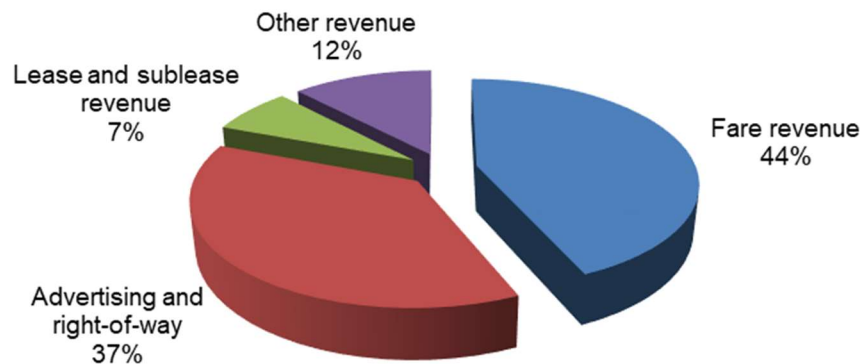
Fiscal year 2020 other revenue was unusually high since it included retroactive Compressed Natural Gas (CNG) federal tax credits from fiscal year 2014 and from January 1, 2018 through June 30, 2019. Fiscal year 2021 is normalized since it only includes the CNG federal tax credits for a single fiscal year.

### Operating Revenues (continued)

During fiscal year 2020, NCTD's operating revenues decreased by 2%, net, as compared to fiscal year 2019. Below is a more detailed breakdown of NCTD's operating revenues:

	2020	2019	Increase (Decrease) \$	Increase (Decrease) %
Fare revenue	\$ 12,842,154	\$ 15,819,330	\$ (2,977,176)	(19%)
Advertising and right-of-way	10,993,033	11,515,164	(522,131)	(5%)
Lease and sublease revenue	2,111,491	1,820,342	291,149	16%
Other revenue	3,588,587	1,045,710	2,542,877	243%
<b>Total operating revenues</b>	<b>\$ 29,535,265</b>	<b>\$ 30,200,546</b>	<b>\$ (665,281)</b>	<b>(2%)</b>

### FY20 Operating Revenues



Operating revenues decreased primarily due to:

- Following the declaration of the COVID-19 pandemic and the stay-at-home orders in March 2020, NCTD experienced significant declines in ridership in all modes of transportation. Prior to the onset of COVID-19, NCTD's ridership and fare revenues had been trending stable and positive compared to the budget. However, due to the impact of COVID-19 on ridership and fares collected from passengers, fare revenue during fiscal year 2020 was lower by \$3.0 million (19%) compared to fiscal year 2019.
- Business advertising revenues through Clear Channel Outdoor declined \$0.5 million (5%) due to decreased advertising activity caused by business uncertainty during the COVID-19 pandemic.
- Increased lease and sublease revenue increased by \$0.3 million from shared use agreements with railroad operators (fees are adjusted on an annual basis based on an agreed-upon consumer price index) for use of NCTD's right-of-way.
- Other revenue increased by \$2.5 million, mostly due to retroactive and current year CNG federal tax credits of \$2.3 million claimed for the period from January 1, 2018 through June 30, 2020. The Alternative Fuel Tax Credit originally expired on December 31, 2017, but was retroactively extended through December 31, 2020, by Public Law 116-94. In addition, NCTD recovered \$0.4 million from fiscal year 2014 CNG tax credits that were previously under dispute.

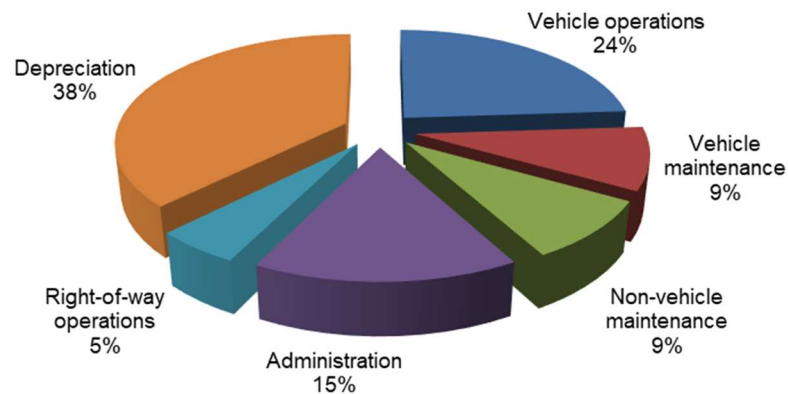


## Operating Expenses

During fiscal year 2021, NCTD's operating expenses decreased to \$183.3 million from \$195.0 million in fiscal year 2020. Below is a breakdown of NCTD's operating expenses:

	2021	2020	Increase (Decrease) \$	Increase (Decrease) %
Vehicle operations	\$ 43,499,854	\$ 45,045,653	\$ (1,545,799)	(3%)
Vehicle maintenance	16,702,130	16,227,640	474,490	3%
Non-vehicle maintenance	15,802,214	14,651,385	1,150,829	8%
Administration	27,705,720	27,199,007	506,713	2%
Right-of-way operations	9,180,055	7,517,730	1,662,325	22%
Depreciation	70,395,120	84,358,830	(13,963,710)	(17%)
<b>Total operating expenses</b>	<b>\$ 183,285,093</b>	<b>\$ 195,000,245</b>	<b>\$ (11,715,152)</b>	<b>(6%)</b>

### FY21 Operating Expenses



As shown in the table above, operating expenses decreased by \$11.7 million during fiscal year 2021. Among the significant issues affecting operating expenses were:

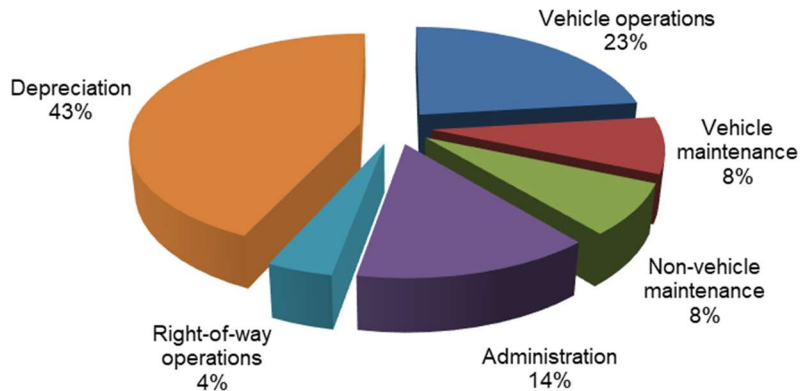
- Depreciation expense in fiscal year 2020 included catch-up depreciation associated with the change in the estimated useful lives of signal equipment. Fiscal year 2021 includes a normalized annual depreciation expense.
- Vehicle operations expense decreased \$1.5 million from fiscal year 2020 largely attributed to lower purchased transportation costs as result of increased liquidated damages assessed to the rail contractor (\$1.2 million). Liquidated damages are deductions made from purchased transportation contracts for contractor non-performance.
- Non-vehicle maintenance costs increased by \$1.2 million over fiscal year 2020 due to a higher allocation of costs from the right-of-way (see below for explanations about the increase in right-of-way expenses).
- Right-of-way operations increased by \$1.7 million mainly due to increases in maintenance-of-way and signals expenses for materials and subcontractor costs incurred by the rail contractor; rail engineering professional services for bridge management, inspections, and embankment surveying; and lower capital replacement costs for wood ties that are part of the base contract with the rail contractor (capital work is offset against operating costs in the rail contract).

## Operating Expenses (continued)

During fiscal year 2020, NCTD's operating expenses increased to \$195.0 million from \$165.0 million in fiscal year 2019. Below is a breakdown of NCTD's operating expenses:

	2020	2019	Increase (Decrease) \$	Increase (Decrease) %
Vehicle operations	\$ 45,045,653	\$ 45,938,658	\$ (893,005)	(2%)
Vehicle maintenance	16,227,640	14,798,276	1,429,364	10%
Non-vehicle maintenance	14,651,385	13,625,201	1,026,184	8%
Administration	27,199,007	24,969,427	2,229,580	9%
Right-of-way operations	7,517,730	7,843,662	(325,932)	(4%)
Depreciation	84,358,830	57,804,385	26,554,445	46%
<b>Total operating expenses</b>	<b>\$ 195,000,245</b>	<b>\$ 164,979,609</b>	<b>\$ 30,020,636</b>	<b>18%</b>

### FY20 Operating Expenses



As shown in the table above, operating expenses increased by \$30.0 million during fiscal year 2020. Among the significant issues affecting operating expenses were:

- Vehicle operations decreased mostly due to lower purchased transportation costs for bus services (\$0.3 million) due to significant declines in ridership as result of COVID-19; lower wages and benefits costs (\$0.5 million); and fuel cost savings (\$0.7 million) from the overall decline in market prices for CNG, diesel, and unleaded gasoline.
- Vehicle maintenance costs increased \$1.4 million during fiscal year 2020 due mostly to an increase in the usage of SPRINTER parts inventory.
- In fiscal year 2020, NCTD assessed liquidated damages to its contractors of \$1.6 million compared to \$1.9 million in fiscal year 2019. Liquidated damages are deductions made from purchased transportation contracts for contractor non-performance; these savings were allocated among vehicle operations, vehicle maintenance, and non-vehicle maintenance.
- The increase in administration costs includes a \$0.5 million reserve for a probable impairment of COASTER locomotives parts; higher professional services of \$1.5 million for various studies (Zero-Emissions Bus Study, Comprehensive Operations Analysis, discretionary grants applications assistance and support, Strategic Multimodal Transit Implementation Plan, Storm Water Management Program, and fleet analysis studies); higher liability insurance and claims costs (\$0.3 million); and a higher GASB 68 pension expense of \$0.5 million. Additional costs were also incurred for COVID-19 related supplies and cleaning costs.
- Depreciation increased by \$26.6 million due to the change in estimate of the useful lives of signal equipment, as explained previously.

## **Restrictions and Commitments**

Restrictions on net position were \$50,495 as of June 30, 2021 and 2020. As of June 30, 2021 and 2020, NCTD has commitments of \$138,240,938 and \$127,853,517, respectively, for capital and operating projects, which are funded by eligible grants. Refer to Note 9 to the financial statements for additional information.

## **Long-Term Debt**

NCTD entered a long-term debt arrangement in 2004 for \$114 million, which has since been reduced to \$21,750,000. This debt is structured to mature in 2035. Refer to Note 7 to the financial statements for additional information.

## **Contacting NCTD's Financial Management**

NCTD's financial report is designed to provide NCTD's Board of Directors, management, legislative and oversight agencies, citizens, customers, and other stakeholders with an overview of the North County Transit District's finances and to demonstrate its accountability for funds received.

For additional information about this report, please contact Eun Park-Lynch, Chief Financial Officer, at 810 Mission Avenue, Oceanside, CA 92054.

## **Basic Financial Statements**

**NORTH COUNTY TRANSIT DISTRICT  
STATEMENTS OF NET POSITION  
AS OF JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash and investments	\$ 82,643,347	\$ 66,653,468
Investments with fiscal agent	2,181,253	2,180,298
Accounts receivable	3,791,439	4,918,196
Grants receivable	25,420,067	28,706,563
Parts and supplies inventory, net of reserve	4,195,327	3,720,862
Prepaid expenses	2,696,031	1,910,115
Restricted cash	6,621,592	4,467,543
Total current assets	127,549,056	112,557,045
Noncurrent assets		
Capital assets		
Nondepreciable capital assets	163,279,800	175,318,595
Depreciable capital assets, net of accumulated depreciation	625,619,904	313,979,580
Total capital assets	788,899,704	489,298,175
<b>Total assets</b>	<b>916,448,760</b>	<b>601,855,220</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in fair value of interest rate swap	3,837,710	5,275,526
Outflows of resources related to pension	4,541,743	3,517,569
Outflows of resources related to OPEB	222,873	342,740
<b>Total deferred outflows of resources</b>	<b>8,602,326</b>	<b>9,135,835</b>
<b>LIABILITIES</b>		
Current liabilities payable from current assets		
Accounts payable	19,797,798	17,711,145
Accrued liabilities	983,891	778,644
Deposits payable	576,744	827,234
Unearned grant revenue - due within one year	30,105,324	26,225,548
Certificates of participation - due within one year	1,300,000	1,300,000
Claims payable - due within one year	226,886	280,353
Compensated absences - due within one year	1,125,370	861,583
Total current liabilities payable from current assets	54,116,013	47,984,507
Noncurrent liabilities		
Certificates of participation - due in more than one year	20,450,000	21,750,000
Claims payable - due in more than one year	1,512,025	1,391,325
Compensated absences - due in more than one year	171,936	167,653
Total other postemployment benefits liability	4,910,812	4,937,130
Unearned grant revenue - due in more than one year	16,409,226	8,242,705
Net pension liability	42,808,821	41,302,949
Negative fair value of interest rate swap	3,837,710	5,275,526
Total noncurrent liabilities	90,100,530	83,067,288
<b>Total liabilities</b>	<b>144,216,543</b>	<b>131,051,795</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Inflows of resources related to pension	83,973	627,371
Inflows of resources related to OPEB	122,560	206,872
<b>Total deferred inflows of resources</b>	<b>206,533</b>	<b>834,243</b>
<b>NET POSITION</b>		
Net investment in capital assets	769,330,955	468,428,473
Restricted for:		
Capital projects	50,495	50,495
Unrestricted	11,246,560	10,626,049
<b>Total net position</b>	<b>\$ 780,628,010</b>	<b>\$ 479,105,017</b>

The accompanying notes are an integral part of these financial statements

**NORTH COUNTY TRANSIT DISTRICT  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>OPERATING REVENUES</b>		
Fare revenue	\$ 5,704,716	\$ 12,842,154
Advertising and right-of-way	9,976,280	10,993,033
Lease and sublease revenue	1,929,543	2,111,491
Other revenue	1,918,798	3,588,587
Total operating revenues	19,529,337	29,535,265
<b>OPERATING EXPENSES</b>		
Vehicle operations	43,499,854	45,045,653
Vehicle maintenance	16,702,130	16,227,640
Facilities and non-vehicle maintenance	15,802,214	14,651,385
Administration	27,705,720	27,199,007
Right-of-way operations	9,180,055	7,517,730
Depreciation	70,395,120	84,358,830
Total operating expenses	183,285,093	195,000,245
<b>Operating Loss</b>	(163,755,756)	(165,464,980)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Operating grants	95,321,911	83,167,220
Investment income	342,066	977,319
Debt related expense	(763,062)	(818,643)
Gain (loss) on disposal of capital assets	(258,895)	40,702
Total nonoperating revenues	94,642,020	83,366,598
<b>Loss Before Capital Contributions</b>	(69,113,736)	(82,098,382)
<b>CAPITAL CONTRIBUTIONS</b>		
Capital grants	63,325,296	51,179,197
Donated capital assets	307,311,433	262,152
Total capital contributions	370,636,729	51,441,349
<b>Change in Net Position</b>	301,522,993	(30,657,033)
<b>NET POSITION</b>		
Beginning of year	479,105,017	509,762,050
End of year	\$ 780,628,010	\$ 479,105,017

The accompanying notes are an integral part of these financial statements

**NORTH COUNTY TRANSIT DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 20,656,093	\$ 27,773,884
Payments to suppliers	(93,545,843)	(92,985,669)
Payments to employees	(18,280,262)	(15,417,056)
Net cash used by operating activities	(91,170,012)	(80,628,841)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating grants received	100,126,392	70,982,570
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants received	73,709,691	52,561,152
Purchase of capital assets	(63,259,874)	(51,146,828)
Proceeds from disposal of land and capital assets	315,763	43,963
Payments on certificates of participation	(1,300,000)	(1,250,000)
Payment of interest and fees	(763,062)	(818,643)
Net cash (used in) provided by capital and related financing activities	8,702,518	(610,356)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	485,985	1,369,361
Net cash provided by investing activities	485,985	1,369,361
Net (decrease) increase in cash and cash equivalents	18,144,883	(8,887,266)
<b>Cash and cash equivalents</b>		
Beginning of year	73,301,309	82,188,575
End of year	\$ 91,446,192	\$ 73,301,309
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION</b>		
Cash and investments	\$ 82,643,347	\$ 66,653,468
Investments with fiscal agent	2,181,253	2,180,298
Restricted cash	6,621,592	4,467,543
Cash and cash equivalents	\$ 91,446,192	\$ 73,301,309

The accompanying notes are an integral part of these financial statements

**NORTH COUNTY TRANSIT DISTRICT  
STATEMENTS OF CASH FLOWS, CONTINUED  
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (163,755,756)	\$ (165,464,980)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	70,395,120	84,358,830
Increase (decrease) in reserve for obsolete inventory	(123,154)	520,981
(Increase) decrease in accounts receivable	1,126,757	(1,761,381)
(Increase) decrease in parts and supplies inventory	(351,311)	246,462
(Increase) in prepaid expenses	(785,916)	(289,196)
(Increase) in outflows of resources related to pension	(1,024,174)	(241,080)
(Increase) decrease in outflows of resources related to OPEB	119,867	(342,740)
Increase (decrease) in accounts payable	2,086,651	(1,626,635)
Increase in accrued liabilities	205,247	163,041
(Decrease) in deposit payable	(250,490)	(25,024)
Increase in claims payable	67,233	440,482
Increase in compensated absences	268,070	219,320
Increase in pension liability	1,505,872	2,309,027
Increase (decrease) in total OPEB liability	(26,318)	172,282
Increase (decrease) in inflows of resources related to pension	(543,398)	503,302
Increase (decrease) in inflows of resources related to OPEB	(84,312)	188,468
Total adjustments	72,585,744	84,836,139
<b>Net cash used in operating activities</b>	<b>\$ (91,170,012)</b>	<b>\$ (80,628,841)</b>
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>		
Capital assets contributed by SANDAG	\$ 307,311,433	\$ 262,152
<b>NONCASH INVESTING ACTIVITIES</b>		
Interest earned on unearned capital grant revenue	\$ 143,343	\$ 388,338

The accompanying notes are an integral part of these financial statements



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## Notes to Basic Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the North County Transit District (NCTD) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of NCTD's accounting policies are described below.

#### Reporting Entity

The North San Diego County Transit Development Board was created by an act of the California State Legislature in 1975 and commenced operations during 1976 as a special district to plan, construct, and operate, directly or indirectly, public transit systems in the northern part of San Diego County. Under California Assembly Bill 1238, the North San Diego County Transit Development Board's name was changed to North County Transit District (NCTD). The NCTD governing board (Board) consists of ten members, including one member from each of the city councils of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, one member from the San Diego County Board of Supervisors Fifth District, and one ex officio member from the City of San Diego.

On January 1, 2003, California Senate Bill 1703 (SB 1703) required the consolidation of the planning and programming functions of the North County Transit District and San Diego Metropolitan Transit System (MTS) into the San Diego Association of Governments (SANDAG) in an initial transfer that took place prior to July 1, 2003. SB 1703 also required the consolidation of the project development and capacity enhancing construction projects of NCTD and MTS into SANDAG in a subsequent transfer that took place prior to January 30, 2004. As a result, NCTD's activities subsequent to the transfers were focused on operating public transit systems in the area identified above.

NCTD commenced operations by providing bus services to the region. In 1992, NCTD was designated by SANDAG as the lead agency for providing commuter rail service in San Diego County. NCTD began commuter rail service between Oceanside and San Diego (known as the COASTER) in February 1995. In March 2008, hybrid rail service (known as the SPRINTER) commenced operations servicing the northern east-west corridor of San Diego County between Oceanside and Escondido.

#### Basis of Accounting and Presentation

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all NCTD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, are included in the accompanying Statements of Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Grants received in advance of revenue recognition by NCTD are shown in the accompanying Statements of Net Position as unearned grant revenue. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses), in total net position.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that generally result from providing services in connection with the entity's principal ongoing operational activities. Charges to customers represent NCTD's principal operating revenues and include passenger fares and revenues from use of its capital assets for advertising, right-of-way, and other leasing activities. Operating expenses include the cost of operating, maintaining, and supporting transit services and related capital assets, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash, Cash Equivalents and Investments**

For purposes of the Statements of Cash Flows, NCTD considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents, including cash and cash equivalents restricted for capital projects and future maintenance, and NCTD’s investments in the Local Agency Investment Fund (LAIF) and San Diego County Investment Pool (Pool). At June 30, 2021 and 2020, NCTD considered all its cash and investments to be cash and cash equivalents.

Highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. NCTD is a voluntary participant in the Local Agency Investment Fund (LAIF) investment pool that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of NCTD’s investment in the pool is reported based upon NCTD’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. NCTD is also a voluntary participant in the Pool. This stable value fund is managed by an in-house investment team that reports directly to a nine-member Oversight Committee who monitors the Pool’s investment strategy and operations. The Investment Policy is reviewed by the Oversight Committee and approved by the San Diego County Board of Supervisors annually. The fair value of NCTD’s investment in the Pool is determined as the funds deposited into the pool plus any declared and paid interest. As the Pool is a stable value fund, all investments retain their value of one unit equaling one dollar. Interest is calculated and credited quarterly. The balance available for withdrawal is based on the accounting records maintained by the Pool, which is equal to the original investment plus any credited interest. Substantially all investment income, including changes in the fair value of investments, is reported as nonoperating revenue in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

**Parts and Supplies Inventory**

Inventories of maintenance parts and supplies are stated at the lower of cost or market, with cost being determined using the weighted average cost method. The cost of inventory is recorded as an expense at the time the inventory is consumed. A reserve for potentially obsolete or excess inventory is evaluated annually to identify any conditions that would indicate a probable impairment to the carrying cost of the inventory items. As of June 30, 2021, and 2020, management determined that reserves of \$397,827 and \$580,921 were required for each year respectively for the probable impairment of parts and supplies for the legacy COASTER locomotives, which are being replaced with new, more energy efficient locomotives.

**Capital Assets**

Capital assets, which include land, construction-in-progress, land improvements, buildings, right-of-way property, improvements, vehicles, and equipment and furniture, are defined as assets with an initial cost more than \$5,000 and an estimated useful life more than one year. Capital assets for information technology are defined as assets with an original cost of \$250 or more and an estimated useful life more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of donation. Major outlays for capital assets and improvements are capitalized as assets are purchased or projects are constructed.

Land and construction-in-progress are not depreciated. Other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Life
Land improvements	10 years
Buildings, structures and improvements	5 - 30 years
Right-of-way and improvements	10 - 100 years
Revenue and service vehicles	3 - 25 years
Equipment and furniture	3 - 20 years

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Capital Grants

NCTD receives grants from the Federal Transit Administration (FTA), Federal Railroad Administration (FRA), other United States (U.S.) federal agencies, and state and local transportation funds to support NCTD's Capital Improvement Program. Capital grants are included in the determination of changes in net position as capital contributions.

### Unearned Grant Revenue

NCTD reports unearned grant revenue in its financial statements. Unearned grant revenue arises when resources are received by NCTD before eligibility requirements have been met.

### Compensated Absences

NCTD employees receive paid time off based on their position, classification, and years of service. Employees are allowed to carry a maximum paid time off balance of 400 hours. The liability is recorded as benefits are earned and is reduced when hours are paid out. Refer to Note 6 for further details.

### Debt

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88), improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB 88 requires that additional essential information related to debt be disclosed in the notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

### Self-Insurance Liabilities

NCTD self-insures claims on a per-occurrence basis. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, net of any insurance coverage. These losses include management's estimate of claims that have been incurred but not reported. These losses also include, where available, estimates of recoveries on unsettled claims and incremental claim adjustment expenses, such as legal expenses. Small dollar claims and judgments are recorded as expenses when paid. Refer to Note 14 for further details.

### Pension

NCTD's defined benefit pension plan (Plan) is administered by the California Public Employees' Retirement System (CalPERS). For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pension, pension expense, information about the fiduciary net position, and additions to/deductions from the Plan's fiduciary net position, have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the Plan are reported at fair value.

### Other Postemployment Benefits (OPEB)

The net position of NCTD's OPEB plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. NCTD's OPEB plan is on a pay-as-you-go basis. A trust fund has not been established to accumulate resources for the payment of OPEB benefits. Benefit payments are recognized when due and payable in accordance with the benefit terms. NCTD reports the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense in its financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Income Taxes

NCTD is a governmental agency exempt from federal income taxes under Section 115 of the Internal Revenue Code (IRC) and from California franchise taxes under similar California law.

### Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt, net of unspent proceeds, related to the acquisition, construction, or improvement of the assets, and deferred outflows and inflows of resources related to debt (e.g. deferred amounts on refunding).

Restricted Net Position – This amount represents restricted assets reduced by the liabilities related to those assets.

Unrestricted Net Position – This amount represents all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

When both restricted and unrestricted resources are available for use, it is NCTD’s policy to use restricted resources first and then unrestricted resources as they are needed.

### Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), provides guidance for determining fair value for financial reporting purposes and expands disclosures related to fair value measurements and their impact on financial position. GASB 72 establishes a framework for measuring fair value that includes a three-tier hierarchy of valuation inputs, placing a priority on those which are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect NCTD’s own assumptions about how market participants would value an asset or liability based on the best information available. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The three levels of inputs, of which the first two are considered observable and the last unobservable, are as follows:

*Level 1* - Quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

*Level 2* - Other significant observable inputs, either direct or indirect, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or market corroborated inputs.

*Level 3* - Unobservable inputs.

### New Accounting Pronouncements

The following issued statements are currently under the review of management.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity that meets the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

normally expects to hold custodial assets for three months or less. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. NCTD has evaluated and adopted the provisions of this statement as it relates to the District's pension plan, other postemployment benefit plan (OPEB), and defined contribution 457(b) and 401(a) deferred compensation plans. NCTD determined that these plans do not meet the criteria to be classified as fiduciary activities and upon adoption of the pronouncement, there were no financial or disclosure impacts to the District's financial statements.

GASB Statement No. 87, *Leases* (GASB 87), 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 GASB 87, 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), addresses the forthcoming retirement of interbank offered rates (IBOR), most notably the London Interbank Offered Rate (LIBOR), as a result of global reference rate reform. LIBOR is a commonly used interest rate in both government debt and hedging arrangements in which variable payments made or received depend on an IBOR. LIBOR is expected to cease to exist in its current form on June 30, 2023, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Previously issued GASB guidance requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with GASB 87, as amended, the replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. GASB 93 addresses the identification of replacement reference rates, provides exceptions and clarification surrounding hedge and lease accounting treatments, and other related concerns. The removal of LIBOR as an appropriate benchmark interest rate and the provisions dealing with lease modifications are effective for reporting periods ending after December 31, 2021. All other requirements of GASB 93 are effective for reporting periods beginning after June 15, 2020. NCTD is currently working on amendments to its Certificates of Participation, interest rate swap, and debt insurance agreements, which are all LIBOR-based. NCTD is currently evaluating the impacts of the retirement of LIBOR, the selection of a replacement reference rate, and the related requirements of GASB 93.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), among other topics, addresses matters related to public-private and public-public partnership arrangements (PPPs), as well as Service Concession Arrangements (SCA). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 provides accounting and financial reporting improvements for all PPPs that meet classification criteria as (1) a lease under GASB 87, (2) meet the definition of an SCA, or (3) are not within the scope of GASB 87, as amended (as clarified by GASB 94). The requirements of GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, *Subscription-Based Information Technology* (GASB 96), provides guidance for the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Generally, SBITAs generate an intangible right-to-use asset and a corresponding subscription liability for subscription payments which must be *recorded*, in addition to other implementation costs. GASB 96 provides the definitions of SBITAs, the considerations to include in valuing the right to use an asset, capitalization criteria for implementation costs, and finally the required

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

note disclosures for these arrangements. The criteria are consistent with other details as outlined in GASB 87. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter and is generally on an optional prospective basis. An election can be made for certain pre-implementation costs to be capitalized if chosen.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (GASB 97)*, requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for certain exclusions, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. GASB 97 also requires that the financial burden criterion in GASB 84 be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in GASB Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB 97 (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that GASB 84, as amended, should be applied to all arrangements organized under Internal Revenue Code Section 457 to determine whether those arrangements should be reported as fiduciary activities. Certain provisions of GASB 97 were effective immediately surrounding the exemption of primary governments performing duties of a governing board and limiting the financial burden criteria of GASB 84. The remaining requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter and early adoption is encouraged. Upon evaluation of the pronouncement, NCTD has determined that the District's 457(b) Deferred Compensation Plan does not meet the criteria of a determined fiduciary component, as well as not being administrated through a trust controlled by the District. As a result, the current year adoption of GASB 97 created no financial or disclosure impacts to the District's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report (GASB 98)*, addresses the selection of a replacement term for the comprehensive annual financial report and its associated acronym. The replacement term and acronym are the Annual Comprehensive Financial Report and AFCR. GASB 98 is effective for fiscal years ending after December 15, 2021. NCTD has adopted GASB 98, effective for fiscal year 2021 and replaced all references to the comprehensive annual financial report and its acronym to the Annual Comprehensive Financial Report or AFCR in these financial statements.

**Reclassifications Affecting Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the previously reported change in net position.

**2. CASH AND INVESTMENTS**

Reconciliation of cash and investments to the Statements of Net Position at June 30, 2021 and 2020:

	2021	2020
Cash and investments	\$ 82,643,347	\$ 66,653,468
Investments with fiscal agent	2,181,253	2,180,298
Restricted cash	6,621,592	4,467,543
	<u>\$ 91,446,192</u>	<u>\$ 73,301,309</u>

**2. CASH AND INVESTMENTS (continued)**

Cash and investments consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash:		
Cash on hand	\$ 160,999	\$ 124,738
Demand deposits	18,453,154	7,428,090
Total cash	<u>18,614,153</u>	<u>7,552,828</u>
Investments:		
Deposits in San Diego County Investment Pool	43,192,775	20,000,001
Deposits in Local Agency Investment Fund (LAIF)	27,458,011	43,568,182
Investments with fiscal agent	2,181,253	2,180,298
Total investments	<u>72,832,039</u>	<u>65,748,481</u>
Total cash and investments	<u>\$ 91,446,192</u>	<u>\$ 73,301,309</u>

**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or NCTD's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

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

The table below identifies the investment types that are authorized for NCTD by the California Government Code (or NCTD's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or NCTD's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk.

**2. CASH AND INVESTMENTS (continued)**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	10%
California Local Agency Obligations	5 years	None	10%
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	92	40%	10%
Medium-Term Notes	5 years	30%	10%
Savings and Money Market Accounts	N/A	None	None
Money Market Funds	N/A	None	10%
Mortgage and Asset-Backed Securities	5 years	20%	None
San Diego County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65 million <sup>(1)</sup>

(1) Effective January 1, 2020, LAIF has increased the individual account deposit limit to \$75 million.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater its sensitivity is to changes in market interest rates.

Information about the sensitivity of the fair value of NCTD's investments to market interest rate fluctuations is provided by the following tables that show the distribution of NCTD's investments by maturity as of June 30, 2021 and 2020, respectively:

<u>Investment Type</u>	<u>Amount at June 30, 2021</u>	<u>Remaining Maturity 12 Months or Less</u>
San Diego County Pooled Investment Funds	\$ 43,192,775	\$ 43,192,775
Local Agency Investment Fund	27,458,011	27,458,011
Held by fiscal agent - Money Market Mutual Fund	2,181,253	2,181,253
	<u>\$ 72,832,039</u>	<u>\$ 72,832,039</u>

<u>Investment Type</u>	<u>Amount at June 30, 2020</u>	<u>Remaining Maturity 12 Months or Less</u>
Local Agency Investment Fund	\$ 43,568,182	\$ 43,568,182
San Diego County Pooled Investment Funds	20,000,001	20,000,001
Held by fiscal agent - Money Market Mutual Fund	2,180,298	2,180,298
	<u>\$ 65,748,481</u>	<u>\$ 65,748,481</u>



## 2. CASH AND INVESTMENTS (continued)

### Disclosures Relating to Credit Risk

Generally, 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, or NCTD's investment policy, and the actual rating as of June 30, 2021 and 2020, respectively, for each investment type.

Investment Type	Amount at June 30, 2021	Minimum Legal Rating	Rating as of Year End
San Diego County Pooled Investment Funds	\$ 43,192,775	N/A	AAAf/S1- Fitch
Local Agency Investment Fund	27,458,011	N/A	Not Rated
Held by fiscal agent - Money Market Mutual Fund	2,181,253	N/A	Not Rated
	\$ 72,832,039		

Investment Type	Amount at June 30, 2020	Minimum Legal Rating	Rating as of Year End
Local Agency Investment Fund	\$ 43,568,182	N/A	Not Rated
San Diego County Pooled Investment Funds	20,000,001	N/A	AAAf/S1- Fitch
Held by fiscal agent - Money Market Mutual Fund	2,180,298	N/A	Not Rated
	\$ 65,748,481		

### Disclosures Relating to Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. The investment policy of NCTD contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code (or NCTD's investment policy, where more restrictive). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosure. At June 30, 2021 and 2020, NCTD had investments with LAIF (an external investment pool), San Diego County Investment Pool (external investment pool), and money market mutual funds.

### Disclosures Relating to Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and NCTD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Also, a financial institution may, in accordance with the California Government Code, secure the public agency deposits using first trust deed mortgages; however, the market value of the first trust deed mortgages collateral must be at least 150% of the total amount deposited. None of NCTD's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

## 2. CASH AND INVESTMENTS (continued)

### Investment in State Investment Pool

NCTD's investment in the Local Agency Investment Fund (LAIF) include a portion of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System or an international agency such as the World Bank.

Asset-Backed Securities entitle the purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs), small business loans, or credit card receivables.

As of June 30, 2021 and 2020, NCTD had \$27,458,011 and \$43,568,182, respectively, invested in LAIF, which had invested 2.31% and 3.37%, respectively, of the pooled investment funds in medium-term and short-term structured notes and asset-backed securities.

### Investment in San Diego County Investment Pool

NCTD's investment in the San Diego County Investment Pool includes a portion of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Asset-Backed Securities entitle the purchaser to receive a share of the cash flows from a pool of assets such as accounts receivable from a pool of loans or other credit facilities. The Pool holds investments in asset-backed securities with companies such as Honda, BMW, Nissan, and General Motors.

As of June 30, 2021 and 2020, NCTD had \$43,192,775 and \$20,000,001 invested in the San Diego County Investment Pool, which had invested 33.79% and 40.32% of the pooled investment funds in commercial paper, supranational securities, and medium-term notes and 3.98% and 8.13% in asset-backed securities as of each year end, respectively.

### Disclosures Relating to Fair Value Measurement

The investments in money market mutual funds, LAIF, and the San Diego County Investment Pool are not subject to the fair value hierarchy. NCTD has no other investments that require disclosure subject to GASB Statement No. 72. The investment in LAIF is reported based upon the application of a fair value factor to each one-dollar share invested. The investment in the San Diego County Investment Pool is also recorded at one dollar per share invested.

## 3. ACCOUNTS RECEIVABLE

NCTD's accounts receivable consist of the following at June 30:

	2021	2020
Trade accounts receivable	\$ 2,058,201	\$ 3,396,960
Other receivables	1,733,238	1,521,236
	<u>\$ 3,791,439</u>	<u>\$ 4,918,196</u>

Management has evaluated the receivables as of June 30, 2021 and 2020 and determined that an allowance for doubtful accounts is not necessary.

**4. GRANTS AND GRANTS RECEIVABLE**

Grants receivable consists of the following at June 30:

	2021	2020
Federal Transit Administration	\$ 13,268,327	\$ 21,111,285
California State Transportation Agency	3,045,216	-
California State Controller's Office	2,454,957	-
San Diego Association of Governments (SANDAG)	2,288,857	3,023,817
California Department of Transportation	1,880,081	1,674,869
Other	1,414,526	1,663,526
Federal Railroad Administration	1,068,103	1,233,066
	<u>\$ 25,420,067</u>	<u>\$ 28,706,563</u>

These receivables represent reimbursement requests on projects being funded by grants that may be subject to program compliance and financial audits by the granting agencies. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on NCTD's financial position or change in financial position.

NCTD receives public support funding from various federal, California, local, and other agencies in the form of operating grants and capital grants. NCTD earned the following operating grants during the fiscal years ended June 30:

	2021	2020
Federal Transit Administration (FTA)	\$ 48,843,187	\$ 35,214,188
Transportation Development Act (TDA) Article 4	23,271,372	25,866,257
TransNet	14,542,515	13,922,353
State Transit Assistance (STA)	5,754,629	4,716,976
Transportation Development Act (TDA) Article 4.5	2,001,143	2,051,021
Other Operating Grants	909,065	1,396,425
	<u>\$ 95,321,911</u>	<u>\$ 83,167,220</u>

Pursuant to the California Transportation Development Act of 1971 (TDA), a portion of sales tax proceeds is made available to NCTD through the local transportation fund for the development and operation of public transportation systems and related research and development projects. For the fiscal years ended June 30, 2021 and 2020, NCTD recorded \$25,272,515 and \$27,917,278, respectively, in TDA revenues.

The San Diego Transportation Improvement Program (TransNet) is administered by the San Diego Association of Governments (SANDAG) and is funded by the San Diego countywide one-half cent local transportation sales tax that was effective April 1, 1988. For the fiscal years ended June 30, 2021 and 2020, SANDAG granted NCTD \$14,542,515 and \$13,922,353, respectively, in operating funds from this program.

During the fiscal years ended June 30, 2021 and 2020, NCTD earned \$48,843,187 and \$35,214,188, respectively, as federal operating revenue under the Federal Transit Administration (FTA) which provides federal assistance for local mass transportation systems, including capital maintenance and planning activities. During fiscal years 2021 and 2020, FTA operating grant revenue includes \$18,793,958 and \$7,977,738 claimed from NCTD's apportionment under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, respectively. The CARES Act was signed in March 2020 and provided emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic and emergency appropriations to support essential operations during the COVID-19 pandemic. Funding for transit was provided at a 100% federal share and is available to support capital, operating (not typically eligible under Section 5307 funding), and other eligible expenses to prevent, prepare for, and respond to COVID-19.

**4. GRANTS AND GRANTS RECEIVABLE (continued)**

Operating expenses incurred beginning on January 20, 2020 for all rural and urban recipients, even those in large urban areas, are eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency. The San Diego region received a CARES Act allocation of \$314.3 million of Section 5307 funds and \$2.4 million of Section 5311 funds, of which NCTD was allocated 30% of Section 5307 funds (\$94.3 million) and 59% of Section 5311 funds (\$1.4 million).

NCTD earned \$6,663,694 and \$6,113,400 during the fiscal years ended June 30, 2021 and 2020, respectively, as other federal non-FTA, state and other local operating grants.

NCTD expended \$63,259,873 and \$51,146,828 of federal, California, local and other capital grants to fund various construction projects and for the purchase of various capital assets in the fiscal years ended June 30, 2021 and 2020, respectively.

**5. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Additions	Disposals	Transfers	Balance June 30, 2021
<b>Nondepreciable assets</b>					
Land	\$ 92,851,021	\$ -	\$ (569,559)	\$ (7,448)	\$ 92,274,014
Construction-in-progress	82,467,574	63,259,873	-	(74,721,661)	71,005,786
Total nondepreciable assets	<u>175,318,595</u>	<u>63,259,873</u>	<u>(569,559)</u>	<u>(74,729,109)</u>	<u>163,279,800</u>
<b>Depreciable assets</b>					
Land improvements	56,444,202	-	-	2,532,401	58,976,603
Buildings, structures and improvements	163,909,109	-	-	4,919,352	168,828,461
Right-of-way and improvements	558,219,857	-	-	311,450,350	869,670,207
Revenue and service vehicles	201,395,755	-	(9,521,512)	57,809,138	249,683,381
Equipment and furniture	216,695,367	-	(261,052)	5,329,302	221,763,617
Total depreciable assets, at cost	<u>1,196,664,290</u>	<u>-</u>	<u>(9,782,564)</u>	<u>382,040,543</u>	<u>1,568,922,269</u>
<b>Less accumulated depreciation</b>					
Land improvements	(55,642,076)	(1,286,808)	-	-	(56,928,884)
Buildings, structures and improvements	(95,984,997)	(7,450,156)	-	-	(103,435,153)
Right-of-way and improvements	(439,037,185)	(24,583,533)	-	-	(463,620,718)
Revenue and service vehicles	(144,643,594)	(15,699,551)	9,521,465	-	(150,821,680)
Equipment and furniture	(147,376,858)	(21,375,072)	256,000	-	(168,495,930)
Total accumulated depreciation	<u>(882,684,710)</u>	<u>(70,395,120)</u>	<u>9,777,465</u>	<u>-</u>	<u>(943,302,365)</u>
Total depreciable assets, net	<u>313,979,580</u>	<u>(70,395,120)</u>	<u>(5,099)</u>	<u>382,040,543</u>	<u>625,619,904</u>
<b>Total capital assets</b>	<u>\$ 489,298,175</u>	<u>\$ (7,135,247)</u>	<u>\$ (574,658)</u>	<u>\$ 307,311,434</u>	<u>\$ 788,899,704</u>

## 5. CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
<b>Nondepreciable assets</b>					
Land	\$ 92,851,021	\$ -	\$ -	\$ -	\$ 92,851,021
Construction-in-progress	50,150,645	51,146,828	-	(18,829,899)	82,467,574
Total nondepreciable assets	143,001,666	51,146,828	-	(18,829,899)	175,318,595
<b>Depreciable assets</b>					
Land improvements	56,444,202	-	-	-	56,444,202
Buildings, structures and improvements	163,720,800	259,127	(283,798)	212,980	163,909,109
Right-of-way and improvements	553,327,548	3,025	-	4,889,284	558,219,857
Revenue and service vehicles	190,287,625	-	(1,034,818)	12,142,948	201,395,755
Equipment and furniture	217,264,774	-	(2,154,094)	1,584,687	216,695,367
Total depreciable assets, at cost	1,181,044,949	262,152	(3,472,710)	18,829,899	1,196,664,290
<b>Less accumulated depreciation</b>					
Land improvements	(55,054,235)	(587,841)	-	-	(55,642,076)
Buildings, structures and improvements	(89,935,850)	(6,332,945)	283,799	-	(95,984,997)
Right-of-way and improvements	(411,602,973)	(27,434,212)	-	-	(439,037,185)
Revenue and service vehicles	(136,770,691)	(8,907,721)	1,034,818	-	(144,643,594)
Equipment and furniture	(108,431,581)	(41,096,110)	2,150,833	-	(147,376,858)
Total accumulated depreciation	(801,795,330)	(84,358,830)	3,469,450	-	(882,684,710)
Total depreciable assets, net	379,249,619	(84,096,678)	(3,261)	18,829,899	313,979,580
<b>Total capital assets</b>	<b>\$ 522,251,285</b>	<b>\$ (32,949,850)</b>	<b>\$ (3,261)</b>	<b>\$ -</b>	<b>\$ 489,298,175</b>

Additions to capital assets totaling \$307,311,433 and \$262,152 for the fiscal years 2021 and 2020, respectively, were received from SANDAG for completion of several major COASTER right-of-way projects that included the double tracking in several locations, improvements to bridges over the San Diego River, at-grade crossings along Pacific Coast Highway, among others. Additionally, five new Siemens Charger locomotives began revenue service in February 2021. Depreciation expense for the fiscal years ended June 30, 2021 and 2020 was \$70,395,120 and \$84,358,830, respectively. The higher depreciation expense during fiscal year 2020 was due to one-time revisions to estimates of the useful lives of certain signal equipment from a 60-year to a 20-year useful life.

## 6. COMPENSATED ABSENCES

Compensated absences activity for the fiscal years ended June 30, 2021 and 2020 was as follows:

Balance			Classification		
June 30, 2020	Additions	Reduction	Balance June 30, 2021	Due in One Year	Due in more than One Year
\$ 1,029,236	\$ 1,308,973	\$ (1,040,904)	\$ 1,297,306	\$ 1,125,370	\$ 171,936

Balance			Classification		
June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due in One Year	Due in more than One Year
\$ 809,916	\$ 1,113,090	\$ (893,771)	\$ 1,029,236	\$ 861,583	\$ 167,653

## 7. LONG-TERM DEBT

### Certificates of Participation

In July 2004, NCTD completed a \$114 million financing transaction through the California Transit Finance Corporation (CTFC) to finance a portion of the design, acquisition, and construction of the SPRINTER hybrid rail project. This financing was done to address the delay in the receipt of \$80 million of Traffic Congestion Relief Program (TCRP) funds to be provided by the State of California for the SPRINTER project. NCTD received the proceeds of \$114 million through Certificates of Participation, 2004 Series A Auction Rate Certificates issued as Auction Rate Securities by CTFC.

## 7. LONG-TERM DEBT (continued)

In August 2005, the California Transportation Commission approved an allocation of \$80 million from the TCRP for the SPRINTER project. NCTD used these funds as they became available to retire \$69.2 million of the related debt and retired an additional \$10.8 million in September 2006. In February 2006, NCTD entered into an interest rate swap agreement for \$34 million of the SPRINTER-related debt. Essentially, per the synthetic fixed-rate swap agreement, NCTD paid the counterparty, UBS, a fixed interest rate, in exchange for UBS paying the variable interest rate for the outstanding debt. In addition, NCTD had insurance from the bond insurer MBIA for the \$34 million of outstanding debt. As security for the Certificates of Participation, there is a lien on and security interest in all right, title, and interest of NCTD revenues.

In May 2008, the Board of Directors for NCTD and for SANDAG approved the restructure of NCTD's outstanding debt, involving SANDAG's commercial paper program. SANDAG issued \$34 million of commercial paper, which was then used by SANDAG to purchase the NCTD auction rate securities, effectively making SANDAG the holder of NCTD's outstanding debt. The interest rate that NCTD pays SANDAG (as the holder of the \$34 million of debt) is equal to the actual interest rate that SANDAG pays on the commercial paper. This results in no net cost to SANDAG but allowed NCTD to effectively reduce its current interest rate down to the commercial paper rate. This arrangement allowed NCTD to reduce its borrowing costs, to retain the current interest rate swap structure, and to preserve the existing bond insurance. NCTD also paid its share of administrative costs associated with the commercial paper program (including letter of credit fees, trustee fees, rating agency fees, etc.) as well as legal and financial advisor fees related to the transaction. However, these transaction costs were substantially lower than the costs that would have been associated with other alternatives, such as a new issuance of fixed-rate debt or variable-rate demand notes. SANDAG cannot sell, transfer, or in any way cause the sale or transfer of the Certificates of Participation to any third parties. However, SANDAG reserves the right, with 90 days prior written notice, to cause the remarketing of the Certificates of Participation.

NCTD's Certificates of Participation, swap agreement, and MBIA insurance policy include references to and/or are based on LIBOR interest rates. LIBOR rates will cease on June 30, 2023 and the Secured Overnight Financing Rate (SOFR) is expected to be the preferred alternative reference rate for United States dollar financial products after June 2023. NCTD has engaged a financial advisory firm to evaluate alternatives for amending the various agreements related to NCTD's debt, which include a new reference rate that will replace the LIBOR rate. The effects to the terms and any potential financial impact of replacing the reference rate for the Certificates of Participation, swap agreement, and the MBIA insurance policy are unknown.

Long-term debt activity for the fiscal years ended June 30, 2021 and 2020 was as follows:

	Original Issue Amount	Balance at July 1, 2020	Additions	Retirements	Balance at June 30, 2021	Due Within One Year
Certificates of Participation, 2004 Series A	\$ 114,000,000	\$ 23,050,000	\$ -	\$ (1,300,000)	\$ 21,750,000	\$ 1,300,000
	Original Issue Amount	Balance at July 1, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Certificates of Participation, 2004 Series A	\$ 114,000,000	\$ 24,300,000	\$ -	\$ (1,250,000)	\$ 23,050,000	\$ 1,300,000

The remaining principal balance on the Certificates of Participation was \$21,750,000 at June 30, 2021. The Certificates of Participation mature on September 1, 2034.

**7. LONG-TERM DEBT (continued)**

Estimated future debt payments are as follows:

Year Ending June 30,	Principal	Estimated Interest and Support Costs <sup>(1)</sup>	Total Payments
2022	\$ 1,300,000	\$ 791,700	\$ 2,091,700
2023	1,350,000	744,380	2,094,380
2024	1,350,000	695,240	2,045,240
2025	1,400,000	646,100	2,046,100
2026	1,450,000	595,140	2,045,140
2027-2031	7,900,000	2,149,420	10,049,420
2032-2035	7,000,000	642,460	7,642,460
Total	<u>\$ 21,750,000</u>	<u>\$ 6,264,440</u>	<u>\$ 28,014,440</u>

(1) Based on a 3.64% fixed rate that includes interest and support costs

**2006 Interest Rate Swap**

*Objective of the interest rate swap.* On February 24, 2006, NCTD entered into two interest rate swaps for \$17 million each in order to hedge the interest rate risk associated with variable-rate Certificates of Participation by “locking in” a fixed interest rate. The intention of NCTD in entering into the swaps was to lock in a relatively low cost of funds on the debt for the construction of the SPRINTER hybrid rail project.

*Terms.* The initial notional amounts of the swaps were \$17 million each. The current notional amounts of the swaps are a combined \$21.75 million. Under the two swaps, NCTD pays the counterparty a fixed payment of 3.369% and receives a variable payment based on 65% of one-month London Interbank Offered Rate (LIBOR) until maturity at September 1, 2034. The notional amounts and maturity dates of the swaps match the notional amounts and the maturity dates of the Certificates of Participation that were issued in July 2004 and outstanding as of June 30, 2021.

*Fair values.* Because interest rates have declined since execution of the swaps, the UBS swaps had a total negative fair value of \$3,837,710 and \$5,275,526 as of June 30, 2021 and 2020, respectively. The fair values of the derivatives were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2021 and 2020. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps. The potential financial impact in the fair value of the swaps as result of the discontinuation of LIBOR by June 2023 is not reflected in the Statement of Net Position as of June 30, 2021.

*Basis risk.* This is the risk of a mismatch between the actual variable interest rate on NCTD’s debt and the floating rate option index under the interest rate swap agreement. As of June 30, 2021, the average interest rate on NCTD’s hedged variable-rate debt was 3.47%.

*Credit risk.* This is the risk that the counterparty will fail to perform under the terms of these agreements. As of June 30, 2021 and 2020, NCTD was not exposed to credit risk on these swaps because they had negative fair values. However, should interest rates change and the fair values of the swaps become positive, NCTD would be exposed to credit risk in the amount of the swaps’ fair value. The favorable credit ratings of the counterparty (UBS) mitigate this risk. As of June 30, 2021 and 2020, UBS long-term counterparty risk and credit rating was Aa2 by Moody’s and A+ by Standard & Poor’s. In addition, the fair value of the swaps will be fully collateralized by the counterparty with cash or United States government securities if the counterparty’s credit quality falls below a rating of Baa2 by Moody’s or BBB by Standard & Poor’s. Collateral would be posted with a third-party custodian.

**7. LONG-TERM DEBT (continued)**

*Market-access risk.* This is the risk that the markets may be closed or that NCTD may not be able to enter the credit markets due to its own credit quality deteriorating. As of June 30, 2021, NCTD had a Moody's credit rating of A1, which is considered upper-medium-grade and subject to low credit and market-access risk.

*Termination risk and termination payments.* This is the risk that the transaction is terminated in a market dictating a termination payment by NCTD. NCTD can terminate the swaps at the fair value by providing notice to the counterparty, while the counterparty may only terminate the swaps upon certain termination events under the terms of the agreements. NCTD or the counterparty may terminate the swaps if the other party fails to perform under the terms of the contracts, such as the failure to make swap payments. If the swaps are terminated, the expected variable-rate Certificates of Participation would no longer be hedged.

Given the negative fair values as of June 30, 2021 and 2020, NCTD was not in a favorable termination position relative to the market.

The fair values and changes in fair values at June 30, 2021 and 2020 are shown below.

	Changes in Fair Value		Fair Value at June 30, 2021		Notional	Fair Value Hierarchy
	Classification	Amount	Classification	Amount		
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	\$ 1,437,816	Debt	\$ (3,837,710)	\$ 21,750,000	Level 2

	Changes in Fair Value		Fair Value at June 30, 2020		Notional	Fair Value Hierarchy
	Classification	Amount	Classification	Amount		
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	\$ (1,364,903)	Debt	\$ (5,275,526)	\$ 23,050,000	Level 2

**Memorandum of Agreement with SANDAG**

In September 2019, the SANDAG Board of Directors approved the allocation of \$58.8 million to NCTD for the purchase of two additional COASTER train sets to provide more frequent COASTER commuter rail service, including 30-minute peak period service. The procurement of the additional train sets will increase service from 22 daily trains to 42 daily trains in late fiscal year 2024. Funding from SANDAG will be received from fiscal year 2021 through fiscal year 2024, with most of the funding programmed for fiscal years 2023 and 2024. In order to take advantage of existing contracts for the procurement of the locomotives and bi-level cars, NCTD is required to make advance payments to the contractors before the funding is received from SANDAG. In order to fund these payments, in June 2020, NCTD's Board authorized the execution of a Memorandum of Agreement with SANDAG for debt financing through the TransNet Program in an amount not-to-exceed \$46 million. Repayments of the principal amount are made as funding is received and interest is paid monthly from NCTD's TransNet revenues. No draws from the debt financing program were made as of June 30, 2021 and 2020.

**8. ARBITRAGE REBATE LIABILITY**

Arbitrage rebate applies to interest earned on the issuance of tax-exempt debt. The rebate is based on the difference between the interest earned from the investment of the debt proceeds and the interest expense on the debt issued. As of June 30, 2021 and 2020, there was no liability related to the NCTD's Certificates of Participation 2004 Series A debt.



## 9. COMMITMENTS

### Contractual Commitments

As of June 30, 2021 and 2020, NCTD had commitments of \$137,803,276 and \$127,853,517, respectively, for capital and operating projects, which are funded by eligible grants. NCTD's funding for capital projects consists primarily of Federal Transit Administration (FTA) formula funds, discretionary federal awards, State Transit Assistance (STA) funds, Transportation Development Act (TDA) funds, and State Rail Assistance (SRA) funds.

### Lease Commitments

NCTD leases property and office equipment under various agreements which are classified as operating leases. NCTD also leases a building at its maintenance of way facility. These agreements expire at various dates through December 2025. Total rental expense of \$711,870 and \$716,021 was recognized during the fiscal years ended June 30, 2021 and 2020, respectively. Future aggregate minimum annual rentals under these lease agreements are as follows:

Year Ending June 30,	Amount
2022	\$ 403,635
2023	364,192
2024	166,479
2025	121,696
2026	14,085
Total	<u>\$ 1,070,087</u>

NCTD acts as the lessor on certain facilities and property under various agreements, which are classified as operating leases. These agreements expire on various dates through May 2100, some of which contain provisions for annual increases and options to renew. Total lease and sublease income was \$1,929,543 and \$2,111,491 for the fiscal years ended June 30, 2021 and 2020, respectively.

Future aggregate minimum annual rental revenue under these agreements is as follows:

Year Ending June 30,	Amount
2022	\$ 874,126
2023	821,419
2024	744,646
2025	731,249
2026	724,633
2027-2031	3,086,447
2032-2036	2,924,913
2037-2041	2,910,417
2042-2046	2,910,417
2047-2051	2,910,417
2052-2056	2,099,131
2057-2061	484,344
2062-2066	221,831
2067-2071	196,809
2072-2076	196,809
2077-2081	196,809
2082-2086	196,809
2087-2091	196,809
2092-2096	156,552
2097-2100	88,922
Total	<u>\$ 22,673,509</u>

## 10. DEFERRED COMPENSATION

NCTD offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section (IRC) 457 and provisions of the Government Code of the State of California. The plan, available to all full-time employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The Plan is administered by NCTD and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributed to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. NCTD is not the fiduciary of that trust and as such, employees' assets held in IRC Section 457 plans are not the property of NCTD and are not subject to the claims of NCTD's general creditors. In accordance with GASB Statement No. 84, and GASB 97, employees' assets are not reflected in NCTD's financial statements.

NCTD also offers its employees a qualified defined contribution retirement plan under IRS Code Sections 401(a) and 411(d). All full-time employees are eligible to participate in this plan. NCTD provides a matching contribution in an amount equal to 50% of the participating employee's salary deferrals under the 457(b) deferred compensation plan up to a maximum of 8% of the employee's compensation. The maximum employer match received will depend on the employee contribution, however, will not exceed 4% of the employee's compensation. The total cost paid by NCTD for the employer match was \$323,781 and \$278,263 for the fiscal years ended June 30, 2021 and 2020, respectively. During fiscal years 2021 and 2020, employee forfeitures of \$12,737 and \$18,261 were used to fund employer contributions during fiscal years 2021 and 2020, respectively.

## 11. PUBLIC EMPLOYEE RETIREMENT SYSTEM

### A. General Information about the Pension Plan

**Plan Description** - All qualified permanent and probationary employees are eligible to participate in NCTD's Miscellaneous Plan (Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and NCTD resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on member classification, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

Plan Benefits	Hire Date		
	Prior to December 23, 2012	On or after December 23, 2012 with prior CalPERS	On or after January 1, 2013
Benefit Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments*	monthly for life	monthly for life	monthly for life
Retirement age (earliest)	50 or older	50 or older	52 or older
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%	1.092 - 2.418%	1.0 - 2.5%
Required employee contribution rates	7%	7%	7%
Required employer contribution rates	35.303%	35.303%	35.303%

\*Can take lump sum or designate recipient

**11. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)**

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

Plan Benefits	Hire Date		
	Prior to December 23, 2012	On or after December 23, 2012 with prior CalPERS	On or after January 1, 2013
Benefit Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments*	monthly for life	monthly for life	monthly for life
Retirement age (earliest)	50 or older	50 or older	52 or older
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%	1.092 - 2.418%	1.0 - 2.5%
Required employee contribution rates	7%	7%	7%
Required employer contribution rates	32.552%	32.552%	32.552%

\*Can take lump sum or designate recipient

**Employees Covered** - The following employees were covered by the benefit terms of the Plan as of the June 30, 2020 and 2019 actuarial valuation reports:

Covered Employees	June 30, 2020	June 30, 2019
Inactive employees or beneficiaries currently receiving benefits	652	647
Inactive employees entitled to but not yet receiving benefits	427	432
Active employees	132	119
<b>Total</b>	<b>1,211</b>	<b>1,198</b>

**Contributions** - Section 20814(c) of the PERL requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the fiscal years ended June 30, 2021 and 2020, the average active employee contribution rate was 7.0% of annual pay, and the employer's contribution rate was 35.303% and 32.552% of annual payroll, respectively, based on the June 30, 2018 and 2017 actuarial valuation reports. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

**B. Net Pension Liability**

NCTD's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 actuarial valuation using standard update procedures. NCTD's June 30, 2021 and June 30, 2020 reported total pension liabilities are based on the following actuarial methods and assumptions.

**11. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)**

**Actuarial Assumptions** - The June 30, 2019 and 2018 valuations were rolled forward to determine the June 30, 2020 and 2019 total pension liability, based on the following actuarial methods and assumptions:

	June 30, 2019	June 30, 2018
Actuarial Cost Method:	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions		
Discount rate:	7.15%	7.15%
Inflation:	2.50%	2.50%
Payroll growth:	2.75%	2.75%
Salary increases:	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality rate table:	Derived Using CalPERS' Membership Data for all Funds. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.	Derived Using CalPERS' Membership Data for all Funds. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

**Discount Rate** - The discount rate used to measure the total pension liability as of the June 30, 2020 and the June 30, 2019 measurement dates was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class <sup>(1)</sup>	Current Target Allocation	Real Return Years 1 - 10 <sup>(2)</sup>	Real Return Years 11 + <sup>(3)</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

<sup>(1)</sup> In the System's Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>(2)</sup> An expected inflation of 2.00% used for this period.

<sup>(3)</sup> An expected inflation of 2.92% used for this period.

**11. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)****C. Changes in the Net Pension Liability**

**Recognition of Gains and Losses** - Under GASB Statement No. 68, gains and losses related to changes in the total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on pension plan investments is amortized straight-line over five years. All other amounts are amortized straight-line over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Plan for the June 30, 2020 and 2019 measurement dates was 1.1 years, which was obtained by dividing the total service years of 1,316 and 1,331 (the sum of remaining service lifetimes of the active employees), respectively, by 1,198 and 1,213 (the total number of participants: active, inactive, and retired), respectively. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Pension Plan Fiduciary Net Position** - Detailed information about NCTD's Miscellaneous Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

The following tables show the changes in NCTD's net pension liability recognized over the measurement periods.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 145,473,634	\$ 104,170,685	\$ 41,302,949
Changes during the measurement period:			
Service cost	1,487,670	-	1,487,670
Interest on total pension liability	10,043,214	-	10,043,214
Differences between expected and actual experience	(923,704)	-	(923,704)
Net plan to plan resource movement	-	-	-
Contributions-employer	-	3,447,428	(3,447,428)
Contributions-employees	-	736,409	(736,409)
Net investment income	-	5,064,326	(5,064,326)
Benefit payments, including refunds of employee contributions	(9,658,453)	(9,658,453)	-
Administrative expense	-	(146,855)	146,855
Net changes	948,727	(557,145)	1,505,872
Balance at June 30, 2020	\$ 146,422,361	\$ 103,613,540	\$ 42,808,821

**11. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 142,743,796	\$ 103,749,874	\$ 38,993,922
Changes during the measurement period:			
Service cost	1,576,318	-	1,576,318
Interest on total pension liability	9,973,920	-	9,973,920
Differences between expected and actual experience	747,277	-	747,277
Net plan to plan resource movement	-	(67,310)	67,310
Contributions-employer	-	2,897,992	(2,897,992)
Contributions-employees	-	642,278	(642,278)
Net investment income	-	6,589,325	(6,589,325)
Benefit payments, including refunds of employee contributions	(9,567,677)	(9,567,677)	-
Administrative expense	-	(74,038)	74,038
Other miscellaneous expense	-	241	(241)
Net changes	2,729,838	420,811	2,309,027
Balance at June 30, 2019	\$ 145,473,634	\$ 104,170,685	\$ 41,302,949

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - This type of analysis gives a sense of the long-term risk to required contributions. The table below presents the net pension liability of NCTD's Miscellaneous Plan as of the measurement dates of June 30, 2020 and 2019 assuming alternate discount rates. The calculation uses the current discount rates shown in the tables, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan's Net Pension Liability At Measurement Date:	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
June 30, 2020	\$59,286,237	\$42,808,821	\$29,028,515
June 30, 2019	\$57,917,394	\$41,302,949	\$27,435,491

**D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension**

For the fiscal years ended June 30, 2021 and 2020, NCTD had pension expense of \$3,817,777 and \$6,019,560, respectively. As of June 30, 2021, NCTD has deferred outflows and deferred inflows of resources related to pension as follows:

As of June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 3,881,684	\$ -
Differences between expected and actual experience	-	(83,973)
Net differences between projected and actual earnings on pension plan investments	660,059	-
Total	\$ 4,541,743	\$ (83,973)

**11. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)**

As of June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 3,449,635	\$ -
Differences between expected and actual experience	67,934	-
Net differences between projected and actual earnings on pension plan investments	-	(627,371)
<b>Total</b>	<b>\$ 3,517,569</b>	<b>\$ (627,371)</b>

Pension contributions made after the measurement date of June 30, 2020 in the amount of \$3,881,684 will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ending June 30,	Deferred Outflows/Inflows of Resources
2021	\$ (636,829)
2022	240,457
2023	542,761
2024	429,697
	<b>\$ 576,086</b>

**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS****General Information about the OPEB Plan**

**Plan Description** - NCTD participates in a single-employer medical health plan provided by CalPERS for employees and retirees. NCTD makes certain benefits available to retired employees that include medical insurance coverage provided through CalPERS medical health plan. Separate stand-alone financial statements for NCTD's OPEB plan are not issued.

**Eligibility** - To be eligible for retiree health benefits, an employee must retire from NCTD and commence pension benefits under CalPERS (typically on or after age 50 with at least five years of service).

**Employees Covered** - The following employees were covered by the benefit terms as of the dates below:

	June 30, 2021*	June 30, 2020
Inactive plan members or beneficiaries currently receiving benefits	82	82
Inactive plan members entitled to but not yet receiving benefits	387	387
Active plan members	129	129
	<b>598</b>	<b>598</b>

\* Due to a limited-year actuarial valuation for FY21, the FY20 employee counts were used as allowed by GASB 75

**Contributions** - NCTD pays CalPERS the monthly health care premium (\$139 per month in 2020, \$143 per month in 2021, and indexed to medical CPI for future years) for retirees electing coverage. Total payments for the fiscal years ended June 30, 2021 and 2020 were \$147,687 for 82 retirees and \$125,653 for 74 retirees, respectively.

**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)**

**Total OPEB Liability**

NCTD’s total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of that date in accordance with the parameters of GASB Statement No. 75. The OPEB liability as of June 30, 2021 was rolled-forward in a limited-scope review from the June 30, 2020 actuarial valuation. The total OPEB liability measured as of June 30, 2021 and 2020 was \$4,910,812 and \$4,937,130, respectively. In fiscal year 2021, the total OPEB liability decreased by \$26,318. During fiscal year 2020, the total OPEB liability increased by \$172,282.

**Actuarial assumptions –**

The total OPEB liability as of June 30, 2021 was determined in a limited-scope process, rolling forward the fiscal year 2020 actuarial assumptions and updating the discount rate below.

Actuarial Cost Method:	Entry Age Normal Cost Method
Actuarial Assumptions	
Inflation:	2.25%
Salary increases:	2.50% plus merit
Discount rate:	2.16%
Mortality:	Mortality rates under the most recent CalPERS Experience Study (2014)
Medical cost trend rates:	Medical costs are adjusted in future years by the following trends:

Year	PPO/HMO	CalPERS Minimum
2021	Actual	Actual
2022	6.0%	4.0%
2023	5.5%	4.0%
2024	5.5%	4.0%
Thereafter	5.0%	4.0%

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method:	Entry Age Normal Cost Method
Actuarial Assumptions	
Inflation:	2.25%
Salary increases:	2.50% plus merit
Discount rate:	2.21%
Mortality:	Mortality rates under the most recent CalPERS Experience Study (2014)
Medical cost trend rates:	Medical costs are adjusted in future years by the following trends:

Year	PPO/HMO	CalPERS Minimum
2020	Actual	Actual
2021	6.0%	4.0%
2022	5.5%	4.0%
2023	5.5%	4.0%
Thereafter	5.0%	4.0%

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the “cost” is based on the projected benefit expected to be paid at retirement. The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB Statement No. 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.



**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)**

The discount rate is based on the Bond Buyer 20-Bond GO Index (GO Index). The GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having and average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

**Changes in the Total OPEB Liability**

The changes in the total OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease) in Total OPEB Liability
Balance at June 30, 2020	\$ 4,937,130
Changes for the year:	
Service cost	108,913
Interest	106,135
Changes of assumptions	27,909
Benefit payments	(269,275)
Net changes	(26,318)
Balance at June 30, 2021	<u>\$ 4,910,812</u>
	Increase (Decrease) in Total OPEB Liability
Balance at June 30, 2019	\$ 4,764,848
Changes for the year:	
Service cost	105,358
Interest	144,957
Differences between expected and actual experience	(291,184)
Changes of assumptions	482,426
Benefit payments	(269,275)
Net changes	172,282
Balance at June 30, 2020	<u>\$ 4,937,130</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following tables present the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date:	1% Decrease	Current Discount Rate	1% Increase
June 30, 2021	1.16%	2.16%	3.16%
Total OPEB Liability	\$5,558,624	\$4,910,812	\$4,377,806

**12. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)**

Measurement Date: June 30, 2020	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$5,721,586	\$4,937,130	\$4,472,150

**Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates** - The following table presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability at Measurement Date:	1% Decrease 6.00% HMO/PPO and 4% CalPERS Minimum decreasing to 5.00% HMO/PPO and 3.00% CalPERS Minimum Required Plan	Current Healthcare Cost Trend Rates 6.00% HMO/PPO and 4.00% CalPERS Minimum Required Plan	1% Increase 6.00% HMO/PPO and 4% CalPERS Minimum increasing to 7.00% HMO/PPO and 5.00% CalPERS Minimum Required Plan
June 30, 2021	\$4,303,628	\$4,910,812	\$5,654,196
June 30, 2020	\$4,448,268	\$4,937,130	\$5,749,942

**OPEB Expense and Deferred Inflows of Resources Related to OPEB**

For the fiscal years ended June 30, 2021 and 2020, NCTD recognized OPEB expense of \$278,512 and \$287,285, respectively. At June 30, 2021, NCTD had deferred inflows of resources of \$122,560 relating to actuarial changes, as well as deferred outflows of resources of \$222,873 due to changes in assumptions. At June 30, 2020, NCTD had deferred inflows of resources of \$206,872 relating to differences between expected and actual experience, as well as deferred outflows of resources of \$342,740 due to changes in assumptions. Amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Periods Ending June 30,	Net Deferred Outflows of Resources
2022	\$ 63,464
2023	33,210
2024	3,639
	<u>\$ 100,313</u>

**13. CONTINGENT LIABILITIES**

NCTD is involved in various lawsuits in the ordinary course of business. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. However, where the contingency of a liability is probable and the amount can be reasonably estimated, a claims liability is accrued. NCTD believes that losses resulting from these matters, if any, would be covered by its accrual for such contingent liabilities and/or covered under NCTD's insurance policies and would not have a material effect on the financial position of NCTD.

NCTD's certificates of participation, interest rate swaps, and debt insurance policy are LIBOR-based (see Notes 1 and 7). Due to the anticipated cessation of US Dollar-based LIBOR reporting on June 30, 2023, NCTD and its lenders, swap counterparties, and insurance partners will select replacement rates for NCTD's LIBOR-based agreements. While this event is considered probable, the financial impacts of implementing a replacement rate cannot be calculated or estimated at this time as the replacement reference rate has not been set. It is anticipated that when the replacement rate is set, there will be a market spread added to the rate to closely approximate the replaced LIBOR rate to minimize the financial implications to all parties. Losses (if any) will be recorded when they are considered to be both probable and estimable.

**14. RISK MANAGEMENT**

NCTD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NCTD has established self-insurance programs for workers' compensation and property damage/public liability. Funds are used for the settlement of claims and for management services provided by two contracted insurance management firms. NCTD self-insures claims on a per-occurrence basis as follows: \$500,000 for workers' compensation claims, \$2 million for public liability claims, \$50,000 for non-rail property damage claims, and \$750,000 for rail property claims. Upon meeting these deductibles, NCTD's insurance portfolio covers additional liability using excess liability policies with commercial insurance companies.

The following is a summary of changes in claims payable for the fiscal years 2019 through 2021:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Classification	
					Due in One Year	Due in more than One Year
2018-2019	\$ 1,040,756	\$ 379,618	\$ (189,178)	\$ 1,231,196	\$ 301,436	\$ 929,760
2019-2020	1,231,196	614,766	(174,284)	1,671,678	280,353	1,391,325
2020-2021	1,671,678	97,669	(30,436)	1,738,911	226,886	1,512,025

**15. TRANSPORTATION DEVELOPMENT ACT (TDA)/CALIFORNIA ADMINISTRATIVE CODE**

NCTD is subject to compliance with the Transportation Development Act provisions, Sections 6634 and 6637 of the California Administrative Code and Sections 99267, 99268.1 and 99314.6 of the Public Utilities Code.

**Section 6634**

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount that exceeds the claimant's capital and operating costs, less the required fares, and local support. NCTD did not receive Transportation Development Act or State Transit Assistance revenues in excess of the prescribed formula amounts.

**Section 6637**

Pursuant to Section 6637, a claimant must maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators adopted by the State Controller. NCTD did maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators.

**16. STATE OF GOOD REPAIR (SGR)**

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), created the SGR Program to provide additional revenues for transit infrastructure repair and service improvements. SGR funds are available for eligible transit maintenance, rehabilitation and capital projects.

The following schedules show the activities related to the SGR funds during the fiscal years ended June 30, 2021 and 2020. The amounts reported for fiscal year 2020 were corrected to show the actual project expenditures during the fiscal year. Negative year-end balances reflect outstanding receivables for awarded State of Good Repair funds.

Project Name	Balance	Receipts	Allocated	Expenditures	Balance
	July 1, 2020		Interest		June 30, 2021
COASTER Siemens locomotives	\$ (245,001)	\$ 282,869	\$ -	\$ (37,868)	\$ -
BREEZE CNG Buses	-	1,436,792	-	(1,779,028)	(342,236)
Unallocated	14,602	-	127	-	14,729
	<u>\$ (230,399)</u>	<u>\$ 1,719,661</u>	<u>\$ 127</u>	<u>\$ (1,816,896)</u>	<u>\$ (327,507)</u>

## 16. STATE OF GOOD REPAIR (SGR) (continued)

Project Name	Balance July 1, 2019	Receipts	Allocated Interest	Expenditures	Balance June 30, 2020
COASTER Siemens locomotives	\$ 345,265	\$ 1,623,343	\$ -	\$ (2,213,609)	\$ (245,001)
Unallocated	5,182	-	9,420	-	14,602
	<u>\$ 350,447</u>	<u>\$ 1,623,343</u>	<u>\$ 9,420</u>	<u>\$ (2,213,609)</u>	<u>\$ (230,399)</u>

## 17. SUBSEQUENT EVENT

**Rail Operations Business Model Change**

The base terms of the current agreements with Bombardier for rail operations and maintenance and facilities maintenance will end in fiscal year 2023. On April 22, 2021, NCTD's Board of Directors supported a change in business model by allowing the insourcing of train operations and maintenance of equipment for COASTER and SPRINTER at the end of fiscal year 2022 (FY2022) and the insourcing of facilities maintenance in fiscal year 2023 (FY2023) to improve accountability, performance, and efficiency. The proposed facilities maintenance business model assumes NCTD personnel performing preventative maintenance, minor reactive maintenance, and work order requests, while outsourcing specialty service tasks.

Maintenance-of-way functions will continue to be outsourced, however, certain functions, such as tree inspections and trimming, bridge inspections and repairs, and graffiti removal are anticipated to be removed from the primary scope of work and performed under specialty contracts.

**Required Supplementary Information  
(Unaudited)**

## 1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Measurement Periods Ended June 30,					
	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 1,487,670	\$ 1,576,318	\$ 1,608,993	\$ 1,710,208	\$ 1,479,831	\$ 1,319,179
Interest on total pension liability	10,043,214	9,973,920	9,781,542	9,655,781	9,748,412	9,651,604
Changes of assumptions	-	-	(537,633)	7,124,162	-	(2,087,682)
Difference between expected and actual experience	(923,704)	747,277	129,435	(1,668,134)	(619,666)	(203,397)
Benefit payments, including refunds of employee contributions	(9,658,453)	(9,567,677)	(9,294,062)	(9,002,514)	(9,365,030)	(8,966,967)
Net change in total pension liability	948,727	2,729,838	1,688,275	7,819,503	1,243,547	(287,263)
Total pension liability - Beginning	145,473,634	142,743,796	141,055,521	133,236,018	131,992,471	132,279,734
Total pension liability - Ending	\$ 146,422,361	\$ 145,473,634	\$ 142,743,796	\$ 141,055,521	\$ 133,236,018	\$ 131,992,471
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions - Employer	\$ 3,447,428	\$ 2,897,992	\$ 2,430,812	\$ 2,293,374	\$ 2,074,962	\$ 1,869,306
Contributions - Employee	736,409	642,278	715,546	750,129	740,253	726,973
Net investment income	5,064,326	6,589,325	8,499,446	10,635,775	505,684	2,346,127
Benefit payments, including refunds of employee contributions	(9,658,453)	(9,567,677)	(9,294,062)	(9,002,514)	(9,365,030)	(8,966,967)
Net plan to plan resource movement	-	(67,310)	106,509	-	-	-
Administrative expense	(146,855)	(74,038)	(158,557)	(143,536)	(62,971)	(116,378)
Other miscellaneous expense <sup>(1)</sup>	-	241	(301,102)	-	-	-
Net change in fiduciary net position	(557,145)	420,811	1,998,592	4,533,228	(6,107,102)	(4,140,939)
Plan fiduciary net position - Beginning <sup>(2)</sup>	104,170,685	103,749,874	101,751,282	97,218,054	103,325,156	107,466,095
Plan fiduciary net position - Ending	\$ 103,613,540	\$ 104,170,685	\$ 103,749,874	\$ 101,751,282	\$ 97,218,054	\$ 103,325,156
Plan net pension liability - Ending	\$ 42,808,821	\$ 41,302,949	\$ 38,993,922	\$ 39,304,239	\$ 36,017,964	\$ 28,667,315
Plan fiduciary net position as a percentage of total pension liability	70.76%	71.61%	72.68%	72.14%	72.97%	78.28%
Covered payroll <sup>(3)</sup>	\$ 9,998,410	\$ 10,470,659	\$ 10,269,359	\$ 10,220,730	\$ 10,324,006	\$ 10,009,331
Plan net pension liability as a percentage of covered payroll	428.16%	394.46%	379.71%	384.55%	348.88%	286.41%

<sup>(1)</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

<sup>(2)</sup> Includes any beginning of year adjustment.

<sup>(3)</sup> Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

<sup>(4)</sup> The above required supplementary pension schedule is intended to show information for ten years. NCTD began tracking this information beginning with the 2015 plan year and additional years' information will be displayed as it becomes available.

**1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)**

**Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:**

1. Benefit Changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.
2. Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

## 1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, <sup>(1)</sup>

	2021	2020	2019
Actuarially determined contribution <sup>(2)</sup>	\$ 3,881,684	\$ 3,449,635	\$ 2,899,316
Contributions in relation to the actuarially determined contribution <sup>(2)</sup>	<u>(3,881,684)</u>	<u>(3,449,635)</u>	<u>(2,899,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,061,568	\$ 9,998,410	\$ 10,470,659
Contributions as a percentage of covered payroll	32.18%	34.50%	27.69%

**Notes to Schedule of Plan Contributions:**

Valuation date: June 30, 2018

June 30, 2017

June 30, 2016

Methods and Assumptions used to  
Determine Contribution Rates:

Actuarial Cost Method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization Method/Period	Level percent of payroll	Level percent of payroll	Level percent of payroll
Asset Valuation Method	Fair Value of Assets	Fair Value of Assets	Market value of assets
Inflation	2.625%	2.75%	2.75%
Salary Increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll Growth	2.875%	3.00%	3.00%
Discount Rate	7.250%	7.375%	7.375%
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale MP-2016 published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.



## 1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, (continued) <sup>(1)</sup>

	2018	2017	2016	2015 <sup>(4)</sup>
Actuarially determined contribution <sup>(2)</sup>	\$ 2,400,544	\$ 2,207,370	\$ 2,064,509	\$ 1,868,650
Contributions in relation to the actuarially determined contribution <sup>(2)</sup>	<u>(2,400,544)</u>	<u>(2,207,370)</u>	<u>(2,064,509)</u>	<u>(1,868,650)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,269,359	\$ 10,220,730	\$ 10,324,006	\$ 10,009,331
Contributions as a percentage of covered payroll	23.38%	21.60%	20.00%	18.67%

**Notes to Schedule of Plan Contributions:**

Valuation date:	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions used to Determine Contribution Rates:				
Actuarial Cost Method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization Method/Period	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Asset Valuation Method	Market value of assets	Market value of assets	Market value of assets	Actuarial value of assets
Inflation	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Discount Rate	7.5%	7.5%	7.5%	7.5%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality using Scale AA published by the Society of Actuaries.

<sup>(1)</sup> As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

<sup>(2)</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>(3)</sup> Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

<sup>(4)</sup> The above required supplementary pension schedule is intended to show information for ten years. NCTD began tracking this information beginning with the 2015 plan year and additional years' information will be displayed as it becomes available.

**2. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB)****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

	Measurement Periods Ended June 30,			
	2021	2020	2019	2018 <sup>(1)</sup>
<b>TOTAL OPEB LIABILITY</b>				
Service cost	\$ 108,913	\$ 105,358	\$ 102,141	\$ 100,809
Interest	106,135	144,957	160,010	159,180
Differences between expected and actual experience	-	(291,184)	-	-
Changes of assumptions	27,909	482,426	196,194	(55,212)
Benefit payments	(269,275)	(269,275)	(326,127)	(306,223)
Administrative expenses	-	-	-	-
Net change in total OPEB liability	(26,318)	172,282	132,218	(101,446)
Total OPEB liability - Beginning	4,937,130	4,764,848	4,632,630	4,734,076
Total OPEB liability - Ending	<u>\$ 4,910,812</u>	<u>\$ 4,937,130</u>	<u>\$ 4,764,848</u>	<u>\$ 4,632,630</u>
Covered employee payroll	\$ 12,061,568	\$ 9,998,410	\$ 10,470,659	\$ 10,269,359
Total OPEB liability as a percentage of covered employee payroll	40.71%	49.38%	45.51%	45.11%

<sup>(1)</sup> The above required supplementary pension schedule is intended to show information for ten years. NCTD began tracking this information beginning with the 2018 OPEB plan year and additional years' information will be displayed as it becomes available.

**Note to Schedule of Changes in the Total OPEB Liability and Related Ratios:**

- Benefit Payments: The OPEB plan is unfunded and there are no plan assets. The employer contributions reflect the estimated direct payments for benefits.
- Discount Rate: The discount rates as of the June 30, 2021, 2020, 2019, and 2018 were 2.16%, 2.21%, 3.15%, and 3.50%, respectively.

**Statistical Section (Unaudited)**

## Statistical Section Index

<b>Section</b>	<b>Content</b>	<b>Page Number</b>
Financial Trends	These schedules contain trend information intended to assist the reader in understanding and assessing NCTD's financial performance and well-being over time.	68
Revenue Capacity	These schedules contain information to assist the reader in understanding and assessing the factors that affect NCTD's funding sources and ability to generate passenger fare revenue.	70
Debt Capacity	This schedule presents information intended to assist the reader in understanding and assessing NCTD's current level of outstanding debt and its ability to issue additional debt in the future.	81
Demographic and Economic Statistics	These schedules provide demographic and economic indicators to assist the reader in understanding the environment within which NCTD operates and to facilitate comparisons of financial statement information over time.	82
Operating Information	These schedules contain information about NCTD's operations and resources to assist the reader in understanding how NCTD's financial information relates to the services it provides.	85

## Financial Trends

**NORTH COUNTY TRANSIT DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net investment in capital assets	\$ 769,330,955	\$ 468,428,473	\$ 500,819,718	\$ 531,669,768	\$ 517,514,713	\$ 550,360,076	\$ 562,144,871	\$ 529,424,444	\$ 563,577,429	\$ 581,520,592
Restricted net position	50,495	50,495	50,495	50,495	50,495	50,495	50,495	50,495	50,495	50,495
Unrestricted net position	11,246,560	10,626,049	8,891,837	9,589,273	18,826,821	17,175,267	15,804,597	43,267,880	40,124,880	35,484,133
<b>Total Net Position</b>	<b>\$ 780,628,010</b>	<b>\$ 479,105,017</b>	<b>\$ 509,762,050</b>	<b>\$ 541,309,536</b>	<b>\$ 536,392,029</b>	<b>\$ 567,585,838</b>	<b>\$ 577,999,963</b>	<b>\$ 572,742,819</b>	<b>\$ 603,752,804</b>	<b>\$ 617,055,220</b>

**Source:** Audited financial statements

## Financial Trends (continued)

**NORTH COUNTY TRANSIT DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>OPERATING REVENUES</b>										
Fare revenue	\$ 5,704,716	\$ 12,842,154	\$ 15,819,330	\$ 15,591,645	\$ 16,386,260	\$ 18,147,101	\$ 19,438,167	\$ 19,274,834	\$ 18,910,726	\$ 18,169,758
Advertising and right-of-way	9,976,280	10,993,033	11,515,164	10,639,866	10,749,891	10,416,549	9,502,115	9,347,259	9,801,291	9,158,236
Lease and sublease revenue	1,929,543	2,111,491	1,820,342	1,710,568	1,758,764	1,646,667	1,602,676	1,476,319	1,588,827	1,483,540
Other revenue	1,918,798	3,588,587	1,045,710	704,294	517,876	1,341,594	949,065	1,722,462	2,183,026	2,488,290
Total operating revenues	19,529,337	29,535,265	30,200,546	28,646,373	29,412,791	31,551,911	31,492,023	31,820,874	32,483,870	31,299,824
<b>OPERATING EXPENSES</b>										
Vehicle operations	43,499,854	45,045,653	45,938,658	47,465,715	41,573,432	41,555,160	43,331,766	39,313,456	40,811,588	37,190,774
Vehicle maintenance	16,702,130	16,227,640	14,798,276	15,042,173	13,164,136	13,125,807	12,307,320	12,458,342	9,446,107	10,152,117
Facilities and non-vehicle maintenance	15,802,214	14,651,385	13,625,201	14,138,904	11,489,506	8,907,149	8,559,735	9,471,138	8,219,859	7,812,517
Administration	27,705,720	27,199,007	24,969,427	24,829,201	27,077,703	24,791,426	22,776,865	20,961,917	20,530,599	21,038,055
Right-of-way operations	9,180,055	7,517,730	7,843,662	6,404,629	6,112,602	5,218,738	5,713,276	5,599,239	4,205,572	3,333,768
Amortization	-	-	-	-	-	-	-	-	-	-
Depreciation	70,395,120	84,358,830	57,804,385	53,009,097	64,635,379	63,493,023	69,120,603	61,662,843	61,266,681	58,969,531
Total operating expenses	183,285,093	195,000,245	164,979,609	160,889,719	164,052,758	157,091,303	161,809,565	149,466,935	144,480,406	138,496,762
Operating loss	(163,755,756)	(165,464,980)	(134,779,063)	(132,243,346)	(134,639,967)	(125,539,392)	(130,317,542)	(117,646,061)	(111,996,536)	(107,196,938)
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Operating grants	95,321,911	83,167,220	77,451,296	74,356,762	73,790,645	65,322,281	66,462,938	61,436,279	57,435,201	57,457,701
Investment income (loss)	342,066	977,319	990,706	377,864	278,092	317,367	250,086	172,035	140,875	157,015
Debt related expense	(763,062)	(818,643)	(866,287)	(910,905)	(990,658)	(942,170)	(1,086,335)	(1,071,555)	(1,131,984)	(1,338,777)
Gain (loss) on disposal of capital assets	(258,895)	40,702	8,157	36,823	13,441	26,658	1,159	(478,136)	87,180	(19,851)
Total nonoperating revenues	94,642,020	83,366,598	77,583,872	73,860,544	73,091,520	64,724,136	65,627,848	60,058,623	56,531,272	56,256,088
Loss before capital contributions	(69,113,736)	(82,098,382)	(57,195,191)	(58,382,802)	(61,548,447)	(60,815,256)	(64,689,694)	(57,587,438)	(55,465,264)	(50,940,850)
<b>CAPITAL CONTRIBUTIONS</b>										
Capital grants and donated capital assets	370,636,729	51,441,349	25,647,705	66,018,981	30,354,638	50,401,131	100,919,607	26,577,453	42,162,848	32,833,405
Change in net position	\$ 301,522,993	\$ (30,657,033)	\$ (31,547,486)	\$ 7,636,179	\$ (31,193,809)	\$ (10,414,125)	\$ 36,229,913	\$ (31,009,985)	\$ (13,302,416)	\$ (18,107,445)

Source: Audited financial statements

## Revenue Capacity

**NORTH COUNTY TRANSIT DISTRICT  
OPERATING REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

Fiscal Year	Passenger Fares	Special Contract Fares	Advertising	Right-of-way	Lease and Sublease	Other Revenue	Total Operating Revenue
2012	\$ 17,666,958	\$ 502,800	\$ 1,045,137	\$ 8,113,099	\$ 1,483,540	\$ 2,488,290	\$ 31,299,824
2013	18,333,650	577,076	1,341,798	8,459,493	1,588,827	2,183,026	32,483,870
2014	18,698,837	575,997	877,412	8,469,847	1,476,319	1,722,462	31,820,874
2015	18,944,087	494,080	952,555	8,549,560	1,602,676	949,065	31,492,023
2016	18,057,994	89,107	1,032,732	9,383,817	1,646,667	1,341,594	31,551,911
2017	16,293,510	92,750	1,373,977	9,375,914	1,758,764	517,876	29,412,791
2018	15,555,638	36,007	1,295,994	9,343,872	1,710,568	704,294	28,646,373
2019	15,801,066	18,264	1,645,655	9,869,509	1,820,342	1,045,710	30,200,546
2020*	12,826,442	15,712	1,275,954	9,717,079	3,588,587	2,111,491	29,535,265
2021*	5,692,271	12,445	1,281,600	8,694,680	1,929,543	1,918,798	19,529,337

\* FY2020 & FY2021 fare revenues negatively impacted by COVID-19.

**Source:** Audited financial statements

## Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT  
PUBLIC FUNDING SOURCES  
LAST TEN FISCAL YEARS**

Fiscal Year	FEDERAL FUNDS			STATE FUNDS			LOCAL FUNDS			
	Operating Grants		Capital Grants and Contributions	Operating Grants		Capital Grants and Contributions	Operating Grants			Capital Grants and Contributions
	FTA	Other		STA	Other		TDA	TransNet	Other	
2012	\$ 12,258,139	\$ 216,885	\$ 8,128,838	\$ 5,833,788	\$ 39,486	\$ 7,705,391	\$ 28,423,797	\$ 10,443,123	\$ 242,483	\$ 16,999,176
2013	16,314,648	401,960	21,150,562	6,202,916	40,447	15,255,791	23,163,527	11,012,259	299,444	5,756,495
2014	15,349,284	257,674	10,290,419	5,771,888	41,161	10,013,493	28,101,453	11,673,090	241,729	6,273,541
2015	13,155,905	170,000	9,089,131	5,506,123	41,305	5,290,728	35,730,748	11,858,857	-	86,539,748
2016	12,568,370	151,232	7,885,351	4,978,430	98,221	35,993,356	36,756,027	10,760,000	10,000	6,522,424
2017	17,992,711	1,817,752	19,998,684	4,213,157	378,351	2,283,323	34,011,798	15,376,876	-	8,072,631
2018	22,056,755	372,175	27,067,680	4,600,147	403,405	11,041,974	34,509,280	12,415,000	-	27,909,327
2019	22,916,632	187,873	9,613,525	4,770,311	407,068	12,206,963	34,783,765	14,385,647	-	3,827,217
2020	36,168,415	305,335	20,079,992	4,716,976	136,863	23,291,434	27,917,278	13,922,353	-	8,069,923
2021	48,843,187	828,582	27,634,410	5,754,629	80,483	26,430,847	25,272,515	14,542,515	-	316,571,472

Source: Audited financial statements



## Revenue Capacity (continued)

### Federal Funds

Federal capital and operating assistance for transit purposes is subject to annual appropriation by Congress and is administered by the Federal Transit Administration (FTA). FTA formula programs generally provide 80% of the cost of eligible activities. Additional state and local funding sources supplement the FTA programs. The primary sources of Federal aid are FTA Section 5307, FTA 5337, and FTA 5339.

- Section 5307 Urbanized Area Program provides funding for transit capital and operating assistance in urbanized areas and for transportation-related planning. Eligible activities under this program include planning, engineering design, and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses; overhaul and rebuilding of buses; crime prevention and security equipment; construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service, while recorded as operating expenditures, are considered capital costs for purposes of eligibility. The Federal Transit Administration defines preventive maintenance as all maintenance costs related to vehicles and non-vehicles. Specifically, it is all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost-effective manner, up to and including the current state-of-the-art for maintaining such an asset. The formula for determining each metropolitan area's share of funds involves population, density, bus and rail vehicle miles, and rail route miles. The FTA publishes annually the allocations for the recipients. SANDAG is the designated recipient and then allocates the funds between NCTD and MTS. The FY2021 and FY2020 allocations were 30% for NCTD and 70% for MTS after SANDAG deductions for the Regional Vanpool Program. In addition to the annual formula appropriations, the CARES Act allocated \$314.3 million of Section 5307 funds to the San Diego region, of which \$94.3 million was allocated to NCTD, and the American Rescue Plan Act of 2021 (ARP) allocated \$200.6 million of Section 5307 funds to the San Diego region, of which \$60.2 million was allocated to NCTD.
- Section 5337 State of Good Repair Program provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. Additionally, State of Good Repair grants are eligible for developing and implementing Transit Asset Management plans. This program reflects a commitment to ensuring that public transit operates safely, efficiently, reliably, and sustainably so that communities can offer balanced transportation choices that help to improve mobility, reduce congestion, and encourage economic development. Eligible activities include projects that maintain, rehabilitate, and replace capital assets as well as projects that implement transit asset management plans. The Fixing America's Surface Transportation (FAST) Act clarifies that high-intensity motorbus tier funds can only be used for vehicle state of good repair costs and not for roadway state of good repair costs. The FY2021 and FY2020 allocations were 30% for NCTD and 70% for MTS after MTS takes the allocation specific to High Intensity Motorbus.
- Section 5339 Bus and Bus Facilities Program makes federal funding available for the purpose of financing capital bus and bus-related projects which will support the continuation and expansion of public transportation services in the United States. There also is a sub-program that provides competitive grants for bus and bus facility projects that support low- and zero-emissions vehicles. The purpose of both formula and competitive programs is to provide capital funding to replace, rehabilitate, and purchase buses, vans, and related equipment, and to construct bus-related facilities. The FY2021 and FY2020 allocations were 30% for NCTD and 70% for MTS.
- Section 5311 provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. NCTD receives FTA 5311 funding through Caltrans. Allocations to MTS and NCTD are based on service area rural population. In addition to the annual formula appropriations, the CARES Act allocated \$2.4 million of Section 5311 funds to the San Diego region, of which \$1.4 million was allocated to NCTD.

## Revenue Capacity (continued)

### State Funds

- The Mills-Alquist-Deddeh Act (SB 325), or Transportation Development Act of 1971, was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. TDA provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans. The TDA provides two funding sources: (1) Local Transportation Fund (LTF), which is derived from a one-quarter of a cent of the general sales tax collected statewide and (2) State Transit Assistance fund (STA), which is derived from the statewide sales tax on diesel fuel. TDA funds a wide variety of transportation programs, including planning and program activities, pedestrian and bicycle facilities, community transit services, public transportation, and bus and rail projects. Providing certain conditions are met, counties with a population under 500,000 (according to the 1970 federal census) may also use the LTF for local streets and roads, construction and maintenance. The STA fund can only be used for transportation planning and mass transportation purposes.

The State Board of Equalization, based on sales tax collected in each county, returns the general sales tax revenues to each county. Pursuant to state statute, the County of San Diego Auditor has the responsibility for providing the TDA LTF apportionment for the upcoming fiscal year. The County Auditor develops the apportionment in consultation with SANDAG staff and with the transit operators, based on actual sales tax receipts and projections. The annual apportionment determines the amount of funds available to each agency to claim. The STA funds are appropriated by the Legislature to the State Controller's Office. That Office then allocates the tax revenue, by formula, to planning agencies and other selected agencies. Statute requires that 50% of STA funds be allocated according to population and 50% be allocated according to operator revenues from the prior fiscal year. SANDAG, as the Regional Transportation Planning Agency, is responsible to release the apportionment of TDA funds each year in conformance with state statute. TDA is the major subsidy source that supports NCTD's operations and non-motorized transportation projects.

- Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. The legislation increased both gasoline and diesel taxes, while also creating new vehicle taxes and fees to fund transportation. The tax increases took effect on November 1, 2017 and new vehicle registration fees began on January 1, 2018. Fees on zero-emission vehicles will take effect on July 1, 2020. SB1 funds are programmed for:
  - (1) State Transit Assistance (STA) Program: Funding to help transit agencies fund their capital infrastructure and operational costs and is distributed via current funding formulas based on agency revenue and population.
  - (2) State of Good Repair Program (SGR): Funding for transit capital projects or services to maintain or repair existing transit fleets and facilities; new vehicles or facilities that improve existing transit services; or transit services that complement local efforts to repair and improve local transportation infrastructure. This money is made available to eligible transit operators based on the STA formula.
- Senate Bill 1 also created the State Rail Assistance Program by directing a portion of new revenue specifically to intercity rail and commuter rail. Most of the program funding is directed by statutory formula to rail operators. Funds are allocated among the five California commuter rail operators based on a formula that combines a fixed guaranteed amount and a variable amount based on service levels. SRA-funded projects are focused investments by the state to improve commuter and intercity rail service across the state, reduce air pollution and ease traffic congestion.

## Revenue Capacity (continued)

### Local Funds

- TransNet is a funding source created originally by Proposition Z, the one-half cent local countywide sales tax originally enacted in November 1987 to fund a 20-year transportation program that expired at the end of 2008. In November 2004, San Diego County voters approved Proposition A, which extended TransNet an additional 40 years through 2048. Proposition A mandates the formation of an Independent Taxpayer Oversight Committee (ITOC) to provide oversight for the expenditures of TransNet funds and ensure that voter mandates are carried out. In addition, the ITOC makes recommendations to improve the program's financial integrity and performance. After deducting the costs associated with administrative expense, the ITOC, and the bicycle/pedestrian program, the TransNet program is divided into major corridor projects, new bus rapid transit/rail operations, local system improvements, and transit system improvements. Within the transit share, services provided pursuant to ADA and subsidies for seniors have specific earmarks. The remaining revenues can be used by the transit agencies for operating or capital purposes. Similar to TDA LTF, the share between NCTD and MTS is allocated upon the population of each transit agency's service areas.

### Other

- Other federal and state funding - NCTD also receives funding from other federal and state programs. These include Medi-Cal Administration Activities (MAA) and various Caltrans grants. The ADA paratransit service receives funding from the MAA.

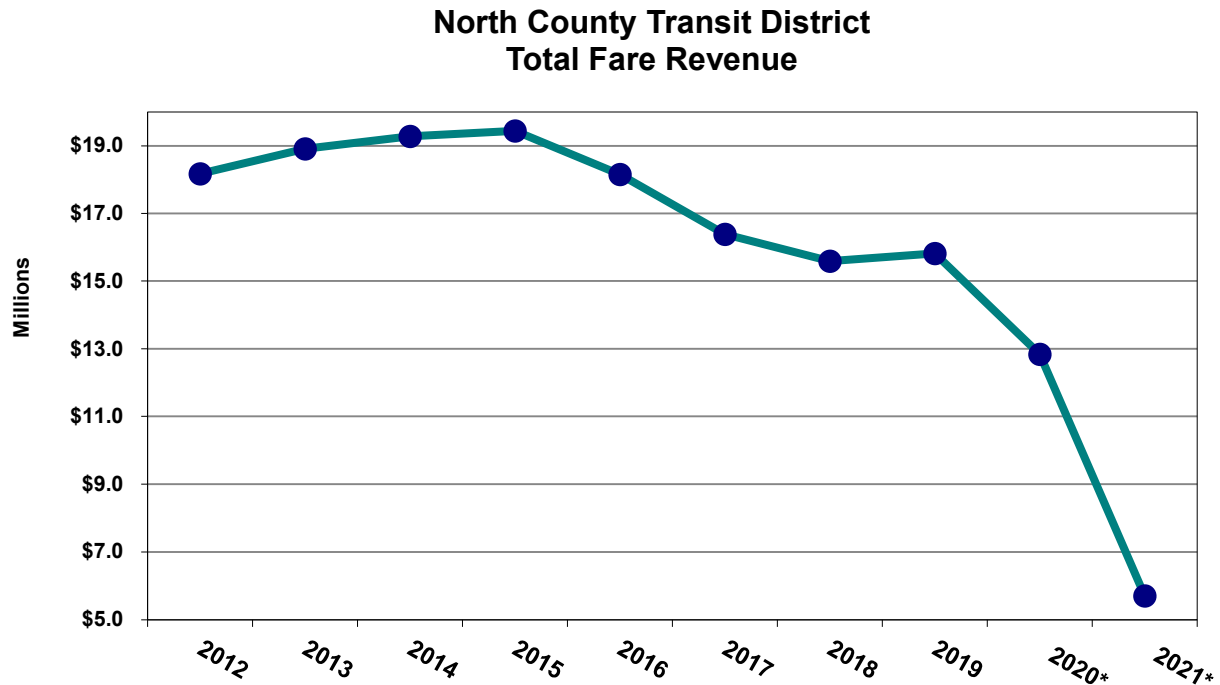
Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT  
FARE REVENUE BY MODE  
LAST TEN FISCAL YEARS**

Fiscal Year	BREEZE Fixed Route	FLEX On Demand Bus Service *	LIFT ADA/ Paratransit	COASTER Commuter Train Service	SPRINTER Hybrid Rail Train Service	Total Fare Revenue
2012	\$ 7,994,043	46,824	\$ 522,454	\$ 6,955,444	\$ 2,650,993	\$ 18,169,758
2013	8,771,339	76,342	554,330	7,222,779	2,285,936	18,910,726
2014	8,240,099	75,968	567,825	7,627,368	2,763,574	19,274,834
2015	8,273,999	74,744	686,606	7,400,568	3,002,250	19,438,167
2016	7,451,679	66,114	776,194	6,877,549	2,975,565	18,147,101
2017	6,396,151	56,329	788,102	6,452,948	2,692,730	16,386,260
2018	6,464,872	180,946	742,766	5,453,047	2,750,014	15,591,645
2019	6,524,947	202,882	715,066	5,674,370	2,702,065	15,819,330
2020*	5,286,127	155,713	680,517	4,333,924	2,385,873	12,842,154
2021*	2,526,843	24,268	619,701	1,085,678	1,448,226	5,704,716
<b>Change 2012-2021</b>	<b>(68.4)%</b>	<b>(48.2)%</b>	<b>18.6%</b>	<b>(84.4)%</b>	<b>(45.4)%</b>	<b>(68.6)%</b>

\* FY2020 & FY2021 fare revenues negatively impacted by COVID-19.

Source: NCTD Internal Financial Information



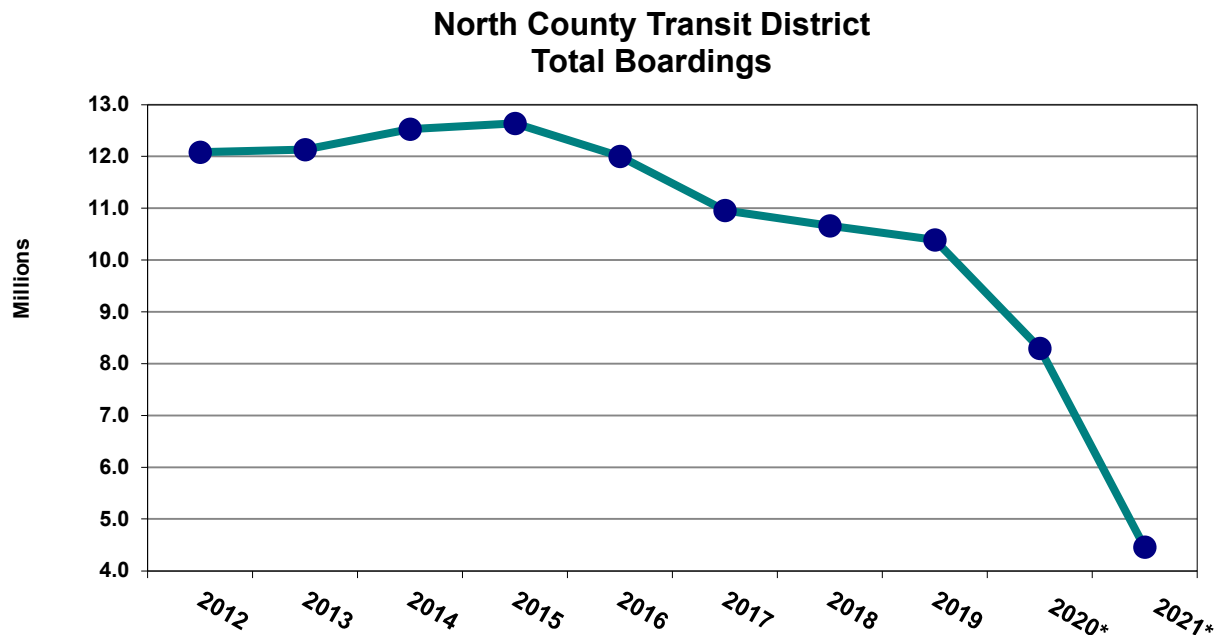
Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT  
PASSENGER BOARDINGS BY MODE  
LAST TEN FISCAL YEARS**

Fiscal Year	BREEZE Fixed Route	FLEX On Demand Bus Service *	LIFT ADA/ Paratransit	COASTER Commuter Train Service	SPRINTER Hybrid Rail Train Service	Total Boardings
2012	7,904,516	3,786	130,384	1,624,211	2,417,640	12,080,537
2013	8,339,239	18,690	145,039	1,629,196	2,000,888	12,133,052
2014	8,124,839	24,557	154,162	1,673,816	2,551,106	12,528,480
2015	8,018,531	25,705	184,845	1,641,525	2,769,686	12,640,292
2016	7,547,119	24,890	199,670	1,556,056	2,677,929	12,005,664
2017	6,731,930	20,704	202,173	1,454,865	2,549,053	10,958,725
2018	6,482,912	27,646	186,120	1,433,125	2,532,731	10,662,534
2019	6,372,715	32,443	168,818	1,408,677	2,408,961	10,391,614
2020*	5,135,360	30,813	116,437	944,109	2,066,091	8,292,810
2021*	2,990,643	21,547	57,427	162,707	1,225,435	4,457,759
<b>Change 2012-2021</b>	<b>(62.2)%</b>	<b>469.1%</b>	<b>(56.0)%</b>	<b>(90.0)%</b>	<b>(49.3)%</b>	<b>(63.1)%</b>

\* FY2020 & FY2021 passenger boardings negatively impacted by COVID-19.

Source: NCTD Internal Financial Information



Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT  
PASSENGER FARE RATES  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Fixed Route</b>										
One-way Fare										
Regular	\$ 2.50	\$ 2.50	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Senior/Disabled/Medicare	1.25	1.25	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Day Pass										
Regular	6.00	6.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50
Senior/Disabled/Medicare	3.00	3.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Youth	3.00	3.00	*	*	*	*	*	*	*	*
Monthly Calendar or Rolling 30-Day Pass	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Regional Day Pass										
Day Pass - Adult	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Day Pass - Senior/Disabled/Medicare/Youth	3.00	3.00	*	*	*	*	*	*	*	*
Premium Day Pass - Adult	12.00	12.00	12.00	*	*	*	*	*	*	*
Premium Day Pass - Senior/Disabled/Medicare/Youth	6.00	6.00	6.00	*	*	*	*	*	*	*
Region Plus Day Pass	*	*	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
COASTER Regional Day Pass - Adult	15.00	15.00	*	*	*	*	*	*	*	*
COASTER Regional Day Pass - Senior/Disabled/Medicare/Youth	7.50	7.50	*	*	*	*	*	*	*	*
Regional Monthly Calendar or Rolling 30-Day Pass										
Regular	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Youth	23.00	23.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Senior/Disabled/Medicare	23.00	23.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Regional Premium Monthly Calendar or Rolling 30-Day Pass										
Regular	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Youth	32.00	32.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Senior/Disabled/Medicare	32.00	32.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Regional 14 Day Pass	*	*	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
College Monthly Pass	**	**	49.00	49.00	49.00	49.00	49.00	49.00	49.00	49.00
<b>On Demand Bus Service</b>										
One-way Fare										
Regular	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Senior/Disabled/Medicare	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Youth	2.50	2.50	*	*	*	*	*	*	*	*
<b>ADA/Paratransit</b>										
One-way Fare	\$ 5.00	\$ 5.00	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50

Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT  
PASSENGER FARE RATES (continued)  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Commuter Train Service</b>										
ZONE 1										
One-way Fare										
Regular	\$ 5.00	\$ 5.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Senior/Disabled/Medicare	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Youth	2.50	2.50	*	*	*	*	*	*	*	*
Monthly Calendar or Rolling 30-Day Pass										
Regular	140.00	140.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
ZONE 2										
One-way Fare										
Regular	5.75	5.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Senior/Disabled/Medicare	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Youth	2.75	2.75	*	*	*	*	*	*	*	*
Monthly Calendar or Rolling 30-Day Pass										
Regular	161.00	161.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
ZONE 3										
One-way Fare										
Regular	6.50	6.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Senior/Disabled/Medicare	3.25	3.25	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Youth	3.25	3.25	*	*	*	*	*	*	*	*
Monthly Calendar or Rolling 30-Day Pass										
Regular	182.00	182.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00
Youth (all zones)	58.00	58.00	82.50	82.50	82.50	82.50	82.50	82.50	82.50	82.50
Senior/Disabled/Medicare (all zones)	58.00	58.00	41.25	41.25	41.25	41.25	41.25	41.25	41.25	41.25
<b>Hybrid Rail Train Service</b>										
One-way Fare										
Regular	\$ 2.50	\$ 2.50	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Senior/Disabled/Medicare	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Day Pass										
Regular	6.00	6.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50
Senior/Disabled/Medicare	3.00	3.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Monthly Pass	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Regional Day Pass										
Day Pass - Regular	\$ 6.00	\$ 6.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Day Pass - Senior/Disabled/Medicare/Youth	3.00	3.00	*	*	*	*	*	*	*	*
Premium Day Pass - Regular	12.00	12.00	*	*	*	*	*	*	*	*
Premium Day Pass - Senior/Disabled/Medicare/Youth	6.00	6.00	*	*	*	*	*	*	*	*
Region Plus Day Pass	*	*	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
COASTER Regional Day Pass - Regular	15.00	15.00	*	*	*	*	*	*	*	*
COASTER Regional Day Pass - Senior/Disabled/Medicare/Youth	7.50	7.50	*	*	*	*	*	*	*	*

## Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT  
PASSENGER FARE RATES (continued)  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Hybrid Rail Train Service (continued)</b>										
Regional Monthly Calendar or Rolling 30-Day Pass										
Regular	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Youth	23.00	23.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Senior/Disabled/Medicare	23.00	23.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Regional Premium Monthly Calendar or Rolling 30-Day Pass										
Regular	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Youth	32.00	32.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Senior/Disabled/Medicare	32.00	32.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Regional 14 Day Pass	*	*	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
College Monthly Pass	**	**	49.00	49.00	49.00	49.00	49.00	49.00	49.00	49.00

\* Fare product not offered

\*\* College Monthly Passes no longer have prescribed rates and are negotiated between the college/university and MTS.

*NOTE: The SANDAG Board of Directors approves the region's Comprehensive Fare Ordinance encompassing fares charged on all public transit vehicles in San Diego County operated by Metropolitan Transit System (MTS) and the North County Transit District (NCTD). All fare changes, including fare increases or changes in fare types, must be approved by the SANDAG Board of Directors or the Transportation Committee. Effective September 2019, the region enacted a new fare program and rate increase.*

**Source:** NCTD Rider's Guide



## Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT  
PRINCIPAL FARE REVENUE  
CURRENT YEAR, FIVE YEARS AGO AND TEN YEARS AGO**

	Fiscal Year 2021**		Fiscal Year 2016		Fiscal Year 2011	
	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue
BREEZE	\$ 2,526,843	44.3%	\$ 7,451,679	41.0%	\$ 7,896,229	46.4%
FLEX*	24,268	0.4%	66,114	0.4%	-	0.0%
LIFT	619,701	10.9%	776,194	4.3%	492,102	2.9%
COASTER	1,085,678	19.0%	6,877,549	37.9%	6,257,840	36.7%
SPRINTER	1,448,226	25.4%	2,975,565	16.4%	2,388,198	14.0%
Total Fare Revenue	<u>\$ 5,704,716</u>	<u>100.0%</u>	<u>\$ 18,147,101</u>	<u>100.0%</u>	<u>\$ 17,034,369</u>	<u>100.0%</u>

\* FLEX service began in June, 2012.

\*\* FY2021 fare revenues negatively impacted by COVID-19.

Source: NCTD Internal Financial Information

## Debt Capacity

**NORTH COUNTY TRANSIT DISTRICT  
RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS**

Fiscal Year	Certificates of Participation	Percentage of Personal Income*	Debt Per Capita*	Debt Per Passenger Boarding**
2012	\$32,900,000	0.09%	\$38.97	\$2.72
2013	\$31,775,000	0.08%	\$37.26	\$2.62
2014	\$30,575,000	0.07%	\$35.47	\$2.44
2015	\$29,350,000	0.07%	\$33.67	\$2.32
2016	\$28,075,000	0.06%	\$31.95	\$2.34
2017	\$26,750,000	0.05%	\$30.22	\$2.44
2018	\$25,550,000	0.05%	\$28.55	\$2.40
2019	\$24,300,000	0.04%	\$27.16	\$2.28
2020***	\$23,050,000	0.04%	\$25.56	\$2.78
2021***	\$21,750,000	0.04%	\$24.11	\$4.88

\* This ratio is calculated using personal income and population for the prior calendar year.

\*\* This ratio is calculated using ridership data for the current fiscal year.

\*\*\* FY2020 and FY2021 passenger boardings negatively impacted by COVID-19.

**Source:** NCTD Internal Financial Information

## Demographic and Economic Statistics

**NORTH COUNTY TRANSIT DISTRICT  
REGIONAL POPULATION AND PERSONAL INCOME STATISTICS  
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	San Diego County Unemployment Rate (3)	State Unemployment Rate (3)	US Unemployment Rate (4)
2011	844,192	\$38,584,640	\$45,706	9.7%	11.2%	9.6%
2012	852,740	\$39,908,232	\$46,800	10.0%	11.7%	8.9%
2013	861,912	\$42,853,403	\$49,719	7.5%	8.9%	7.5%
2014	871,660	\$44,854,752	\$51,459	5.5%	7.1%	6.2%
2015	878,823	\$46,839,508	\$53,298	5.0%	6.2%	5.3%
2016	885,084	\$49,895,725	\$56,374	4.1%	5.1%	4.9%
2017	894,852	\$51,823,564	\$57,913	4.0%	4.8%	4.4%
2018	901,849	\$55,360,903	\$61,386	3.3%	4.2%	3.9%
2019	906,645	\$57,779,579	\$63,729	3.2%	4.0%	3.7%
2020	902,178	\$57,494,902	\$63,729	9.2%	10.1%	8.1%

Note: *Per Capita Personal Income Data for 2020 is not yet available, therefore, 2019 data is the most current year available. NCTD will use 2019's Per Capital Personal Income for calculation. Population includes certain areas outside NCTD's Service Area that are part of North San Diego County.*

**Sources:** (1) SANDAG Data Surfer information for North County West and East Metropolitan Service Areas (MSA). Amount may differ from the geographic population of North San Diego County.  
 (2) U.S. Dept. of Commerce, Bureau of Economic Analysis, per capita personal income are the calendar year averages for San Diego Metropolitan Statistical Area.  
 (3) State of California Employment Development Department calendar year averages.  
 (4) US Bureau of Labor Statistics calendar year averages.

## Demographic and Economic Statistics (continued)

**NORTH COUNTY TRANSIT DISTRICT  
MAJOR EMPLOYERS WITHIN SERVICE AREA  
CURRENT YEAR AND NINE YEARS AGO**

2020				
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	65,500	4.24%	a
Vista Unified School District	2	3,039	0.20%	b
Palomar Medical Center	3	2,416	0.16%	c
San Marcos Unified School District	4	2,407	0.16%	d
ViaSat	5	2,345	0.15%	e
Legoland California LLC	6	2,300	0.15%	e
Tri City Medical Center	7	2,100	0.14%	f
Thermo Fischer Scientific (Life Technologies)	8	1,982	0.13%	e
Oceanside Unified School District	9	1,959	0.13%	g
Escondido Union School District	10	1,906	0.12%	c
Total San Diego County Labor Force		1,545,500		h

**Sources:**a [www.pendleton.marines.mil](http://www.pendleton.marines.mil)b *City of Vista, Annual Consolidated Financial Report FY20*c *City of Escondido, Annual Consolidated Financial Report FY20*d *City of San Marcos, Annual Consolidated Financial Report FY20*e *City of Carlsbad, Annual Consolidated Financial Report FY20*f *Tri City Medical Center website*g *Oceanside Unified School District website & City of Oceanside Annual Consolidated Financial Report FY20*h *State of California Employment Development Department:*<https://www.labormarketinfo.edd.ca.gov/geography/msa/san-diego-carlsbad.html>, July 1, 2021

2011				
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	4.58%	a
Palomar Pomerado Health	2	4,668	0.31%	a
San Onofre Nuclear Generating Station	3	2,600	0.17%	a
Oceanside Unified School District	4	2,560	0.17%	a
Callaway Golf Company	5	2,300	0.15%	a
Tri City Medical Center	6	2,200	0.14%	a
Pala Casino Resort and Spa	7	1,981	0.13%	a
Escondido Union School District	8	1,868	0.12%	a
DJO, Inc.	9	1,700	0.11%	a
Palomar College	10	1,626	0.11%	a
Total San Diego County Labor Force		1,527,500		b

**Sources:**a *The San Diego Daily Transcript, Sourcebook SANDAG, and employer website, as applicable*b *Total San Diego County labor force obtained from State of California Employment Development Department*

## Demographic and Economic Statistics (continued)

**NORTH COUNTY TRANSIT DISTRICT  
BUDGETED EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administrative Services	10.00	9.00	9.50	10.25	12.00	11.00	9.50	10.00	3.00	4.00
Bus Operations	5.00	7.00	6.00	6.00	6.00	7.00	8.00	8.00	17.00	8.00
Development Services	19.00	19.00	19.00	19.00	20.00	17.00	15.00	10.00	5.00	3.00
Finance	17.00	16.00	18.00	18.00	20.00	19.50	14.00	14.00	13.00	15.00
General Counsel	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	0.00	0.00
Information Technology	14.00	14.00	15.00	14.00	12.00	12.00	15.00	15.00	19.00	10.00
Office of the Executive Director	3.25	7.00	4.50	3.00	1.75	2.00	2.00	2.00	13.00	8.00
Operations - Rail	24.00	4.00	4.00	6.00	5.00	3.00	3.00	2.00	4.00	11.00
Operations Support Services	27.00	32.00	31.00	32.00	59.00	54.00	54.00	55.00	22.00	16.50
Planning, Strategy, and Innovation	8.25	8.25	8.25	7.00	12.75	13.00	11.00	13.00	14.00	14.00
Procurement and Contract Administration	7.00	7.00	8.00	8.00	7.00	8.00	13.00	13.00	5.00	6.00
Safety	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Total	145.50	134.25	134.25	134.25	166.50	157.50	153.50	151.00	119.00	99.50

*Note 1: As a result of several organizational structure changes, prior data has been restated to make it comparable to the current year. Readers of this schedule should be aware that a comparison of the information contained above does not lend itself to comparison with previously published documents.*

**Source:** NCTD Budget Documents

## Operating Information

**NORTH COUNTY TRANSIT DISTRICT  
OPERATING INDICATORS BY TRANSPORTATION MODE  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>FARE REVENUES (thousands)</b>										
BREEZE	\$ 2,527	\$ 5,286	\$ 6,525	\$ 6,465	\$ 6,396	\$ 7,452	\$ 8,274	\$ 8,240	\$ 8,777	\$ 7,994
FLEX	24	156	203	181	56	66	75	76	76	47
LIFT	620	680	715	743	788	776	687	568	554	522
COASTER	1,086	4,334	5,674	5,453	6,453	6,878	7,401	7,627	7,223	6,955
SPRINTER	1,448	2,386	2,702	2,750	2,693	2,976	3,002	2,764	2,280	2,651
<b>TOTAL</b>	<b>\$ 5,705</b>	<b>\$ 12,842</b>	<b>\$ 15,819</b>	<b>\$ 15,592</b>	<b>\$ 16,386</b>	<b>\$ 18,148</b>	<b>\$ 19,439</b>	<b>\$ 19,275</b>	<b>\$ 18,910</b>	<b>\$ 18,169</b>
<b>OPERATING COSTS (thousands) (a)</b>										
BREEZE	\$ 45,239	\$ 44,550	\$ 43,247	\$ 48,251	\$ 49,327	\$ 45,614	\$ 42,582	\$ 42,128	\$ 41,048	\$ 41,101
FLEX	2,387	2,246	1,985	1,265	735	637	605	617	510	324
LIFT	9,679	9,521	10,483	10,149	9,504	8,434	7,402	4,789	3,932	3,335
COASTER	24,012	21,211	19,969	17,049	18,653	17,386	20,212	19,607	18,792	17,628
SPRINTER	22,497	22,985	21,562	19,789	15,423	16,309	16,175	15,064	14,725	13,805
<b>TOTAL</b>	<b>\$ 103,814</b>	<b>\$ 100,513</b>	<b>\$ 97,246</b>	<b>\$ 96,503</b>	<b>\$ 93,642</b>	<b>\$ 88,380</b>	<b>\$ 86,976</b>	<b>\$ 82,205</b>	<b>\$ 79,007</b>	<b>\$ 76,193</b>
<b>FARE REVENUE TO OPERATING COSTS (b)</b>										
BREEZE	5.6%	11.9%	15.1%	13.4%	13.0%	16.3%	19.4%	19.6%	21.4%	19.4%
FLEX	1.0%	6.9%	10.2%	14.3%	7.7%	10.4%	12.4%	12.3%	15.0%	14.4%
LIFT	6.4%	7.1%	6.8%	7.3%	8.3%	9.2%	9.3%	11.9%	14.1%	15.7%
COASTER	4.5%	20.4%	28.4%	32.0%	34.6%	39.6%	36.6%	38.9%	38.4%	39.5%
SPRINTER	6.4%	10.4%	12.5%	13.9%	17.5%	18.2%	18.6%	18.3%	15.5%	19.2%
<b>SYSTEM</b>	<b>5.5%</b>	<b>12.8%</b>	<b>16.3%</b>	<b>16.2%</b>	<b>17.5%</b>	<b>20.5%</b>	<b>22.3%</b>	<b>23.4%</b>	<b>23.9%</b>	<b>23.8%</b>

(a) Operating costs exclude interest, depreciation, GASB68 actuarial, gain/loss on disposal and other non-cash expenses.

(b) Fare revenues divided by operating costs. FY2021 and FY2020 fare revenues were negatively impacted by COVID-19.

Source: NCTD Internal Financial Information

## Operating Information (continued)

**NORTH COUNTY TRANSIT DISTRICT  
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>FAREBOX RECOVERY RATIO (c)</b>										
BREEZE	5.7%	11.9%	15.2%	13.4%	13.0%	N/A	N/A	N/A	N/A	N/A
FLEX	1.0%	7.6%	10.2%	14.4%	7.7%	N/A	N/A	N/A	N/A	N/A
LIFT	6.6%	7.1%	6.8%	7.3%	8.3%	N/A	N/A	N/A	N/A	N/A
COASTER	4.8%	20.6%	29.5%	32.7%	35.0%	N/A	N/A	N/A	N/A	N/A
SPRINTER	7.4%	11.0%	13.3%	14.9%	19.2%	N/A	N/A	N/A	N/A	N/A
FIXED ROUTE	5.7%	13.6%	17.9%	17.6%	18.9%	N/A	N/A	N/A	N/A	N/A
PARATRANSIT	6.6%	7.1%	6.8%	7.3%	8.3%	N/A	N/A	N/A	N/A	N/A
SYSTEM	5.8%	13.0%	16.7%	16.5%	17.8%	N/A	N/A	N/A	N/A	N/A

(c) Fare revenue divided by operating costs and deducting exclusions allowed under Public Utilities Code 99268.17.  
FY2021 and FY2020 fare revenues were negatively impacted by COVID-19.

Source: NCTD Internal Financial Information

## Operating Information (continued)

**NORTH COUNTY TRANSIT DISTRICT  
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>PASSENGERS (thousands) (a)</b>										
BREEZE	2,991	5,135	6,373	6,483	6,732	7,547	8,019	8,125	8,339	7,905
FLEX	22	31	32	28	21	25	26	25	19	4
LIFT	57	117	169	186	202	200	185	154	145	130
COASTER	163	944	1,409	1,433	1,455	1,556	1,641	1,673	1,629	1,624
SPRINTER	1,225	2,066	2,409	2,533	2,549	2,678	2,769	2,551	2,001	2,418
TOTAL	4,458	8,293	10,392	10,663	10,959	12,006	12,640	12,528	12,133	12,081
<b>REVENUE PER PASSENGER</b>										
BREEZE	\$ 0.84	\$ 1.03	\$ 1.02	\$ 1.00	\$ 0.95	\$ 0.99	\$ 1.03	\$ 1.01	\$ 1.05	\$ 1.01
FLEX	1.09	5.03	6.25	6.55	2.72	2.66	2.87	3.04	4.02	12
LIFT	10.88	5.81	4.24	3.99	3.90	3.89	3.71	3.69	3.82	4.02
COASTER	6.66	4.59	4.03	3.81	4.44	4.42	4.51	4.56	4.43	4.28
SPRINTER	1.18	1.15	1.12	1.09	1.06	1.11	1.08	1.08	1.14	1.10
SYSTEM	\$ 1.28	\$ 1.55	\$ 1.52	\$ 1.46	\$ 1.50	\$ 1.51	\$ 1.54	\$ 1.54	\$ 1.56	\$ 1.50
<b>COST PER PASSENGER</b>										
BREEZE	\$ 15.13	\$ 8.68	\$ 6.79	\$ 7.44	\$ 7.33	\$ 6.04	\$ 5.31	\$ 5.19	\$ 4.92	\$ 5.20
FLEX	108.50	72.45	61.18	45.75	35.52	25.59	23.26	24.69	26.85	81
LIFT	169.81	81.38	62.10	54.53	47.01	42.24	40.01	31.10	27.12	25.65
COASTER	147.31	22.47	14.18	11.90	12.82	11.17	12.32	11.72	11.54	10.85
SPRINTER	18.36	11.13	8.95	7.81	6.05	6.09	5.84	5.91	7.36	5.71
SYSTEM	\$ 23.29	\$ 12.12	\$ 9.36	\$ 9.05	\$ 8.54	\$ 7.36	\$ 6.88	\$ 6.56	\$ 6.51	\$ 6.31

(a) FY2021 and FY2020 passenger boardings negatively impacted by COVID-19.

Source: NCTD Internal Financial Information



## Operating Information (continued)

**NORTH COUNTY TRANSIT DISTRICT  
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>REVENUE HOURS (thousands)</b>										
BREEZE	420.4	424.6	424.0	448.7	478.1	462.0	462.6	437.2	445.7	390.1
FLEX	17.3	17.0	16.5	16.5	7.6	8.5	8.3	7.7	4.2	2.4
LIFT	37.5	62.2	94.0	115.3	119.4	116.4	112.6	75.3	66.3	62.0
COASTER*	3.8	6.0	6.9	6.9	6.9	6.9	7.0	7.0	6.9	6.9
SPRINTER	23.5	23.6	23.7	23.5	23.4	23.6	23.5	23.5	18.9	23.3
TOTAL	502.5	533.4	565.1	610.9	635.4	617.4	614.0	550.7	542.0	484.7
<b>REVENUE PER REVENUE HOUR</b>										
BREEZE	\$ 6.01	\$ 12.45	\$ 15.39	\$ 14.41	\$ 13.38	\$ 16.13	\$ 17.89	\$ 18.85	\$ 19.69	\$ 20.49
FLEX	1.39	9.18	12.33	10.97	7.38	7.80	9.01	9.93	18.18	19.51
LIFT	16.53	10.93	7.61	6.44	6.60	6.67	6.10	7.54	8.36	8.43
COASTER	285.79	722.33	818.10	790.30	940.53	994.87	1,057.22	1,089.62	1,046.78	1,008.04
SPRINTER	61.62	101.10	114.17	117.02	115.12	126.16	127.76	117.60	120.64	113.78
SYSTEM	\$ 11.35	\$ 24.08	\$ 28.00	\$ 25.52	\$ 25.79	\$ 29.39	\$ 31.66	\$ 35.00	\$ 34.89	\$ 37.49
<b>COST PER REVENUE HOUR</b>										
BREEZE	\$ 107.61	\$ 104.92	\$ 102.00	\$ 107.54	\$ 103.17	\$ 98.74	\$ 92.05	\$ 96.36	\$ 92.10	\$ 105.36
FLEX	137.98	132.12	120.62	76.66	96.35	75.13	72.85	80.67	121.48	135.04
LIFT	258.11	153.07	111.53	88.02	79.59	72.43	65.74	63.60	59.31	53.79
COASTER	6,318.95	3,535.17	2,879.08	2,470.89	2,718.71	2,515.00	2,887.49	2,800.97	2,723.52	2,554.85
SPRINTER	957.32	973.94	911.04	842.09	659.40	691.48	688.29	641.01	779.12	592.48
SYSTEM	\$ 206.60	\$ 188.44	\$ 172.10	\$ 157.97	\$ 147.37	\$ 143.15	\$ 141.65	\$ 149.29	\$ 145.77	\$ 157.20

\* Based on running time; does not include layover. May differ from National Transit Database reports.

Source: NCTD Internal Financial Information

## Operating Information (continued)

**NORTH COUNTY TRANSIT DISTRICT  
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>REVENUE VEHICLE MILES (thousands)</b>										
BREEZE	5,057	5,090	5,076	5,222	5,590	5,561	5,626	5,522	5,672	5,198
FLEX	314	313	306	245	109	120	118	100	81	55
LIFT	685	1,078	1,593	1,815	1,995	2,028	1,979	1,400	1,176	1,026
COASTER	146	230	270	272	271	274	277	277	277	278
SPRINTER	517	519	517	517	519	519	518	518	418	514
TOTAL	6,719	7,230	7,762	8,071	8,484	8,502	8,518	7,817	7,624	7,071
<b>REVENUE PER REVENUE MILE</b>										
BREEZE	\$ 0.50	\$ 1.04	\$ 1.29	\$ 1.24	\$ 1.14	\$ 1.34	\$ 1.47	\$ 1.49	\$ 1.55	\$ 1.54
FLEX	0.08	0.50	0.66	0.74	0.52	0.55	0.63	0.76	0.94	0.85
LIFT	0.91	0.63	0.45	0.41	0.40	0.38	0.35	0.41	0.47	0.51
COASTER	7.44	18.84	20.99	20.05	23.78	25.13	26.72	27.54	26.08	25.02
SPRINTER	2.80	4.60	5.23	5.32	5.19	5.74	5.80	5.34	5.45	5.16
SYSTEM	\$ 0.85	\$ 1.78	\$ 2.04	\$ 1.93	\$ 1.93	\$ 2.13	\$ 2.28	\$ 2.47	\$ 2.48	\$ 2.57
<b>COST PER REVENUE MILE</b>										
BREEZE	\$ 8.95	\$ 8.75	\$ 8.52	\$ 9.24	\$ 8.82	\$ 8.20	\$ 7.57	\$ 7.63	\$ 7.24	\$ 7.91
FLEX	7.60	7.18	6.49	5.16	6.77	5.31	5.12	6.17	6.30	5.89
LIFT	14.13	8.83	6.58	5.59	4.76	4.16	3.74	3.42	3.34	3.25
COASTER	164.47	92.22	73.85	62.68	68.73	63.54	72.97	70.78	67.84	63.41
SPRINTER	43.51	44.29	41.73	38.28	29.72	31.43	31.23	29.08	35.23	26.86
SYSTEM	\$ 15.45	\$ 13.90	\$ 12.53	\$ 11.96	\$ 11.04	\$ 10.40	\$ 10.21	\$ 10.52	\$ 10.36	\$ 10.78

Source: NCTD Internal Financial Information

## Operating Information (continued)

**NORTH COUNTY TRANSIT DISTRICT  
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)  
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>PASSENGER MILES (thousands) (a)</b>										
BREEZE	12,970	22,100	27,431	27,892	28,939	37,794	38,534	41,054	39,706	37,518
FLEX	93	120	161	123	242	290	302	743	567	397
LIFT	774	1,889	2,581	2,100	2,707	2,748	2,350	1,935	1,626	1,418
COASTER	4,303	24,963	37,232	37,903	38,461	43,773	45,886	48,708	44,875	44,592
SPRINTER	8,939	15,992	20,677	21,730	21,868	23,329	24,355	22,178	18,103	21,210
TOTAL	27,079	65,064	88,082	89,748	92,217	107,934	111,427	114,618	104,877	105,135
<b>PASSENGERS PER REVENUE MILE</b>										
BREEZE	0.59	1.01	1.26	1.24	1.20	1.36	1.43	1.47	1.47	1.52
FLEX	0.07	0.10	0.11	0.11	0.19	0.21	0.22	0.25	0.23	0.07
LIFT	0.08	0.11	0.11	0.10	0.10	0.10	0.09	0.11	0.12	0.13
COASTER	1.12	4.10	5.21	5.27	5.36	5.69	5.92	6.04	5.88	5.84
SPRINTER	2.37	3.98	4.66	4.90	4.91	5.16	5.35	4.92	4.79	4.70
SYSTEM	0.66	1.15	1.34	1.32	1.29	1.41	1.48	1.60	1.59	1.71
<b>SUBSIDY PER PASSENGER</b>										
BREEZE	\$ 14.28	\$ 7.65	\$ 5.76	\$ 6.45	\$ 6.38	\$ 5.06	\$ 4.28	\$ 4.17	\$ 3.87	\$ 4.19
FLEX	107.41	67.42	54.93	39.21	32.80	22.93	20.38	21.65	22.83	69.32
LIFT	158.93	75.56	57.86	50.54	43.11	38.35	36.30	27.41	23.30	21.64
COASTER	140.65	17.88	10.15	8.09	8.39	6.75	7.81	7.16	7.10	6.57
SPRINTER	17.18	9.97	7.83	6.73	4.99	4.98	4.76	4.82	6.22	4.61
SYSTEM	\$ 22.01	\$ 10.57	\$ 7.84	\$ 7.59	\$ 7.05	\$ 5.85	\$ 5.34	\$ 5.02	\$ 4.95	\$ 4.80

(a) FY2021 and FY2020 passenger boardings negatively impacted by COVID-19.

Source: NCTD Internal Financial Information

## Capital Asset Statistics

**NORTH COUNTY TRANSIT DISTRICT  
CAPITAL ASSET STATISTICS BY FUNCTION AND TRANSPORTATION MODE  
LAST TEN FISCAL YEARS**

Function/Mode	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>REVENUE VEHICLES</b>										
<b>BREEZE</b>										
Number of Buses	152	152	152	156	163	164	164	164	158	146
Total Miles	5,703,626	5,775,977	5,787,927	5,942,629	6,279,177	6,264,528	6,318,860	6,181,031	6,355,769	5,842,776
Number of Trips	412,981	413,240	411,198	422,756	457,517	462,571	468,513	452,991	448,864	443,008
<b>FLEX</b>										
Number of Vehicles	11	9	10	15	8	8	8	8	5	5
Total Miles	331,156	329,927	326,102	269,206	133,673	147,160	147,675	110,504	80,636	72,384
Number of Trips	15,354	14,834	14,227	12,565	12,736	15,178	14,981	15,947	13,118	4,822
<b>LIFT</b>										
Number of Vehicles	46	53	52	54	53	53	53	44	88	136
Total Miles	826,351	1,262,750	1,888,532	2,155,682	2,339,137	2,258,758	2,458,596	1,571,406	1,175,839	1,339,913
Number of Trips	52,287	108,468	154,403	172,285	184,937	180,207	170,843	142,511	137,464	123,689
<b>COASTER</b>										
Number of Vehicles	35	35	35	35	35	35	35	35	35	35
Total Miles	155,689	243,076	286,692	288,253	287,990	290,075	292,668	293,964	292,916	293,527
Number of Trips	3,580	5,633	6,616	6,635	6,647	6,662	6,737	6,761	6,746	6,775
<b>SPRINTER</b>										
Number of Vehicles	12	12	12	12	12	12	12	12	12	12
Total Miles	520,111	522,540	519,731	518,986	520,886	520,809	519,761	519,618	419,440	515,196
Number of Trips	23,673	23,779	23,612	23,590	23,667	23,933	23,603	23,611	19,034	23,334

Source: NCTD Internal Financial Information

## Capital Asset Statistics (continued)

**NORTH COUNTY TRANSIT DISTRICT  
CAPITAL ASSET STATISTICS BY FUNCTION AND TRANSPORTATION MODE (continued)  
LAST TEN FISCAL YEARS**

Function/Mode	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>FACILITIES</b>										
Administrative Offices	2	2	2	2	2	2	2	2	2	2
Maintenance Facilities	4	4	4	4	4	4	4	4	4	4
Transit Centers	7	7	7	7	7	7	7	7	7	7
Commuter Rail Stations	8	8	8	8	8	8	8	8	8	8
Hybrid Rail Stations	15	15	15	15	15	15	15	15	15	15

**Source:** NCTD Internal Financial Information

## Industry Comparative Statistics

Transportation Mode/Operator	Vehicle Revenue Miles (000's)	Vehicle Revenue Hours (000's)	Total Passengers (000's)	Passenger Miles (000's)	Passenger per Revenue Mile	Passenger per Revenue Hour	Total Operating Expenses (000's) *	Operating Expenses per Revenue Mile	Operating Expenses per Passenger	Total Fare Revenues (000's)	Fare Revenue per Passenger	Farebox Ratio
<b>MOTOR BUS</b>												
City of Albuquerque Transit	4,508	339	6,824	24,138	1.51	20.13	\$ 39,368	\$ 8.73	\$ 5.77	\$ 2,465	\$ 0.36	6.3%
Fort Worth Transportation Authority	4,958	378	3,898	16,092	0.79	10.31	47,021	9.48	12.06	4,102	1.05	8.7%
San Mateo County Transit District	6,891	660	8,954	35,650	1.30	13.57	145,417	21.10	16.24	11,009	1.23	7.6%
Riverside Transit	8,036	588	6,372	45,627	0.79	10.84	65,274	8.12	10.24	7,052	1.11	10.8%
Santa Cruz Transit	1,967	160	3,344	14,097	1.70	20.90	37,627	19.13	11.25	5,913	1.77	15.7%
Spokane Transit	6,170	448	5,818	24,658	0.94	12.99	57,350	9.29	9.86	4,649	0.80	8.1%
<b>North County Transit District**</b>	<b>5,403</b>	<b>442</b>	<b>5,166</b>	<b>22,232</b>	<b>0.96</b>	<b>11.69</b>	<b>\$ 46,643</b>	<b>\$ 8.63</b>	<b>\$ 9.03</b>	<b>\$ 5,442</b>	<b>\$ 1.05</b>	<b>11.7%</b>
<b>DEMAND RESPONSE</b>												
City & County of San Francisco	1,329	185	309	2,106	0.23	1.67	\$ 22,767	\$ 17.13	\$ 73.68	\$ 775	\$ 2.51	3.4%
Central Contra Costa	824	57	110	1,292	0.13	1.93	5,893	7.15	53.57	398	3.62	6.8%
City of Fresno	928	86	171	1,202	0.18	1.99	7,345	7.91	42.95	281	1.64	3.8%
San Diego Metropolitan Transit System	2,715	153	283	3,784	0.10	1.85	13,298	4.90	46.99	1,284	4.54	9.7%
Dallas Area Rapid Transit	1,843	144	233	1,708	0.13	1.62	14,725	7.99	63.20	531	2.28	3.6%
<b>North County Transit District***</b>	<b>1,078</b>	<b>62</b>	<b>117</b>	<b>1,889</b>	<b>0.11</b>	<b>1.89</b>	<b>\$ 9,522</b>	<b>\$ 8.83</b>	<b>\$ 81.38</b>	<b>\$ 681</b>	<b>\$ 5.82</b>	<b>7.2%</b>
<b>COMMUTER RAIL ****</b>												
Rio Metro Regional Transit District	948	25	516	24,053	0.54	20.64	\$ 29,520	\$ 31.14	\$ 57.21	\$ 1,344	\$ 2.60	4.6%
South Florida Regional Transp Authority	3,159	113	3,522	95,675	1.11	31.17	92,526	29.29	26.27	9,545	2.71	10.3%
Virginia Railway Express	2,146	70	3,222	97,935	1.50	46.03	77,957	36.33	24.20	34,702	10.77	44.5%
<b>North County Transit District</b>	<b>1,187</b>	<b>37</b>	<b>944</b>	<b>24,963</b>	<b>0.80</b>	<b>25.51</b>	<b>\$ 21,274</b>	<b>\$ 17.92</b>	<b>\$ 22.54</b>	<b>\$ 4,127</b>	<b>\$ 4.37</b>	<b>19.4%</b>
<b>HYBRID ****</b>												
New Jersey Transit	1,237	50	2,173	33,820	1.76	43.46	\$ 32,290	\$ 26.10	\$ 14.86	\$ 1,715	\$ 0.79	5.3%
Capital Metropolitan Transportation	532	22	378	5,491	0.71	17.18	22,536	42.36	59.62	748	1.98	3.3%
Denton County Transportation Authority	564	26	221	3,040	0.39	8.50	14,087	24.98	63.74	478	2.16	3.4%
Tri-County Transportation District of Oregon	142	6	272	2,232	1.92	45.33	7,671	54.02	28.20	219	0.81	2.9%
<b>North County Transit District</b>	<b>653</b>	<b>30</b>	<b>2,066</b>	<b>15,992</b>	<b>3.16</b>	<b>68.87</b>	<b>\$ 23,491</b>	<b>\$ 35.97</b>	<b>\$ 11.37</b>	<b>\$ 2,386</b>	<b>\$ 1.15</b>	<b>10.2%</b>

\* Adjustments have been made to operating expenses in accordance with National Transit Database (NTD) guidelines. Operating expenses for NTD reporting will not agree to operating expenses as shown in Operating Information.

\*\* Motor Bus for NCTD as reported to NTD is comprised of BREEZE Fixed Route and FLEX Routes 371,392,395.

\*\*\* Demand Response for NCTD as reported to NTD is comprised of FLEX Route 372 and ADA/Paratransit Service.

\*\*\*\* Vehicle revenue miles and revenue hours for rail services are compared based on car miles and hours and will not agree with miles and hours as shown in Operating Information.

Source: Based on FY19 passengers carried, agencies were selected for comparison using the NTD Database, 2020 data.