NORTH COUNTY TRANSIT DISTRICT

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2022 and 2021

Prepared by: Finance Division, North County Transit District

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WHO WE ARE

North County Transit District's services are a vital part of San Diego's regional transportation network. During fiscal year 2019, prior to the effects on ridership caused by the COVID-19 pandemic, NCTD moved approximately 10.4 million passengers 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 and 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**

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Introductory Section (Unaudited)

NORTH COUNTY TRANSIT DISTRICT

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December 29, 2022

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, 2022. 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 2022 (FY2022) and fiscal year 2021 (FY2021).

NCTD Governance

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. On January 1, 2003, a state law was enacted (SB 1703) that essentially transferred future transit planning, programming, development, and capacity enhancing construction projects to the San Diego Association of Governments (SANDAG), San Diego County's Regional Planning Agency. In January 2006, the North San Diego County Transit Development Board was renamed as the North County Transit District. The operations of NCTD are governed by 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.

Operations, Services and Activities

During FY2021 and FY2022, NCTD contracted with MV Transportation, Inc. for the provision of fixed-route bus (BREEZE), deviated fixed-route and point-deviated fixed-route (FLEX), and Americans with Disability Act of 1990 (ADA) paratransit (LIFT) public transit services. FLEX on-demand service ended in FY2022 with the discontinuation of FLEX Route 372 on October 25, 2021. During FY2021 and through June 25, 2022, NCTD contracted with Bombardier Transportation (Holdings) USA, Inc. (Bombardier) for the provision of commuter rail (COASTER) and hybrid rail (SPRINTER) public transit services.

On April 22, 2021, NCTD's Board of Directors authorized the insourcing of train operations, maintenance of equipment for COASTER and SPRINTER, and facilities maintenance over fiscal years 2022 and 2023 to improve accountability, performance, and efficiency. Therefore, effective on June 26, 2022, the first phase of the transition took place by bringing in-house rail operations and rail equipment maintenance. Facilities maintenance, maintenance-of-way, and signal functions will be insourced at the end of fiscal year 2023 (FY2023).

For FY2022, NCTD had 145.5 budgeted full-time equivalents (FTEs) to support operations, safety and security, customer service, engineering, technology, and other administrative and support functions. Additionally, there were 493 budgeted contracted FTEs with MV Transit, 151 budgeted contracted FTEs with Bombardier for rail operations and maintenance, and 41 budgeted contracted FTEs with Bombardier for facilities maintenance. The number of NCTD employees was budgeted to increase at the end of FY2022 to 257.5 FTEs as result of the insourcing of rail operations, rail equipment maintenance, and support staff, of which 120 contracted employees with Bombardier transitioned to NCTD in late FY2022.

Economic and Funding Outlook

The COVID-19 pandemic caused sharp declines to customer revenues and ridership to NCTD and other transit agencies. The COVID-19 pandemic impacted consumer behavior; mobility data across the San Diego region showed people spending more time at home either for leisure or from working at home. Although ridership has not recovered to pre-pandemic levels, in FY2022, customer ridership and customer revenue continued the steady recovery that started in June 2021 when the Governor terminated the Stay-at-Home-Order that was in place since March 2020. FY2022 ridership was higher by 33% compared to FY2021, where the most significant recovery in ridership was for COASTER service (with additional riders from the expanded COASTER service that started in October 2021), which was higher by 262% compared to FY2021.

Despite lingering impacts of the COVID-19 pandemic, sales tax revenue collections experienced robust growth in the first half of FY2022. The continued growth partly resulted from the COVID-19-related surge of online sales, the higher-than-expected spending on taxable items as a result of public income support (stimulus check and supplemental unemployment benefits), the fast recovery in high-paying jobs, and the strong stock market. Sales tax collections in FY2022 exceeded initial forecasts; NCTD's FY2022 allocation of Transportation Development Act (TDA) and TransNet funds were higher by $11 million (27.3%) and $3.4 million (23.3%), respectively, compared to FY2021.

The CARES Act that was signed in March 2020, provided a total of $25 billion 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 San Diego 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. Funding from CARES Act was provided at a100% 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.

The American Rescue Plan Act (ARPA) 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. The ARPA 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. Funding from ARPA 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. Eligible costs follow the same criteria as the CARES Act requirements.

CARES Act and ARPA funds were significant sources of funding for NCTD during FY2022 and FY2021. During FY2022, NCTD expended $31.9 million of CARES Act and $15.7 million of ARPA funds. During FY2021, NCTD expended $39.5 million of CARES Act funds.

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 46.0% of NCTD's total operating revenues and 36.6% of NCTD's capital revenues during FY2022.

State and local sales taxes revenue are 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. 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. In addition, beginning in late October 2021, NCTD became eligible to receive TransNet 8.1% funding for COASTER frequency increases to 30 daily weekday trains and 20 daily weekend trains. TDA and TransNet revenues comprised 27.0% and 21.2%, respectively, of NCTD's operating revenues during FY2022.

Financial Health

NCTD's budget policies are governed by NCTD Board Policy No. 17 - *Budget Development*. This policy ensures that proper procedures and controls are followed in the development and implementation of the annual operating budget and capital improvement program. NCTD must adopt an annual balanced budget where total revenues are equal to or exceed total expenses; one-time revenues generally should be used for one-time expenses or capital investments; and short-term and long-term debt may be used for valid business reasons including temporary cash flow, emergency shortfalls, and urgent unfunded capital improvements, provided the Board reviews an analysis of the fiscal effect of the debt on District operations and adopts the debt by resolution.

NCTD's FY2022 operating expenses were under budget by $13.5 million (excluding the defined benefit plan unfunded accrued liability payment, which is not included in the operating budget). Budget savings were utilized to fund capital investments. During FY2022, 50.5% 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.

NCTD had cash and investments of $75.2 million as of June 30, 2022 and maintained the minimum cash reserve required by Board Policy No. 10 *Cash Reserve Funds*. NCTD has established and maintains a minimum cash reserve fund of $15 million or fifteen (15) percent of the annually budgeted operating expenditures and an additional $3.55 million cash reserve fund for self-insured retention.

Long-Term Financial Planning and Contingency Planning

Each year, NCTD develops its operating budget and 5-Year year Capital Improvement Program (CIP) 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 includes a 5-Year Plan that provides a long-term outlook of the District's major cost drivers and available funding sources. NCTD also provides three forecasts for the next ten fiscal years with revenue and expense assumptions primarily driven by low, medium, and high grant revenue forecasts. The most recent FY2023 to Fiscal Year 2027 (FY2027) 5-Year Plan forecasts that NCTD will achieve balanced operating budgets in the next five years.

NCTD's capital budget for FY2023 is $48.6 million, exceeding the Board's annual capital investment goal of $15 million. The award of discretionary grants is critical as current dedicated funding sources are insufficient to meet NCTD's annual needs for capital investment. NCTD develops an annual discretionary grants strategy to highlight capital needs and prioritize and focus the pursuit of grant opportunities.

NCTD's pension plan is funded at 81.62% as of the measurement period ended June 30, 2021, an increase from 70.76% for the measurement period ended June 30, 2020. NCTD has fully met its annual actuarially determined contributions each year since fiscal year 2009. Beginning in FY2022, NCTD began 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, which based on the July 2020 CalPERS valuation report would result in approximately $10.4 million in interest savings.

Major Initiatives

Each year, NCTD staff, its Board, customers, and key stakeholders identify areas of focus for the District. NCTD aligns its key business activities and initiatives with these identified objectives to ensure that budget, personnel, and business activities support the strategic direction and goals of the District. 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. Below are some of the initiatives that were advanced during FY2022:

Oceanside Transit Center Transit-Oriented Development. 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 entitlement phase with the City of Oceanside. Entitlements and regulatory approvals are anticipated to take 1-2 years.

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 FY2022 and NCTD is advancing the procurement for horizontal electronic signage for COASTER and SPRINTER platforms.

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 implemented 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.

Implementation of New Regional Fare System. In coordination with 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.

San Diego Sub-Division Signal Modernization. NCTD 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 is being implemented over the course of four years from FY2022 through fiscal year 2025 (FY2025).

Design and Construction of the Convention Center Platform. In December 2020, NCTD and 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 dedicated station at the Convention Center. In March 2022, an agreement was executed with BNSF for the finalization of engineering design; BNSF is currently advancing the project to 60% design.

Zero Emission Bus (ZEB) 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. NCTD completed the project study reports and master plans for required modifications to the BREEZE Operations Bus Maintenance Facilities in Escondido and Oceanside that will support the transition to ZEBs.

The infrastructure design for a pilot of six (6) battery electric buses was completed and the charging equipment is scheduled to be received and installed in FY2023. In November 2021, NCTD was awarded funding from the California Energy Commission for the design-build of the infrastructure to support a second pilot for twenty-five (25) hydrogen fuel cell electric buses.

BREEZE Speed and Reliability Study. NCTD received funding from the California Department of Transportation (Caltrans) to complete a phased infrastructure and technology implementation plan that will support improved BREEZE bus speed and reliability for ten (10) high-priority BREEZE corridors. The completion of this plan and phased implementation will support NCTD's ambitious 5-Year Plan to increase frequency on its core BREEZE bus network to provide fast, frequent, and reliable service on its highest ridership routes combined with shifting lower ridership routes to on-demand service. During FY2022, preliminary assessments and identification of potential improvements were in progress; results will be shared in FY2023 with each jurisdiction in the service area.

SPRINTER Corridor 15-Minute Headways Project Study Report (PSR). This study builds from a previous LOSSAN Optimization Study that sought to develop new service alternatives that would improve connectivity to the wider LOSSAN network and develop infrastructure needs to support service development. As a result of the study, it was determined that the SPRINTER corridor could be improved to allow for 15-minute headways through developing 9.5 miles of double track. The PSR was completed in FY2022 and NCTD staff is collaborating with CalTrans to evaluate potential opportunities for further improving service reliability and safety through realignment of the State Route 78 (SR-78) flyover bridge and double tracking to Nordahl Road.

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. The train sets are in the manufacturing process and are scheduled to be received in late FY2023/early FY2024.

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

Jewel Edson
Council Member, City of Solana Beach

Board Chair
Chair of Executive Committee

Member of SANDAG Board of Directors
Member of SANDAG Transportation Committee
(1st Alternate)
Vice-Chair of LOSSAN Corridor Board of Directors
Member of LOSSAN Corridor Executive Committee

Dan Quirk
Council Member, City of Del Mar

Member of Performance, Administration, and Finance Committee

Paul McNamara
Mayor, City of Escondido

Member of Marketing, Service Planning, and Business Development Committee

Member of SANDAG Regional Planning Committee

Jim Desmond
District 5 Supervisor,
County of San Diego

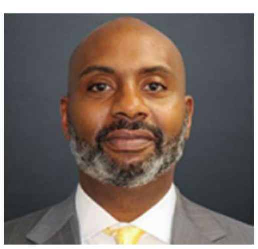
Vice-Chair of Marketing, Service Planning, and Business Development Committee

Corinna Contreras
Council Member, City of Vista

Chair of Marketing, Service Planning, and Business Development Committee

Member of Executive Committee

Member of SANDAG Board of Directors
(2nd Alternate)
Member of SANDAG Transportation Committee
(2nd Alternate)



Matthew O. Tucker
Executive Director
North County Transit District

Priya Bhat-Patel
Council Member, City of Carlsbad

Board Vice-Chair
Chair of Performance, Administration, and Finance Committee

Member of SANDAG Transportation Committee
Member of SANDAG Board of Directors
(1st Alternate)

Kellie Hinze
Council Member, City of Encinitas

Member of Performance, Administration, and Finance Committee

Member of LOSSAN Corridor Board of Directors
(Alternate)

Christopher Rodriguez
Council Member, City of Oceanside

Member of Marketing, Service Planning, and Business Development Committee

Sharon Jenkins
Mayor Pro Tem, City of San Marcos

Vice-Chair of Performance, Administration, and Finance Committee

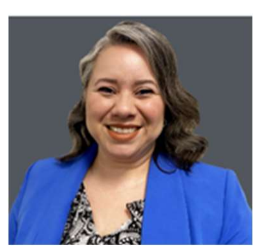
Member of Executive Committee

Member of SANDAG Regional Planning Committee
(Alternate)

Stephen Whitburn
Council Member, District 3
City of San Diego

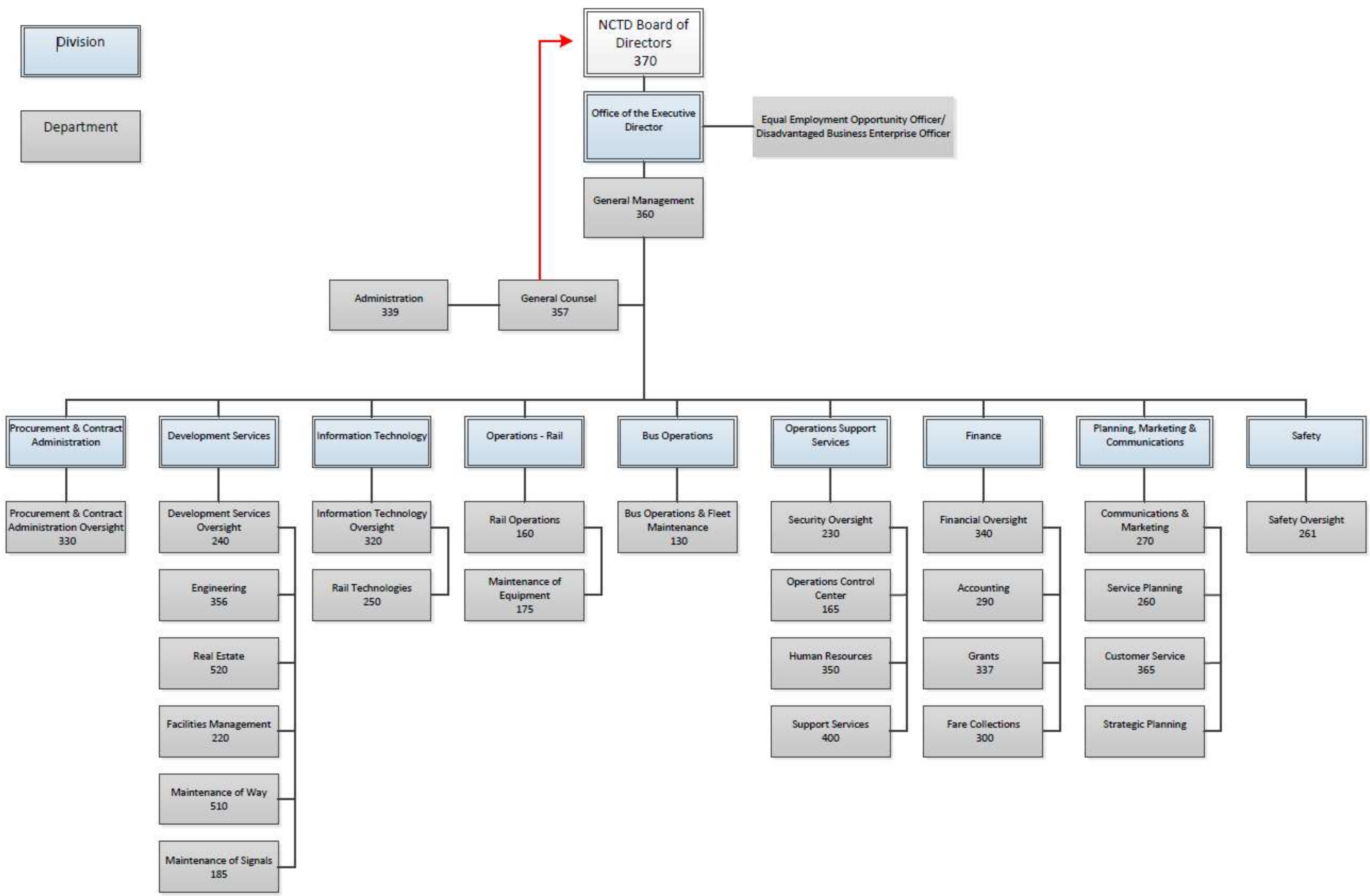
Non-Voting Advisory Member

Lori A. Winfree
General Counsel
North County Transit District



Suheil Rodriguez
Clerk of the Board
North County Transit District

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

The Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the North County Transit District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. The report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive spirit of full disclosure to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The Certificate of Achievement is valid for a period of one year only.

Acknowledgements

Special thanks to the team of NCTD employees who 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 Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

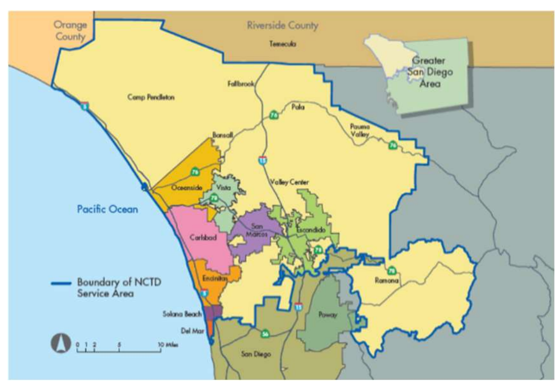
Services and Activities

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 and commenced operations in July 1976 by providing bus services to the region. 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), which consisted of the reconstruction of 22 miles of railroad in the existing east-west corridor. Project management for the SPRINTER project was subsequently transitioned to SANDAG. The SPRINTER hybrid rail service commenced operations in March 2008. In January 2006, the North San Diego County Transit Development Board was renamed as the North County Transit District.

NCTD provides integrated public transit service in North San Diego County with its BREEZE buses, FLEX deviated fixed-route, 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

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 and PRONTO validators that allow passengers to use a regional transit card for seamless travel throughout San Diego County on all public transportation. Customers can utilize stored (prepaid) value, day passes, and monthly passes to ride transit throughout the San Diego region.

In fiscal year 2019 (FY2019), prior to the COVID-19 pandemic, NCTD provided safe and efficient bus service to nearly 6.4 million passengers. During FY2022, the BREEZE had 3.9 million boardings, which represented a decline of 38.5% compared with FY2019, but an improvement of 31.0% from FY2021.

LIFT ADA Paratransit

NCTD has a fleet of 42 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 is provided to areas that are within ¾ of a mile of an NCTD BREEZE bus route and/or SPRINTER rail station. LIFT provides curb-to-curb service for customers; however, assistance is available beyond the curb (for example to a front door) as necessitated by a rider’s disability.

In FY2019, prior to the COVID-19 pandemic, NCTD provided over 168,000 rides to LIFT paratransit passengers throughout Northern San Diego County. During FY2022, LIFT carried 72,376 boardings, which represented a decline of 57.1% compared with FY2019, but an increase of 26.0% from FY2021.

FLEX Deviated Fixed-Route and Point-Deviated Fixed-Route

FLEX has two different service models: deviated fixed-route and point-deviated fixed-route. 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. FLEX point-deviated fixed-route has a set schedule and can deviate to certain points along the route. Reservations are required at least 30 minutes in advance for any allowable deviation.

The FLEX fleet is comprised of 12 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.

FLEX Deviated Fixed-Route and Point-Deviated Fixed-Route (continued)

FLEX on-demand service ended in FY2022 with the discontinuation of FLEX Route 372 on October 25, 2021. In January 2022, NCTD implemented a 12-months pilot program with Transportation Network Companies (TNCs) Uber, Lyft, TripShot, and SOL Transportation to provide on-demand services. Branded as NCTD+, this TNC-based pilot service provides on-demand trips connecting to and from the Sorrento Valley and Carlsbad Poinsettia COASTER stations to enhance first-last mile connections to NCTD's more frequent services. Riders request a ride by using a distinct voucher code within Uber/Lyft/TripShot's existing smartphone applications and connect to the station or their destination through a subsidized trip within a designated geographical boundary. The pilots at Sorrento Valley and Carlsbad Poinsettia will conclude in January 2023 and NCTD is planning to launch new pilots within the City of Vista.

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. 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.

Current 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. 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 first phase for increased COASTER service started on October 25, 2021. The second phase of the increased service is 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.

COASTER implemented service reductions beginning in March 2020 in response to the COVID-19 pandemic. Service was restored to pre-COVID-19 levels on May 29, 2021. On October 25, 2021, COASTER service was increased to 30 weekday daily trips, 32 Friday daily trips, and 20 weekend daily trips. The increase in service allows commuters and recreational travelers an affordable and more flexible transportation option and helps reduce congestion along the Interstate-5 corridor. Just as important, the increased service supports regional goals to reduce vehicle miles traveled and greenhouse gas emissions. The increased service was fully funded through TransNet 8.1% funds.

In FY2019, prior to the COVID-19 pandemic, the COASTER transported approximately 1.4 million passengers, comprised primarily of workers, tourists, and special event attendees. During FY2022, the COASTER had 588,409 boardings, which represented a decline of 58.2% compared with FY2019, but an increase of 261.6% from FY2021.

SPRINTER Hybrid Rail

The SPRINTER hybrid rail extends 22 miles, roughly paralleling State Route 78, and provides connections at Oceanside, Vista, San Marcos, and Escondido by serving 15 stations along the corridor. SPRINTER service is operated with twelve diesel multiple units (DMUs). Passenger service runs seven days a week from 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. In FY2019, prior to the COVID-19 pandemic, the SPRINTER transported a total of 2.4 million passengers, comprised primarily of workers, students, and tourists. During FY2022, the SPRINTER had 1,322,380 boardings, which represented a decrease of 45.1% compared with FY2019, but an improvement of 7.9% from FY2021.

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 336 vehicle operators and 70 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 fueling stations for Compressed Natural Gas (CNG) and gasoline, 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

Up until June 25, 2022, NCTD contracted with Bombardier to maintain and operate the COASTER and SPRINTER passenger trains. Beginning on June 26, 2022, COASTER rail equipment is maintained by NCTD staff 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 employees 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 with 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. 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.

During FY2022 and FY2021, 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. Beginning in FY2023, security is provided exclusively by the San Diego County Sheriff's Department. Video security cameras at the COASTER and SPRINTER stations are monitored by NCTD staff who contact the Sheriff 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 nine Divisional Chiefs that oversee each of the functional divisions. These divisions include Operations-Rail; Safety; Development Services; Procurement and Contract Administration; Finance; Planning, Marketing, and Communications; Bus Operations; Information Technology; and Operations Support Services.

The Office of the Executive Director provides leadership and strategic direction based on recommendations from the Board of Directors and collaborates with other agencies to achieve NCTD goals and objectives.

The Office of General Counsel provides in-house legal counsel 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 Americans with Disabilities Act [ADA] compliance), claims and risk/insurance management. The Office of the General Counsel oversees records management, document control services, and NCTD's Board meetings and calendars.

The Operations-Rail Division is responsible for rail operations and maintenance for COASTER and SPRINTER equipment. It manages the daily operations of NCTD's COASTER and SPRINTER in compliance with the specifications and regulations of the Federal Transit Administration (FTA), the Federal Railroad Administration (FRA), the California Public Utilities Commission (CPUC), and other regulatory and governing agencies.

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

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

The Procurement and Contract Administration Division is responsible for the procurement of goods and services for the District in accordance with State of California Public Contracting Code, Federal Transportation Administration Circular 4220.1F, NCTD Board policies, and internal compliance standards. This Division ensures 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, Marketing, and Communications Division plans, organizes, and coordinates a variety of long-range, service planning, capital planning, and other strategic planning activities. This includes activities such as data gathering, data analysis, and communication with a variety of governing bodies and municipalities. This Division is also responsible for the oversight of intergovernmental affairs.

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.

Management and Oversight (continued)

The Information Technology Division supports the operational and administrative technology for the District. This Division 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 partners with the Operations-Rail and Bus Operations and Fleet Maintenance divisions to provide operations support services and programs, such as dispatching, instructional design functions, direct and contractor staff training programs, and monitoring security and emergency management programs. This Division also has oversight of human resources, which includes organizational development, compensation, benefits, training, recruitment, retention, FTA Drug and Alcohol Program compliance, and employee relations.

Financial Section

Independent Auditor's Report

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Directors
North County Transit District
Oceanside, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North County Transit District (NCTD) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise NCTD's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NCTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Notes 1, 2 and 10 to the financial statements, NCTD has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the years ended June 30, 2022 and 2021. Accordingly, a restatement has been made to the net position as of July 1, 2020, to restate beginning net position. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NCTD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCTD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NCTD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and defined benefit pension plan and other postemployment health care benefits schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 29, 2022

Management’s Discussion and Analysis

(Required Supplementary Information)

(Unaudited)

June 30, 2022 and 2021

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, 2022 and June 30, 2021:

	2022	(As restated) 2021	Increase (Decrease) $	Increase (Decrease) %
Current assets	$ 147,370,682	$ 127,852,293	$ 19,518,389	15%
Long-term assets	17,529,676	17,859,584	(329,908)	(2%)
Capital assets	823,796,285	789,780,556	34,015,729	4%
Total assets	988,696,643	935,492,433	53,204,210	6%
Deferred outflows of resources	7,362,378	8,602,326	(1,239,948)	(14%)
Current liabilities	59,655,310	54,426,719	5,228,591	10%
Long-term debt	19,100,000	20,450,000	(1,350,000)	(7%)
Long-term unearned grant revenue	30,769,430	16,409,226	14,360,204	88%
Net pension liability	27,297,795	42,808,821	(15,511,026)	(36%)
Other noncurrent liabilities	7,527,225	11,023,077	(3,495,852)	(32%)
Total liabilities	144,349,760	145,117,843	(768,083)	(1%)
Deferred inflows of resources	29,406,515	17,962,940	11,443,575	64%
Net position:				
Net investment in capital assets	804,938,030	769,310,507	35,627,523	5%
Restricted	50,495	50,495	-	0%
Unrestricted	17,314,221	11,652,974	5,661,247	49%
Total net position	$ 822,302,746	$ 781,013,976	$ 41,288,770	5%

In fiscal year 2022, current assets increased by $19.5 million (15%) and current liabilities increased by $5.2 million (10%) as compared to fiscal year 2021; overall working capital increased by $14.2 million from FY2021 to FY2022. The increase in current assets was largely driven by grants receivable related to capital projects and preventive maintenance expenditures. Amounts due from the following agencies were higher in FY2022 compared to FY2021: Federal Transit Administration (FTA) by $4.9 million, California Department of Transportation by $6.6 million, California Transportation Commission by $3.7 million, and SANDAG by $9 million.

The increase in current liabilities was primarily due to an increase in accruals for project costs of $12 million for which invoices had not yet been received from the contractors and suppliers. The increase in project accruals was offset by a reduction of $8 million in the current portion of unearned grant revenue for project costs that were spent in fiscal year 2022, primarily for BREEZE CNG buses, COASTER expansion train sets, and COASTER replacement locomotives.

Capital assets increased in fiscal year 2022 mainly due to capital expenditures of $81.8 million and SANDAG contributed asset of $37.7 million. Major capital expenditures during FY2022 included $18 million for new BREEZE Compressed Natural Gas (CNG buses), $17.6 million for COASTER expansion train sets, $7.6 million for COASTER Siemens replacement locomotives, $4.5 million for Positive Train Control (PTC), $4 million for various SPRINTER overhauls, $3 million for the Regional INIT fare collection system, $2.7 million for repairs on Bridge 208.6, and $2.4 million for COASTER bi-level car overhauls. Contributed assets from SANDAG included $35.6 million for the Carlsbad-Poinsettia run-through. Additional details surrounding the District's capital assets can be found in Note 6.

Long-term debt decreased by $1.35 million in FY2022 due to principal payments made on the Certificates of Participation. Long-term unearned grant revenues increased by $14.3 million (88%) for local funds that are anticipated to be spent after June 30, 2023. Additional details surrounding the District's long-term debt can be found in Note 8.

Condensed Statements of Net Position (continued)

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

	(As restated) 2021	2020	Increase (Decrease) $	Increase (Decrease) %
Current assets	$ 127,852,293	$ 112,557,045	$ 15,295,248	14%
Long-term assets	17,859,584	-	17,859,584	0%
Capital assets	789,780,556	489,298,175	300,482,381	61%
Total assets	935,492,433	601,855,220	333,637,213	55%
Deferred outflows of resources	8,602,326	9,135,835	(533,509)	(6%)
Current liabilities	54,426,719	47,984,507	6,442,212	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	11,023,077	11,771,634	(748,557)	(6%)
Total liabilities	145,117,843	131,051,795	14,066,048	11%
Deferred inflows of resources	17,962,940	834,243	17,128,697	2053%
Net position:				
Net investment in capital assets	769,310,507	468,428,473	300,882,034	64%
Restricted	50,495	50,495	-	0%
Unrestricted	11,652,974	10,626,049	1,026,925	10%
Total net position	$ 781,013,976	$ 479,105,017	$ 301,908,959	63%

In fiscal year 2021, current assets increased by $15.3 million (14%) and current liabilities increased by $6.4 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.

Long-term assets and deferred inflows of resources increased by $17.9 and $17.1 million, respectively, as result of the adoption of GASB Statement No. 87, *Leases* (GASB 87) and reflect the present value of future lease revenue for noncancelable lease agreements.

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 6 of the financial statements for additional information on capital assets. Additionally, right-to-use assets were capitalized upon the adoption of GASB 87 – Leases in the amount of $1.2M. Additional details surrounding the District's capital assets can be found in Note 6.

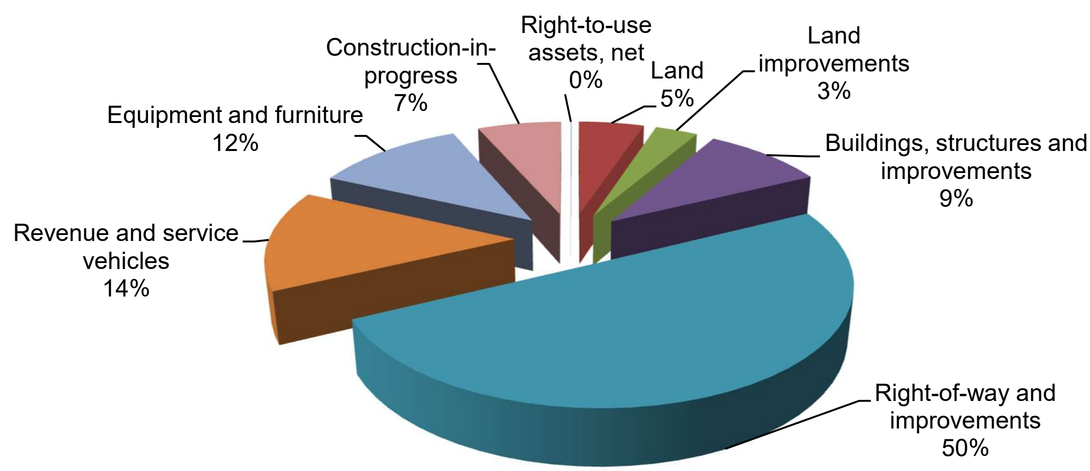
Long-term debt decreased by $1.3 million (6%) due to principal payments made during the year. Long-term unearned grant revenues increased by $8.2 million (34%) mostly due to local funds programmed for COASTER bi-level cars and train sets that have payments due after June 30, 2022. Additional details surrounding the District's long-term debt can be found in Note 8.

Net Capital Assets

During fiscal year 2022, the amount of net capital assets increased by $29.8 million. Below is a more detailed analysis of the changes in NCTD's capital assets and accumulated depreciation during the year ended June 30, 2022:

	2022	(As restated) 2021	Increase (Decrease) $	Increase (Decrease) %
Capital Assets				
Land	$ 92,274,014	$ 92,274,014	$ -	0%
Land improvements	60,090,788	58,976,603	1,114,185	2%
Buildings, structures and improvements	170,394,167	168,828,461	1,565,706	1%
Right-of-way and improvements	912,483,513	869,670,206	42,813,307	5%
Revenue and service vehicles	253,242,749	249,683,382	3,559,367	1%
Equipment and furniture	211,416,006	221,763,617	(10,347,611)	(5%)
Construction-in-progress	118,588,802	71,005,786	47,583,016	67%
Right-to-use assets	1,198,339	1,198,339	-	0%
Total	1,819,688,378	1,733,400,408	86,287,970	5%
Less: accumulated depreciation/ amortization	995,892,093	943,619,852	52,272,241	6%
Net Capital Assets	$ 823,796,285	$ 789,780,556	$ 34,015,729	4%

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2022:



Below are some of the significant changes in net capital assets during fiscal year 2022:

- NCTD capital expenditures during FY2022 included $18 million for new BREEZE CNG buses, $17.6 million for COASTER expansion train sets, $7.6 million for COASTER Siemens replacement locomotives, $4.5 million for Positive Train Control (PTC), $4 million for various SPRINTER overhauls, $3 million for the Regional INIT PRONTO fare system, $2.7 million for repairs on Bridge 208.6, and $2.4 million for COASTER bi-level car overhauls.

- Contributed assets from SANDAG included $35.6 million for the Carlsbad-Poinsettia run-through.

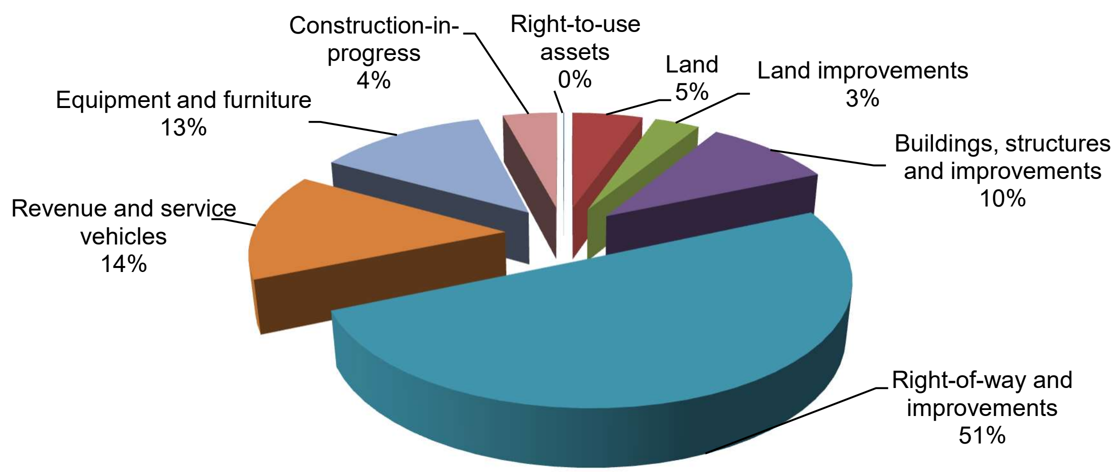
- Increased depreciation expense in FY2022 as result of the start of depreciation of $307.3 million of right-of-way contributed assets from SANDAG.

Net Capital Assets (continued)

During fiscal year 2021, the amount of net capital assets decreased 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:

	(As restated) 2021	2020	Increase (Decrease) $	Increase (Decrease) %
Capital Assets				
Land	$ 92,274,014	$ 92,851,021	$ (577,007)	(1%)
Land improvements	58,976,603	56,444,202	2,532,401	4%
Buildings, structures and improvements	168,828,461	163,909,109	4,919,352	3%
Right-of-way and improvements	869,670,206	558,219,857	311,450,349	56%
Revenue and service vehicles	249,683,382	201,395,755	48,287,627	24%
Equipment and furniture	221,763,617	216,695,367	5,068,250	2%
Construction-in-progress	71,005,786	82,467,574	(11,461,788)	(14%)
Right-to-use assets	1,198,339	-	1,198,339	100%
Total	1,733,400,408	1,371,982,885	361,417,523	26%
Less: accumulated depreciation/ amortization	943,619,852	882,684,710	60,935,142	7%
Net Capital Assets	$ 789,780,556	$ 489,298,175	$ 300,482,381	61%

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.

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 2022 and 2021:

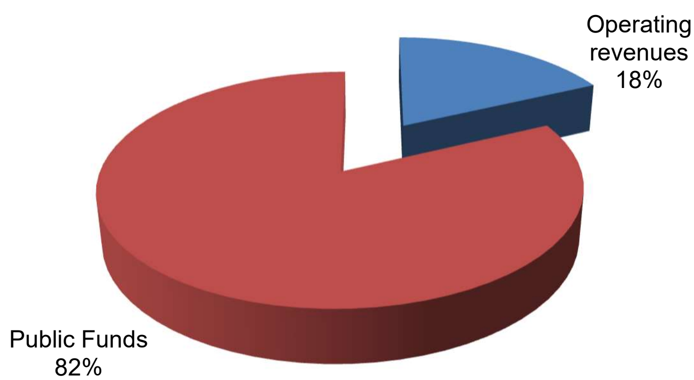
	2022	(As restated) 2021	Favorable (Unfavorable) $	Favorable (Unfavorable) %
Operating revenues	$ 24,517,518	$ 19,462,651	$ 5,054,867	26%
Operating expenses	(214,457,157)	(183,293,539)	(31,163,618)	(17%)
Operating loss	(189,939,639)	(163,830,888)	(26,108,751)	(16%)
Nonoperating revenues/expenses, net	111,744,891	95,103,118	16,641,773	17%
Capital grants and contributions	119,483,518	370,636,729	(251,153,211)	(68%)
Change in net position	41,288,770	301,908,959	(260,620,189)	86%
Net position				
Beginning of year	781,013,976	479,105,017	301,908,959	63%
End of year	$ 822,302,746	$ 781,013,976	$ 41,288,770	5%

The overall change in net position for fiscal year 2022 was a decrease of $260.6 million compared to fiscal year 2021, which was primarily due to lower SANDAG contributed assets in FY2022 of $37.7 million compared to FY2021 of $307.3 million. SANDAG's contributed assets are recorded after projects are completed along the COASTER rail line and NCTD takes 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 2022, of the total non-capital funding, operating revenues of $24.6 million accounted for 18% and public funds (operating grants) of $111.6 million accounted for 83%.

FY2022 Sources of Non-Capital Funding



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

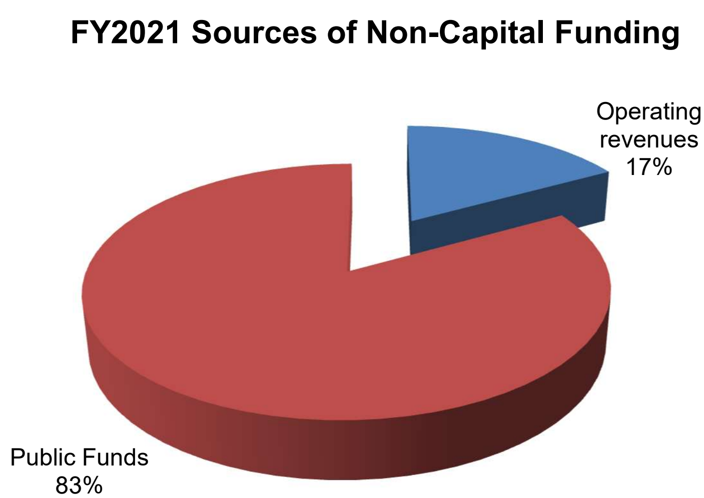
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2021 and 2020:

	(As restated) 2021	2020	Favorable (Unfavorable) $	Favorable (Unfavorable) %
Operating revenues	$ 19,462,651	$ 29,535,265	$ (10,072,614)	(34%)
Operating expenses	(183,293,539)	(195,000,245)	11,706,706	6%
Operating loss	(163,830,888)	(165,464,980)	1,634,092	1%
Nonoperating revenues/expenses, net	95,103,118	83,366,598	11,736,520	14%
Capital grants and contributions	370,636,729	51,441,349	319,195,380	621%
Change in net position	301,908,959	(30,657,033)	332,565,992	1085%
Net position				
Beginning of year	479,105,017	509,762,050	(30,657,033)	(6%)
End of year	$ 781,013,976	$ 479,105,017	$ 301,908,959	63%

The overall change in net position for fiscal year 2021 was an increase of $332.6 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 public funds (operating grants) of $95.1 million accounted for 83%.

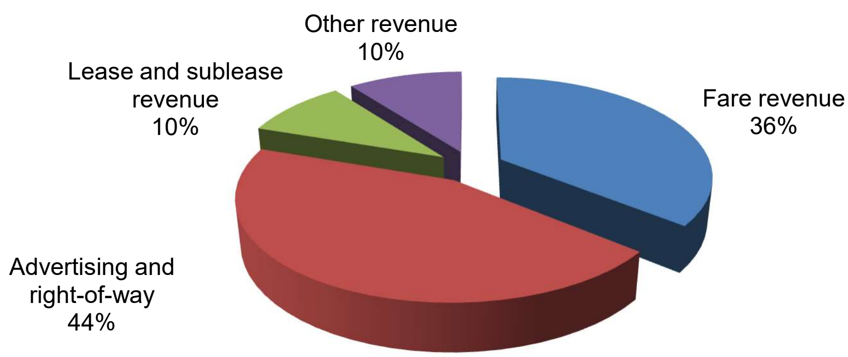


Operating Revenues

During fiscal year 2022, NCTD's operating revenues increased by 26%, as compared to fiscal year 2021. Below is a more detailed breakdown of NCTD's operating revenues:

	2022	(As restated) 2021	Increase (Decrease) $	Increase (Decrease) %
Fare revenue	$ 8,775,892	$ 5,704,716	$ 3,071,176	54%
Advertising and right-of-way	10,883,767	9,976,280	907,487	9%
Lease and sublease revenue	2,318,609	1,862,857	455,752	24%
Other revenue	2,539,250	1,918,798	620,452	32%
Total operating revenues	$ 24,517,518	$ 19,462,651	$ 5,054,867	26%

FY22 Operating Revenues



Ridership in FY2022 showed significant improvements from FY2021, where NCTD's system ridership increased from 4.5 million passengers to 5.9 million passengers, an increase of 33%. The increase in fare revenue of $3.1 million was directly associated with higher ridership in FY2022 compared to FY2021.

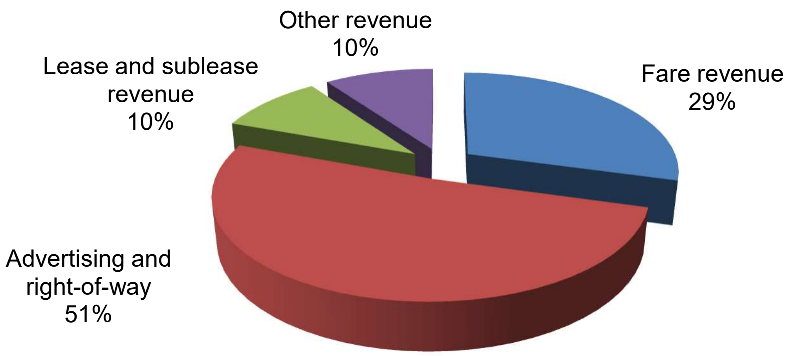
Of the $0.9 million increase in advertising and right-of-way, $0.8 million is attributed to increased reimbursements for rail maintenance and dispatching revenues from Amtrak as it gradually resumed service frequencies from 12 to 20 daily trains. Other revenues increased mainly due to higher credits of $0.3 million from the state Low Carbon Fuel Standard (LCFS) program and $0.2 million from the federal Renewable Fuel Standard (RFS) program; both of these credits are generated from NCTD's use of renewable natural gas for its BREEZE fleet.

Operating Revenues (continued)

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

	(As restated) 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	1,862,857	2,111,491	(248,634)	(12%)
Other revenue	1,918,798	3,588,587	(1,669,789)	(47%)
Total operating revenues	$ 19,462,651	$ 29,535,265	$ (10,072,614)	(34%)

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.

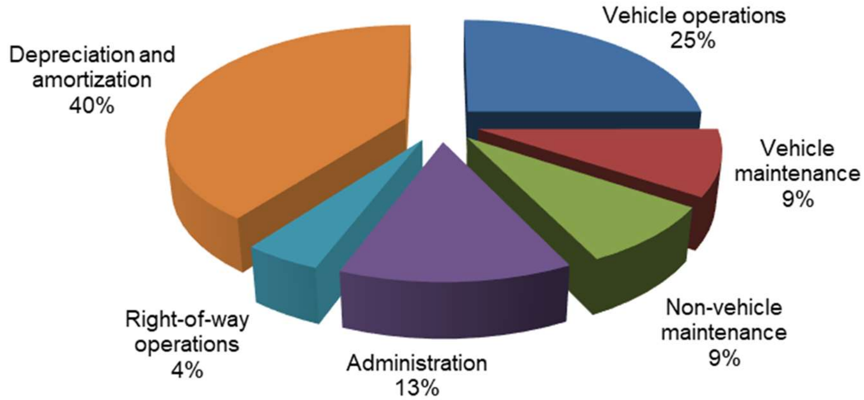
Fiscal year 2020 other revenue was unusually high since it included retroactive Compressed Natural Gas (CNG) federal tax credits from fiscal year 2014 and from January 1, 2018 through June 30, 2019. Fiscal year 2021 is normalized since it only includes the CNG federal tax credits for a single fiscal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

Operating Expenses

During fiscal year 2022, NCTD's operating expenses increased to $218.3 million from $183.3 million in fiscal year 2021. Below is a breakdown of NCTD's operating expenses:

	2022	(As restated) 2021	Increase (Decrease) $	Increase (Decrease) %
Vehicle operations	$ 53,584,490	$ 43,499,853	$ 10,084,637	23%
Vehicle maintenance	20,049,855	16,578,975	3,470,880	21%
Non-vehicle maintenance	18,090,120	15,802,215	2,287,905	14%
Administration	27,990,845	27,743,512	247,333	1%
Right-of-way operations	9,414,584	8,956,377	458,207	5%
Depreciation and amortization	85,327,263	70,712,607	14,614,656	21%
Total operating expenses	$ 214,457,157	$ 183,293,539	$ 31,163,618	17%

FY22 Operating Expenses



Below are the main reasons behind the increase of $31.2 million in operating expenses in FY2022 compared to FY2021:

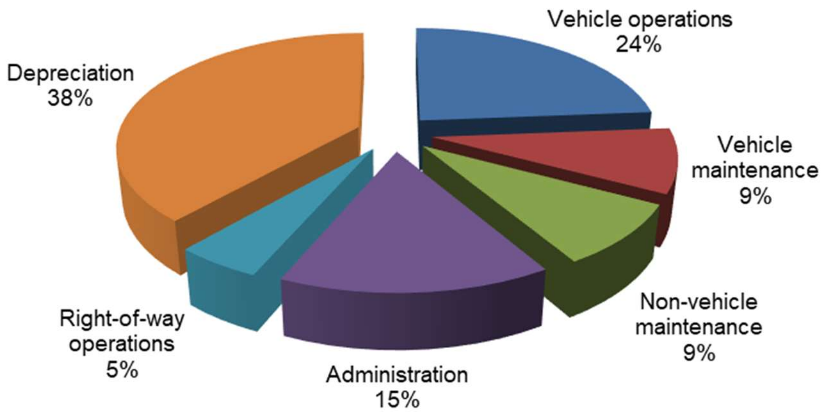
- $14.6 million is related to depreciation expense, which increased as result of the beginning of depreciation of the $307.3 million of assets contributed by SANDAG in FY2021.
- Vehicle operations costs increased by $3.9 million due to higher fuel costs (unleaded, compressed natural gas, diesel), which included a combination of higher market prices, the restoration of COASTER service frequencies to pre-pandemic levels at the end of May 2021, and increased COASTER frequencies that started at the end of October 2021.
- Vehicle operations costs increased by $1.2 million under the MV Transportation (MV) bus operations and maintenance contract and $1.1 million under the Bombardier rail operations and maintenance contract. The MV and Bombardier contracts are subject to annual escalations not to exceed 3%. Liquidated damages (which reduce purchased transportation costs) for rail operations were lower by $1.5 million in FY2022 compared to FY2021.
- Vehicle maintenance costs increased by $3.2 million in due to mobilization and maintenance costs associated with the technical support and materials management agreements with Siemens for COASTER locomotives and SPRINTER diesel multiple units (DMUs).
- Casualty and liability costs were higher by $2.2 million due to higher insurance premiums of $1.1 million and accrued claim settlements of $1 million.

Operating Expenses (continued)

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:

	(As restated) 2021	2020	Increase (Decrease) $	Increase (Decrease) %
Vehicle operations	$ 43,499,853	$ 45,045,653	$ (1,545,800)	(3%)
Vehicle maintenance	16,578,975	16,227,640	351,335	2%
Non-vehicle maintenance	15,802,215	14,651,385	1,150,830	8%
Administration	27,743,512	27,199,007	544,505	2%
Right-of-way operations	8,956,377	7,517,730	1,438,647	19%
Depreciation	70,712,607	84,358,830	(13,646,223)	(16%)
Total operating expenses	$ 183,293,539	$ 195,000,245	$ (11,706,706)	(6%)

FY21 Operating Expenses



Below are the main reasons behind the increase of $11.7 million in operating expenses in FY2021 compared to FY2020:

- 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 $1.4 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).

Restrictions and Commitments

Restrictions on net position were $50,495 as of June 30, 2022 and 2021. As of June 30, 2022 and 2021, NCTD had commitments of $180,217,868 and $138,240,938, respectively, for capital and operating projects, which are funded by eligible grants. Refer to Note 11 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 $20,450,000. This debt is structured to mature in 2035. Refer to Note 8 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, 2022 AND 2021

	2022	2021
ASSETS		
Current assets		
Cash and investments	$ 75,155,038	$ 82,643,347
Investments with fiscal agent	2,182,339	2,181,253
Accounts receivable	7,162,493	3,791,439
Grants receivable	47,629,016	25,420,067
Lease receivables	329,908	303,237
Parts and supplies inventory, net of reserve	4,024,343	4,195,327
Prepaid expenses	3,025,426	2,696,031
Restricted cash	7,862,119	6,621,592
Total current assets	147,370,682	127,852,293
Noncurrent assets		
Lease receivables - due in more than one year	17,529,676	17,859,584
Capital assets		
Nondepreciable capital assets	210,862,816	163,279,800
Depreciable capital assets, net of accumulated depreciation	612,370,104	625,619,904
Right-to-use assets, net of accumulated amortization	563,365	880,852
Total capital assets	823,796,285	789,780,556
Total assets	988,696,643	935,492,433
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of interest rate swap	1,742,672	3,837,710
Outflows of resources related to pension	5,544,609	4,541,743
Outflows of resources related to OPEB	75,097	222,873
Total deferred outflows of resources	7,362,378	8,602,326
LIABILITIES		
Current liabilities payable from current assets		
Accounts payable	32,081,162	19,797,798
Accrued liabilities	1,275,563	983,889
Deposits payable	431,171	576,744
Lease payable - due within one year	324,891	310,708
Unearned grant revenue - due within one year	22,145,693	30,105,324
Certificates of participation - due within one year	1,350,000	1,300,000
Claims payable - due within one year	830,073	226,886
Compensated absences - due within one year	1,216,757	1,125,370
Total current liabilities payable from current assets	59,655,310	54,426,719
Noncurrent liabilities		
Certificates of participation - due in more than one year	19,100,000	20,450,000
Lease payable - due in more than one year	265,703	590,594
Claims payable - due in more than one year	1,602,339	1,512,025
Compensated absences - due in more than one year	185,150	171,936
Total other postemployment benefits liability	3,731,361	4,910,812
Unearned grant revenue - due in more than one year	30,769,430	16,409,226
Net pension liability	27,297,795	42,808,821
Negative fair value of interest rate swap	1,742,672	3,837,710
Total noncurrent liabilities	84,694,450	90,691,124
Total liabilities	144,349,760	145,117,843
DEFERRED INFLOWS OF RESOURCES		
Inflows of resources related to leases	17,080,153	17,756,407
Inflows of resources related to pension	11,333,087	83,973
Inflows of resources related to OPEB	993,275	122,560
Total deferred inflows of resources	29,406,515	17,962,940
NET POSITION		
Net investment in capital assets	804,938,030	769,310,507
Restricted for:		
Capital projects	50,495	50,495
Unrestricted	17,314,221	11,652,974
Total net position	$ 822,302,746	$ 781,013,976

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, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Fare revenue	$ 8,775,892	$ 5,704,716
Advertising and right-of-way	10,883,767	9,976,280
Lease and sublease revenue	2,318,609	1,862,857
Other revenue	2,539,250	1,918,798
Total operating revenues	24,517,518	19,462,651
OPERATING EXPENSES		
Vehicle operations	53,584,490	43,499,853
Vehicle maintenance	20,049,855	16,578,975
Facilities and non-vehicle maintenance	18,090,120	15,802,215
Administration	27,990,845	27,743,512
Right-of-way operations	9,414,584	8,956,377
Depreciation	85,009,776	70,395,120
Amortization - right-to-use assets	317,487	317,487
Total operating expenses	214,457,157	183,293,539
Operating Loss	(189,939,639)	(163,830,888)
NONOPERATING REVENUES (EXPENSES)		
Operating grants	111,580,024	95,321,911
Interest revenue - leases	470,538	473,100
Interest expense - leases	(8,794)	(12,002)
Investment income	287,474	342,066
Debt related expense	(724,782)	(763,062)
Gain (loss) on disposal of capital assets	140,431	(258,895)
Total nonoperating revenues	111,744,891	95,103,118
Loss Before Capital Contributions	(78,194,748)	(68,727,770)
CAPITAL CONTRIBUTIONS		
Capital grants	81,784,939	63,325,296
Donated capital assets	37,698,579	307,311,433
Total capital contributions	119,483,518	370,636,729
Change in Net Position	41,288,770	301,908,959
NET POSITION		
Beginning of year (as restated)	781,013,976	479,105,017
End of year	$ 822,302,746	$ 781,013,976

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 23,439,458	$ 19,978,631
Payments to suppliers	(106,687,004)	(94,469,707)
Payments to employees	(21,860,774)	(18,280,264)
Net cash used by operating activities	(105,108,320)	(92,771,341)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	108,003,472	100,126,392
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	66,451,104	73,709,690
Purchase of capital assets	(74,605,996)	(62,026,969)
Interest payments on lease payables	(8,794)	(12,002)
Financing payments on lease payables	(310,708)	(297,037)
Interest receipts on lease receivables	470,538	473,100
Financing receipts on lease receivables	303,237	204,365
Proceeds from disposal of land and capital assets	163,316	315,763
Payments on certificates of participation	(1,300,000)	(1,300,000)
Payment of interest and fees	(724,782)	(763,061)
Net cash (used in) provided by capital and related financing activities	(9,562,085)	10,303,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	420,237	485,983
Net cash provided by investing activities	420,237	485,983
Net (decrease) increase in cash and cash equivalents	(6,246,696)	18,144,883
Cash and cash equivalents		
Beginning of year	91,446,192	73,301,309
End of year	$ 85,199,496	$ 91,446,192
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and investments	$ 75,155,038	$ 82,643,347
Investments with fiscal agent	2,182,339	2,181,253
Restricted cash	7,862,119	6,621,592
Cash and cash equivalents	$ 85,199,496	$ 91,446,192

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, 2022 AND 2021

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	$ (189,939,639)	$ (163,830,888)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	85,009,776	70,395,120
Amortization of right-to-use assets	310,708	297,037
Unrealized lease revenue	(373,017)	(406,414)
Unrealized lease expense	6,779	20,450
(Decrease) in reserve for obsolete inventory	-	(123,154)
(Increase) decrease in accounts receivable	(401,806)	1,126,759
(Increase) decrease in parts and supplies inventory	170,984	(351,311)
(Increase) in prepaid expenses	(329,395)	(785,916)
(Increase) in outflows of resources related to pension	(1,002,866)	(1,024,174)
Decrease in outflows of resources related to OPEB	147,776	119,867
Increase in accounts payable	5,222,062	853,746
Increase in accrued liabilities	291,674	205,245
(Decrease) in deposit payable	(145,573)	(250,490)
Increase in claims payable	693,501	67,233
Increase in compensated absences	104,601	268,070
(Decrease) increase in pension liability	(15,511,026)	1,505,872
Decrease in total OPEB liability	(1,179,451)	(26,318)
Increase (decrease) in inflows of resources related to leases	(303,237)	(204,365)
Increase (decrease) in inflows of resources related to pension	11,249,114	(543,398)
Increase (decrease) in inflows of resources related to OPEB	870,715	(84,312)
Total adjustments	84,831,319	71,059,547
Net cash used in operating activities	$ (105,108,320)	$ (92,771,341)
NONCASH CAPITAL FINANCING ACTIVITIES		
Decrease in the fair value of interest rate swaps	$ 2,095,038	$ 1,437,816
NONCASH INVESTING ACTIVITIES		
Capital assets contributed by SANDAG	$ 37,698,579	$ 307,311,433
Construction-in-process capital assets in accounts payable	$ 9,787,532	$ 2,726,230
Interest earned on unearned grant revenue	$ 132,763	$ 143,343

The accompanying notes are an integral part of these financial statements

Notes to Basic Financial Statements

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 (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. Under California Assembly Bill 1238, the North San Diego County Transit Development Board's name was changed to North County Transit District (NCTD) in January 2006. 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 NCTD and the San Diego Metropolitan Transit System (MTS) into the San Diego Association of Governments (SANDAG), San Diego County's Regional Planning Agency. SB 1703 also required the consolidation of project development and capacity enhancing construction projects of NCTD and MTS into SANDAG. NCTD's activities are focused on operating public transit systems in its service area.

In July 1976, 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, 2022 and 2021, 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.

Implementation of GASB Statement 87 - Leases

As of July 1, 2020, NCTD adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain right to use leased 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. The standard also requires lessors to recognize a lease receivable and deferred inflow of resources. The effect of the implementation of this standard on beginning net position is disclosed in Note 2 and the additional disclosures required by this standard are included in Notes 2 and 10.

Lease Receivables

Lease receivables are recorded as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on an estimated interest rate to reflect the time value of money.

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, 2022, and 2021, management determined that a reserve of $397,827 was required for the probable impairment of parts and supplies for the legacy COASTER locomotives, which are being replaced with new, more energy efficient locomotives. There was no change in the reserve for fiscal year 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of $5,000 or more and an estimated useful life of over one year. Capital assets for information technology are defined as assets with an original cost of $250 or more and an estimated useful life of over 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Right-to-use assets are recognized at the lease commencement date and represent the right to use an underlying asset for the lease term. Right-to-use assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method or the same method amortizing the debt. The amortization period varies from 3 to 7 years.

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
Right-to-use assets	3 - 7 years
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

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

Unearned grant revenue arises when resources are received before grant eligibility requirements have been met.

Compensated Absences

NCTD employees receive paid time off based on their position, classification, and years of service. Employees hired prior to January 9, 2022 are allowed to carry a maximum paid time off balance of 400 hours. Employees hired after January 9, 2022 are allowed to carry a maximum paid time off balance based on years of service, which may not exceed the maximum paid time off earned each year. The liability is recorded as benefits are earned and is reduced when hours are paid out. Refer to Note 6 for further details.

Lease Liabilities

Lease Liabilities represent NCTD's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by NCTD.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reports the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense in its financial statements.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position (continued)

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. 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 Statement No. 87, Leases (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, 2021. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

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 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. 99, *Omnibus 2022* (GASB 99) provides guidance and clarifications on the implementation, accounting, and financial reporting related to previously issued GASB statements. The statement addresses a variety of issues including classification and reporting of derivatives not meeting the definition of an investment or hedging instrument (GASB 53); clarifications surrounding certain aspects of lease accounting including the determination of lease term, short-term lease classification, recognition and measurement of lease liabilities and lease assets, and lease incentives (GASB 87); Public-Private and Public-Public Partnership measurement issues (GASB 94); clarifications surrounding subscription-based information technology arrangement (SBITAs) (GASB 96); the extension of LIBOR as an appropriate benchmark interest rate for evaluating the effectiveness of an interest rate swap hedging the interest rate on taxable debt; and other issues. The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutritional Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. NCTD has implemented the requirements of GASB 99 that are effective immediately, noting no significant changes to the financial statements. NCTD will be evaluating the remaining components of the statement and will incorporate any requirements into the District's future Annual Comprehensive Financial Report.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB 62* (GASB 100) enhances reporting requirements surrounding account changes and error corrections. The Statement clarifies that for certain changes in accounting principles and accounting estimates, the detail of the change must justify the reasoning that the new principle or estimate is preferrable to the previous principle or estimate. This preferability evaluation should be based on the qualitative characteristics of financial reporting: understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements, prescribing the accounting and financial reporting each change for (1) each type of accounting change and (2) error corrections. Furthermore, this Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences* (GASB 101) clarifies the recognition and measurement of compensated absence liabilities for reporting entities. The Statement also provides an abbreviated footnote disclosure whereby the net change in the liability can be presented from each year, rather than the previous requirement which specified that additions and reductions to the liability be reported separately. The requirements of this pronouncement are effective for fiscal years beginning after December 15, 2023, with earlier application encouraged.

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. PRIOR PERIOD RESTATEMENT

Effective July 1, 2020, NCTD adopted GASB Statement No. 87, *Leases*. The adoption of GASB 87 required the recording of lease receivables, right-to-use assets, lease payables, and deferred inflows of resources related to leases. There was no impact to net position as of July 1, 2020 (adoption date). The table below shows the effects of the restatement to the reported balances as of June 30, 2021 and for the year ended June 30, 2021:

Statement of Net Position	As originally reported as of June 30, 2021	Effects of GASB 87 Adoption	Restated as of June 30, 2021
Assets:			
Current assets			
Lease receivable	$ -	$ 303,237	$ 303,237
Noncurent assets			
Lease receivables - due in more than one year	-	17,859,584	17,859,584
Right-to-use assets, net of accumulated amortization	-	880,852	880,852
Liabilities:			
Current liabilities payable from current assets			
Lease payable - due within one year	-	310,708	310,708
Noncurrent liabilities			
Lease payable - due in more than one year	-	590,594	590,594
Deferred inflows of resources:			
Inflows of resources related to leases	-	17,756,407	17,756,407
Net position:			
Net investment in capital assets	769,330,955	(20,448)	769,310,507
Unrestricted net assets	11,246,560	406,414	11,652,974

2. PRIOR PERIOD RESTATEMENT (continued)

Statement of Revenues, Expenses and Changes in Net Position	As originally reported for the year ended June 30, 2021	Effects of GASB 87 Adoption	Restated for the year ended June 30, 2021
Operating revenues:			
Lease and sublease revenue	$ 1,929,543	$ (66,686)	$ 1,862,857
Operating expenses:			
Vehicle maintenance	16,702,130	(123,155)	16,578,975
Administration	27,705,720	37,792	27,743,512
Right-of-way operations	9,180,055	(223,678)	8,956,377
Amortization - right-to-use assets	-	317,487	317,487
Nonoperating revenues (expenses)			
Interest revenue - leases	-	473,100	473,100
Interest expense - leases	-	(12,002)	(12,002)
Change in net position	301,522,993	385,966	301,908,957

3. CASH AND INVESTMENTS

Reconciliation of cash and investments to the Statements of Net Position at June 30, 2022 and 2021:

	2022	2021
Cash and investments	$ 75,155,038	$ 82,643,347
Investments with fiscal agent	2,182,339	2,181,253
Restricted cash	7,862,119	6,621,592
	$ 85,199,496	$ 91,446,192

Cash and investments consist of the following at June 30, 2022 and 2021:

	2022	2021
Cash:		
Cash on hand	$ 161,899	$ 160,997
Demand deposits	20,356,320	18,453,156
Total cash	20,518,219	18,614,153
Investments:		
Deposits in San Diego County Investment Pool	38,463,566	43,192,775
Deposits in Local Agency Investment Fund (LAIF)	24,035,372	27,458,011
Investments with fiscal agent	2,182,339	2,181,253
Total investments	64,681,277	72,832,039
Total cash and investments	$ 85,199,496	$ 91,446,192

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.

3. CASH AND INVESTMENTS (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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 (1)

(1) Effective January 1, 2020, LAIF 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, 2022 and 2021, respectively:

3. CASH AND INVESTMENTS (continued)

Investment Type	Amount at June 30, 2022	Remaining Maturity 12 Months or Less
San Diego County Pooled Investment Funds	$ 38,463,566	$ 38,463,566
Local Agency Investment Fund	24,035,372	24,035,372
Held by fiscal agent - Money Market Mutual Fund	2,182,339	2,182,339
	$ 64,681,277	$ 64,681,277

Investment Type	Amount at June 30, 2021	Remaining Maturity 12 Months or Less
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
	$ 72,832,039	$ 72,832,039

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, 2022 and 2021, respectively, for each investment type.

Investment Type	Amount at June 30, 2022	Minimum Legal Rating	Rating as of Year End
San Diego County Pooled Investment Funds	$ 38,463,566	N/A	AAAf/S1- Fitch
Local Agency Investment Fund	24,035,372	N/A	Not Rated
Held by fiscal agent - Money Market Mutual Fund	2,182,339	N/A	Not Rated
	$ 64,681,277		

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		

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, 2022 and 2021, NCTD had investments with LAIF (an external investment pool), San Diego County Investment Pool (external investment pool), and money market mutual funds.

3. CASH AND INVESTMENTS (continued)

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.

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, 2022 and 2021, NCTD had $24,035,375 and $27,458,011, respectively, invested in LAIF, which had invested 1.88% and 2.31%, 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, 2022 and 2021, NCTD had $38,463,566 and $43,192,775 invested in the San Diego County Investment Pool, which had invested 28.86% and 33.79% of the pooled investment funds in commercial paper, supranational securities, and medium-term notes and 4.08% and 3.98% 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.

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2022	2021
Trade accounts receivable	$ 5,429,795	$ 2,058,201
Other receivables	1,732,698	1,733,238
	$ 7,162,493	$ 3,791,439

Management has evaluated the receivables as of June 30, 2022 and 2021 and determined that an allowance for doubtful accounts is not necessary.

5. GRANTS AND GRANTS RECEIVABLE

Grants receivable consists of the following at June 30:

	2022	2021
Federal Transit Administration	$ 18,174,063	$ 13,268,327
San Diego Association of Governments (SANDAG)	8,754,740	2,288,857
California Department of Transportation	8,503,751	1,880,081
California State Transportation Agency	4,512,306	3,045,216
California Transportation Commission	3,690,245	-
Federal Railroad Administration	2,732,678	1,068,103
Other	1,164,048	1,414,526
California Energy Commission	97,185	-
California State Controller's Office	-	2,454,957
	$ 47,629,016	$ 25,420,067

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:

	2022	2021
Federal Transit Administration (FTA)	$ 51,326,656	$ 48,843,187
Transportation Development Act (TDA) Article 4	27,619,418	23,271,372
TransNet	23,675,392	14,542,515
State Transit Assistance (STA)	4,818,238	5,754,629
Transportation Development Act (TDA) Article 4.5	2,547,827	2,001,143
Other Operating Grants	1,592,493	909,065
	$ 111,580,024	$ 95,321,911

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, 2022 and 2021, NCTD recorded $30,167,245 and $25,272,515, respectively, in TDA revenues.

5. GRANTS AND GRANTS RECEIVABLE (continued)

The San Diego Transportation Improvement Program (TransNet) is administered by 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, 2022 and 2021, NCTD received $23,675,392 and $14,542,515, respectively, in operating funds from the TransNet program.

During the fiscal years ended June 30, 2022 and 2021, NCTD earned $51,326,656 and $48,843,187, 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. For fiscal year 2022, FTA operating grant revenue includes $31,935,750 and $5,902,806, respectively, claimed from NCTD's apportionment under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA), respectively. For fiscal year 2021, FTA operating grant revenue includes $39,490,604 of CARES Act funds.

During the fiscal years ended June 30, 2022 and 2021, NCTD earned $6,410,731 and $6,663,694, respectively, from state and other operating grants.

NCTD expended $81,784,939 and $63,325,296 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, 2022 and 2021, respectively.

6. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	(Restated) Balance June 30, 2021	Additions	Disposals	Transfers	Contributions	Balance June 30, 2022
Nondepreciable assets						
Land	$ 92,274,014	$ -	$ -	$ -	$ -	$ 92,274,014
Construction-in-progress	71,005,786	81,667,298	-	(34,084,282)	-	118,588,802
Total nondepreciable assets	163,279,800	81,667,298	-	(34,084,282)	-	210,862,816
Depreciable assets						
Land improvements	58,976,603	-	-	1,114,186	-	60,090,789
Buildings, structures and improvements	168,828,461	-	(5,319)	1,571,026	-	170,394,168
Right-of-way and improvements	869,670,206	-	-	5,114,726	37,698,579	912,483,511
Revenue and service vehicles	249,683,382	-	(21,162,878)	24,594,680	-	253,115,184
Equipment and furniture	221,763,617	-	(11,909,709)	1,689,664	-	211,543,572
Total nondepreciable assets	1,568,922,269	-	(33,077,906)	34,084,282	37,698,579	1,607,627,224
Less accumulated depreciation						
Land improvements	(56,928,884)	(604,979)	-	-	-	(57,533,863)
Buildings, structures and improvements	(103,435,153)	(5,752,501)	5,320	-	-	(109,182,333)
Right-of-way and improvements	(463,620,718)	(52,448,720)	-	-	-	(516,069,438)
Revenue and service vehicles	(150,821,680)	(7,492,073)	21,141,530	-	-	(137,172,223)
Equipment and furniture	(168,495,930)	(18,711,504)	11,908,172	-	-	(175,299,262)
Total accumulated depreciation	(943,302,365)	(85,009,776)	33,055,022	-	-	(995,257,120)
Total depreciable assets, net	625,619,904	(85,009,776)	(22,884)	34,084,282	37,698,579	612,370,104
Right-to-use (RTU) assets						
Building and signal stations	1,198,339	-	-	-	-	1,198,339
Total amortizable right-to-use assets	1,198,339	-	-	-	-	1,198,339
Less accumulated amortization on RTU assets						
Building and signal stations	(317,487)	(317,487)	-	-	-	(634,974)
Total RTU accumulated amortization	(317,487)	(317,487)	-	-	-	(634,974)
Total right-to-use assets, net	880,852	(317,487)	-	-	-	563,365
Total capital assets	$ 789,780,556	$ (3,659,965)	$ (22,884)	$ -	$ 37,698,579	$ 823,796,285

6. CAPITAL ASSETS (continued)

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

	(As Restated) Balance June 30, 2020	Additions	Disposals	Transfers	Contributions	(As Restated) Balance June 30, 2021
Nondepreciable assets						
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	175,318,595	63,259,873	(569,559)	(74,729,109)	-	163,279,800
Depreciable assets						
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	-	-	4,138,916	307,311,433	869,670,206
Revenue and service vehicles	201,395,755	-	(9,521,511)	57,809,138	-	249,683,382
Equipment and furniture	216,695,367	-	(261,052)	5,329,302	-	221,763,617
Total nondepreciable assets	1,196,664,290	-	(9,782,563)	74,729,109	307,311,433	1,568,922,269
Less accumulated depreciation						
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	(882,684,710)	(70,395,120)	9,777,465	-	-	(943,302,365)
Total depreciable assets, net	313,979,580	(70,395,120)	(5,098)	74,729,109	307,311,433	625,619,904
Right-to-use (RTU) assets						
Building and signal stations	1,198,339	-	-	-	-	1,198,339
Total amortizable right-to-use assets	1,198,339	-	-	-	-	1,198,339
Less accumulated amortization on RTU assets						
Building and signal stations	-	(317,487)	-	-	-	(317,487)
Total RTU accumulated amortization	-	(317,487)	-	-	-	(317,487)
Total right-to-use assets, net	1,198,339	(317,487)	-	-	-	880,852
Total capital assets	$ 490,496,514	$ (7,452,734)	$ (574,657)	$ -	$ 307,311,433	$ 789,780,556

Additions to capital assets totaling $37,698,579 and $307,311,433 for the fiscal years 2022 and 2021, respectively, were received from SANDAG for completion of several major COASTER right-of-way projects that included double tracking in several locations, improvements to bridges over the San Diego River, at-grade crossings along Pacific Coast Highway, and the Carlsbad-Poinsettia run-through, among others. Depreciation expense for the fiscal years ended June 30, 2022 and 2021 was $89,184,921 and $70,395,120, respectively. The higher depreciation expense during fiscal year 2022 was due to the start of depreciation for the fiscal year 2021 SANDAG contributed assets. Amortization for right-to-use assets was $317,487 for both of the years ended June 30, 2022 and 2021.

7. COMPENSATED ABSENCES

Compensated absences activity for the fiscal years ended June 30, 2022 and 2021 was as follows:

				Classification	
Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due in one year	Due in more than one year
$ 1,297,306	$ 1,557,277	$ (1,452,675)	$ 1,401,907	$ 1,216,757	$ 185,150

				Classification	
Balance June 30, 2020	Additions	Reductions	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

8. 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.

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, 2022 and 2021 was as follows:

	Original Issue Amount	Balance at July 1, 2021	Additions	Retirements	Balance at June 30, 2022	Due Within One Year
Certificates of Participation, 2004 Series A	$ 114,000,000	$ 21,750,000	$ -	$ (1,300,000)	$ 20,450,000	$ 1,350,000

	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

8. LONG-TERM DEBT (continued)

The remaining principal balance on the Certificates of Participation was $20,450,000 at June 30, 2022. The Certificates of Participation mature on September 1, 2034.

Estimated future debt payments are as follows:

Fiscal Year Ending June 30,	Principal	Estimated Interest and Support Costs (1)	Total Payments
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	1,500,000	542,360	2,042,360
2028-2032	8,100,000	1,861,860	9,961,860
2033-2035	5,300,000	387,660	5,687,660
Total	$ 20,450,000	$ 5,472,740	$ 25,922,740

(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 $20.45 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, 2022.

Fair values. Because interest rates have declined since execution of the swaps, the UBS swaps had a total negative fair value of $1,742,672 and $3,837,710 as of June 30, 2022 and 2021, 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, 2022 and 2021. 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, 2022.

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, 2022, the average interest rate on NCTD’s hedged variable-rate debt was 3.50%.

Credit risk. This is the risk that the counterparty will fail to perform under the terms of these agreements. As of June 30, 2022 and 2021, 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, 2022 and 2021, 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.

8. 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, 2022, 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, 2022 and 2021, NCTD was not in a favorable termination position relative to the market.

The fair values and changes in fair values at June 30, 2022 and 2021 are shown below.

	Changes in Fair Value		Fair Value at June 30, 2022			Fair Value
	Classification	Amount	Classification	Amount	Notional	Hierarchy
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	$ 2,095,038	Debt	$ (1,742,672)	$ 20,450,000	Level 2

	Changes in Fair Value		Fair Value at June 30, 2021			Fair Value
	Classification	Amount	Classification	Amount	Notional	Hierarchy
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	$ 1,437,816	Debt	$ (3,837,710)	$ 21,750,000	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. Funding from SANDAG is to 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 was 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 to be 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, 2022 and 2021.

9. 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, 2022 and 2021, there was no liability related to the NCTD's Certificates of Participation 2004 Series A debt.

10. LEASES

Lessee Activities

NCTD adopted GASB 87 on July 1, 2020 and determined that four lease agreements met the criteria for capitalization. Three of the lease agreements, with principal and interest payments through fiscal year 2026, are for signal repeater sites throughout San Diego County used for vehicle operations communications systems. The fourth lease agreement, with principal and interest payments through fiscal year 2023, is for a building in Oceanside utilized for signals maintenance and maintenance-of-way operations. The lease liability was valued using annual discount rates between 0.92% and 1.29% depending on the length of the term of the lease and represent the District's incremental borrowing rate at the date of adoption.

At initial measurement, the right-to-use assets and lease liabilities of $1,198,339 represent the present value of the right to use the leased premises. During fiscal years 2022 and 2021, NCTD recognized $8,794 and $12,002, respectively, of interest expense associated with the leased assets. For the fiscal years ended June 30, 2022 and June 30, 2021, amortization expense for the right to use the leased assets was $317,487.

Remaining obligations associated with these leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2023	324,891	5,436
2024	131,279	2,797
2025	119,989	1,099
2026	14,435	70
Total	$ 590,594	$ 9,402

Lessor Activities

NCTD has entered into lease and easement agreements that provide tenants access to real estate assets owned by NCTD. NCTD has identified 20 lease agreements in which NCTD is the lessor that meet the criteria established by GASB 87 for capitalization. Most lease agreements have annual rent escalations that are based on a certain Consumer Price Index (CPI) rate. The lease agreements will expire at various dates through fiscal year 2100. The lease receivable was valued using annual discount rates ranging from 0.65% to 2.65% depending on the length of the term of the lease and represent the District's incremental borrowing rate at the date of adoption.

At initial measurement, the lease receivable and deferred inflows of resources for the 19 agreements was $18,367,186. As of June 30, 2022, the lease receivable and the deferred inflows related to leases balances were $17,859,584 and $17,080,153, respectively. Receipts on principal were $303,237 and $204,365 during the years ended June 30, 2022 and 2021, respectively. Interest revenue recognized on these leases was $470,538 and $473,100 for the years ended June 30, 2022 and 2021, respectively.

During FY2022, the District entered into a lease agreement to provide access to the District's General and Administrative Office building in Oceanside, CA to a construction contractor. This lease is for a term of 24 months. The present value of the lease receivable was calculated using a 0.92% discount rate and a 0% lease escalation rate as the lease has no escalation for the term. As a result, a lease receivable and deferred inflow of resources was recorded of $200,078 with the cash receipts and the allocation of interest included in the above balances.

Included in the 20 NCTD-as-lessor agreements is one agreement that includes a fixed monthly amount, however, additionally calls for an additional annual payment that is completely variable and therefore was not included in calculation of the lease receivable or deferred inflow of resources for the lease. These variable payments are a result of a portion underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from sublease rent. A total of $106,923 and $94,542 was recognized as revenue from these variable payments for the years ended June 30, 2022 and June 30, 2021, respectively.

11. CONTRACTUAL COMMITMENTS

As of June 30, 2022 and 2021, NCTD had commitments of $180,217,868 and $138,240,938, 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, State Transit Assistance (STA) funds, Transportation Development Act (TDA) funds, State Rail Assistance (SRA) funds, and discretionary federal and state awards.

12. 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 $327,536 and $323,781 for the fiscal years ended June 30, 2022 and 2021, respectively. During fiscal year 2021, employee forfeitures of $12,737 were used to fund employer contributions. No forfeitures were used to fund employer contributions during fiscal year 2022.

13. 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.

***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, 2022, are summarized below. A new benefit tier became effective for employees hired on or after January 9, 2022, which was not included in the CalPERS actuarial valuation as of June 30, 2021.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

	Hire Date			
Plan Benefits	Prior to December 23, 2012	On or after December 23, 2012 with prior CalPERS	On or after January 1, 2013	On or after January 9, 2022
Benefit Formula	2% @ 55	2% @ 60	2% @ 62	1.5% @ 65
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments*	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age (earliest)	50 or older	50 or older	52 or older	52 or older
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%	1.092 - 2.418%	1.000 - 2.500%	**
Required employee contribution rates	7.00%	7.00%	7.00%	4.75%
Required employer contribution rates	38.67%	38.67%	38.67%	**

**Can take lump sum or designate recipient*

***Actuarial valuation not available*

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

	Hire Date		
Plan Benefits	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%	1.000 - 2.500%
Required employee contribution rates	7%	7%	7%
Required employer contribution rates	35.30%	35.30%	35.30%

**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, 2021 and 2020 actuarial valuation reports:

Covered Employees	June 30, 2021	June 30, 2020
Inactive employees or beneficiaries currently receiving benefits	647	652
Inactive employees entitled to but not yet receiving benefits	432	427
Active employees	119	132
Total	1,198	1,211

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.

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.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

For the fiscal years ended June 30, 2022 and 2021, for employees hired prior to January 9, 2022, the average active employee contribution rate was 7.0% of annual pay, and the employer's contribution rate was 38.67% and 35.30% of annual payroll, respectively, based on the June 30, 2019 and 2018 actuarial valuation reports. For employees hired on or after January 9, 2022, the employee contribution rate was 4.75%. 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, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 actuarial valuation using standard update procedures. NCTD's June 30, 2022 and June 30, 2021 reported total pension liabilities are based on the following actuarial methods and assumptions.

Actuarial Assumptions **-** The June 30, 2020 and 2019 valuations were rolled forward to determine the June 30, 2021 and 2020 total pension liability, based on the following actuarial methods and assumptions:

	June 30, 2020	June 30, 2019
Actuarial Cost Method:	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions		
Discount rate:	7.15%	7.15%
Price inflation:	2.50%	2.50%
Payroll growth:	2.80%	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, 2021 and the June 30, 2020 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.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

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

Asset Class [1]	Current Target Allocation	Real Return Years 1 - 10 [2]	Real Return Years 11 + [3]
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.0%		

[1] 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.

[2] An expected inflation of 2.00% used for this period.

[3] An expected inflation of 2.92% used for this period.

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, 2021 measurement dates was 1.2 years, which was obtained by dividing the total service years of 1,475 (the sum of remaining service lifetimes of the active employees), by 1,211 (the total number of participants: active, inactive, and retired). The EARSL for the Plan for the June 30, 2020 measurement dates was 1.1 years, which was obtained by dividing the total service years of 1,316 (the sum of remaining service lifetimes of the active employees), by 1,198 (the total number of participants: active, inactive, and retired), 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.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

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, 2020	$ 146,422,361	$ 103,613,540	$ 42,808,821
Changes during the measurement period:			
Service cost	1,615,945	-	1,615,945
Interest on total pension liability	10,188,025	-	10,188,025
Differences between expected and actual experience	201,796	-	201,796
Contributions-employer	-	3,892,655	(3,892,655)
Contributions-employees	-	851,933	(851,933)
Net investment income	-	22,875,708	(22,875,708)
Benefit payments, including refunds of employee contributions	(9,884,519)	(9,884,519)	-
Administrative expense	-	(103,504)	103,504
Net changes	2,121,247	17,632,273	(15,511,026)
Balance at June 30, 2021	$ 148,543,608	$ 121,245,813	$ 27,297,795

	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)
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

***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, 2021 and 2020 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, 2021	$43,804,912	$27,297,795	$13,480,599
June 30, 2020	$59,286,237	$42,808,821	$29,028,515

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

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

For the fiscal years ended June 30, 2022 and 2021, NCTD had pension expense of $257,169 and $3,817,777, respectively. As of June 30, 2022, NCTD has deferred outflows and deferred inflows of resources related to pension as follows:

As of June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	5,510,976	$ -
Differences between expected and actual experience	33,633	-
Net differences between projected and actual earnings on pension plan investments	-	(11,333,087)
Total	$ 5,544,609	$ (11,333,087)

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)

Pension contributions made after the measurement date of June 30, 2021 in the amount of $5,510,976 will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2023. 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
2022	$ (2,862,410)
2023	(2,593,739)
2024	(2,706,803)
2025	(3,136,502)
	$ (11,299,454)

14. 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. NCTD's OPEB plan is on a pay-as-you-go basis. A trust fund has not been established for the payment of OPEB benefits and accordingly, no assets have been accumulated in a trust. Benefit payments are recognized when due and payable in accordance with the benefit terms.

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).

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

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

	June 30, 2022	June 30, 2021*
Inactive plan members or beneficiaries currently receiving benefits	78	82
Inactive plan members entitled to but not yet receiving benefits	370	387
Active plan members	248	129
	696	598

** Due to a limited-year actuarial valuation for FY2021, the FY2020 employee counts were used as allowed by GASB 75*

Contributions **-** NCTD pays CalPERS the monthly health care premium ($143 per month in 2021, $149 per month in 2022, and indexed to medical CPI for future years) for retirees electing coverage. Total payments for the fiscal years ended June 30, 2022 and 2021 were $132,790 for 78 retirees and $147,687 for 82 retirees, respectively.

Total OPEB Liability

NCTD's total OPEB liability as of June 30, 2022 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, 2022 and 2021 was $3,731,361 and $4,910,812, respectively. In fiscal years 2022 and 2021, the total OPEB liability decreased by $1,179,451 and $26,318, respectively.

Actuarial assumptions –

The total OPEB liability in the June 30, 2022 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:	3.54%
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 Required Plan
2022	Actual	Actual
2023	6.0%	3.0%
2024	5.0%	3.0%
2025	5.5%	3.0%
Thereafter	4.5%	3.0%

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

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 Required Plan
2021	Actual	Actual
2022	6.0%	4.0%
2023	5.5%	4.0%
2024	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.

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, 2021	$ 4,910,812
Changes for the year:	
Service cost	111,243
Interest	103,331
Actuarial experience	(91,286)
Changes of assumptions	(1,048,825)
Benefit payments	(253,914)
Net changes	(1,179,451)
Balance at June 30, 2022	$ 3,731,361

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

	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	$ 4,910,812

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: June 30, 2022	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	$4,161,455	$3,731,361	$3,372,809

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

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 3% CalPERS Minimum decreasing to 5.00% HMO/PPO and 2.00% CalPERS Minimum Required Plan	Current Healthcare Cost Trend Rates 6.00% HMO/PPO and 3.00% CalPERS Minimum Required Plan	1% Increase 6.00% HMO/PPO and 3% CalPERS Minimum increasing to 7.00% HMO/PPO and 4.00% CalPERS Minimum Required Plan
June 30, 2022	$3,347,942	$3,731,361	$4,193,479
June 30, 2021	$4,303,628	$4,910,812	$5,654,196

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2022 and 2021, NCTD recognized OPEB expense of $92,954 and $287,285, respectively. At June 30, 2022, NCTD had deferred inflows of resources of $993,275 relating to differences between expected and actual experience, as well as changes in assumptions. In addition, NCTD had deferred outflows $75,097 due to changes in assumptions. At June 30, 2021, NCTD had deferred inflows of resources of $122,560 relating to differences between expected and actual experience, as well as deferred outflows of resources of $222,873 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
2023	$ (151,874)
2024	(181,445)
2025	(185,084)
2026	(185,084)
2027	(185,084)
Thereafter	(29,607)
	$ (918,178)

15. CONTINGENT LIABILITIES

Legal Proceedings

From time to time, the District may be involved in a number of legal matters that occur within the normal course of business. Liabilities that arise from legal matters that are considered probable and estimable are accrued in the financial statements in the period in which they meet both criteria. A liability that is not probable or the amount cannot be reasonably estimated is not accrued, however, if the liability is reasonably possible and material, such matter must be disclosed. The matter described below, if decided adversely to or settled by the District, individually or in the aggregate, may result in a liability material to the District's financial condition or results of operations.

Minter v. Bombardier Transportation (Bombardier)/cross action against North County Transit District, et al.

This matter arises from a Request for Proposal ("RFP") for combined rail operations, maintenance of equipment, and maintenance of way services for NCTD's COASTER commuter rail and SPRINTER hybrid rail services that was posted in July 2015 and awarded to Bombardier in December 2015. On or around July 1, 2016, Bombardier began work under the Services Agreement (“Agreement”).

On November 21, 2018, a class action lawsuit was filed against Bombardier alleging violations of the California Labor Code for failure to pay prevailing wage, among other claims. The lawsuit was filed by Plaintiffs on behalf of a class of approximately 170 current and former employees of Bombardier who were employed to perform services under the Agreement.

On June 24, 2022, Bombardier filed a Cross-Complaint against NCTD seeking defense, indemnity, and contribution related to the action filed by Plaintiffs against Bombardier. Specifically, Bombardier claims that NCTD erroneously provided special wage determinations for Maintenance of Signal (MOS) positions, rather than the required general wage determinations. Bombardier claims to have relied on the special wage determinations in paying its workers, resulting in the underpayment of per diem wages for holiday, overtime work, and fringe benefits. The cross-complaint filed by Bombardier against NCTD has been severed by the court and set for trial for February 9, 2024.

15. CONTINGENT LIABILITIES (continued)

At present, the District cannot predict the outcome of such claims and cannot reasonably estimate any loss or range of loss that may arise from these proceedings. The District believes that it has substantial factual and legal defenses to these claims and intends to defend the claims vigorously.

Interest Rate Replacement - LIBOR

NCTD's certificates of participation, interest rate swaps, and debt insurance policy are LIBOR-based (see Notes 1 and 8). 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.

16. 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 2020 through 2022:

					Classification	
	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Due in One Year	Due in more than One Year
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
2021-2022	1,738,911	735,632	(42,131)	2,432,412	830,073	1,602,339

17. 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.

<u>Section 6634</u>
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.

<u>Section 6637</u>
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.

18. STATE OF GOOD REPAIR (SGR)

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statues 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, 2022 and 2021. Negative year-end balances reflect outstanding receivables for awarded State of Good Repair funds.

Project Name	Balance July 1, 2021	Receipts	Allocated Interest	Expenditures	Balance June 30, 2022
BREEZE CNG Buses	$ (342,236)	$ 291,324	$ 14,729	$ 36,183	$ -
Preventive maintenance	-	1,462,625	-	(759,755)	702,870
Unallocated	14,729	-	(13,440)	-	1,289
	$ (327,507)	$ 1,753,949	$ 1,289	$ (723,572)	$ 704,159

Project Name	Balance July 1, 2020	Receipts	Allocated Interest	Expenditures	Balance 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
	$ (230,399)	$1,719,661	$ 127	$(1,816,896)	$ (327,507)

19. SUBSEQUENT EVENT

Insourcing of Maintenance-of-Way, Signals Maintenance, and Facilities Maintenance

The base term of the current agreements with Bombardier for maintenance-of-way, signals 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, which took effect on June 26, 2022. In addition, the Board approved the insourcing of the maintenance-of-way, signals maintenance, and facilities maintenance functions in late fiscal year 2023 in advance of the termination of the agreements with Bombardier.

Certain functions, such as tree inspections and trimming, bridge inspections and repairs, and graffiti removal are anticipated to be performed under specialty contracts. NCTD personnel will perform preventative maintenance, minor reactive maintenance, and work order requests. Outsourced specialty service contracts would include expanded cleaning/janitorial services, expanded reactive maintenance and current subcontracted functions such as train wash and crane maintenance.

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,						
	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY							
Service cost	$ 1,615,945	$ 1,487,670	$ 1,576,318	$ 1,608,993	$ 1,710,208	$ 1,479,831	$ 1,319,179
Interest on total pension liability	10,188,025	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	201,796	(923,704)	747,277	129,435	(1,668,134)	(619,666)	(203,397)
Benefit payments, including refunds of employee contributions	(9,884,519)	(9,658,453)	(9,567,677)	(9,294,062)	(9,002,514)	(9,365,030)	(8,966,967)
Net change in total pension liability	2,121,247	948,727	2,729,838	1,688,275	7,819,503	1,243,547	(287,263)
Total pension liability - Beginning	146,422,361	145,473,634	142,743,796	141,055,521	133,236,018	131,992,471	132,279,734
Total pension liability - Ending	$148,543,608	$146,422,361	$145,473,634	$142,743,796	$141,055,521	$133,236,018	$131,992,471
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	$ 3,892,655	$ 3,447,428	$ 2,897,992	$ 2,430,812	$ 2,293,374	$ 2,074,962	$ 1,869,306
Contributions - Employee	851,933	736,409	642,278	715,546	750,129	740,253	726,973
Net investment income	22,875,708	5,064,326	6,589,325	8,499,446	10,635,775	505,684	2,346,127
Benefit payments, including refunds of employee contributions	(9,884,519)	(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	(103,504)	(146,855)	(74,038)	(158,557)	(143,536)	(62,971)	(116,378)
Other miscellaneous expense [(1)]	-	-	241	(301,102)	-	-	-
Net change in fiduciary net position	17,632,273	(557,145)	420,811	1,998,592	4,533,228	(6,107,102)	(4,140,939)
Plan fiduciary net position - Beginning [(2)]	103,613,540	104,170,685	103,749,874	101,751,282	97,218,054	103,325,156	107,466,095
Plan fiduciary net position - Ending	$121,245,813	$103,613,540	$104,170,685	$103,749,874	$101,751,282	$ 97,218,054	$103,325,156
Plan net pension liability - Ending	$ 27,297,795	$ 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	81.62%	70.76%	71.61%	72.68%	72.14%	72.97%	78.28%
Covered payroll [(3)]	$ 12,061,568	$ 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	226.32%	428.16%	394.46%	379.71%	384.55%	348.88%	286.41%

(1) 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).

(2) Includes any beginning of year adjustment.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

(4) 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 they become 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 through 2021. 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, [1]

	2022	2021	2020	2019
Actuarially determined contribution [2]	$ 5,510,976	$ 3,881,684	$ 3,449,635	$ 2,899,316
Contributions in relation to the actuarially determined contribution [2]	(5,510,976)	(3,881,684)	(3,449,635)	(2,899,316)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 13,497,527	$ 12,061,568	$ 9,998,410	$ 10,470,659
Contributions as a percentage of covered payroll	40.83%	32.18%	34.50%	27.69%

Notes to Schedule of Plan Contributions:

Valuation date:	June 30, 2019	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	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	Fair Value of Assets	Fair Value of Assets	Fair Value of Assets	Market value of assets
Inflation	2.625%	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	Varies by entry age and service
Payroll Growth	2.875%	2.875%	3.00%	3.00%
Discount Rate	7.250%	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 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 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) [1]

	2018	2017	2016	2015 [4]
Actuarially determined contribution [2]	$ 2,400,544	$ 2,207,370	$ 2,064,509	$ 1,868,650
Contributions in relation to the actuarially determined contribution [2]	(2,400,544)	(2,207,370)	(2,064,509)	(1,868,650)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
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.

(1) 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.

(2) 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. In FY2022, NCTD made an additional contribution of $1,297,860.

(3) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

(4) 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 they become available.

2. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	Measurement Periods Ended June 30,				
	2022	2021	2020	2019	2018 [1]
TOTAL OPEB LIABILITY					
Service cost	$ 111,243	$ 108,913	$ 105,358	$ 102,141	$ 100,809
Interest	103,331	106,135	144,957	160,010	159,180
Differences between expected and actual experience	(91,286)	-	(291,184)	-	-
Changes of assumptions	(1,048,825)	27,909	482,426	196,194	(55,212)
Benefit payments	(253,914)	(269,275)	(269,275)	(326,127)	(306,223)
Administrative expenses	-	-	-	-	-
Net change in total OPEB liability	(1,179,451)	(26,318)	172,282	132,218	(101,446)
Total OPEB liability - Beginning	4,910,812	4,937,130	4,764,848	4,632,630	4,734,076
Total OPEB liability - Ending	$ 3,731,361	$ 4,910,812	$ 4,937,130	$ 4,764,848	$ 4,632,630
Covered employee payroll	$ 13,497,527	$ 12,061,568	$ 9,998,410	$ 10,470,659	$ 10,269,359
Total OPEB liability as a percentage of covered employee payroll	27.64%	40.71%	49.38%	45.51%	45.11%

[1] *The above required supplementary pension schedule is intended to show information for ten years. NCTD began tracking this information beginnning with the 2018 OPEB plan year and additional years' information will be displayed as they become 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, 2022, 2021, 2020, 2019, and 2018 were 3.54%, 2.16%, 2.21%, 3.15%, and 3.50%, respectively.

Statistical Section (Unaudited)

Statistical Section Index

Financial Trends

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net investment in capital assets	$ 804,938,030	$ 769,310,507	$ 468,428,473	$ 500,819,718	$ 531,669,768	$ 517,514,713	$ 550,360,076	$ 562,144,871	$ 529,424,444	$ 563,577,429
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	17,314,221	11,652,974	10,626,049	8,891,837	9,589,273	18,826,821	17,175,267	15,804,597	43,267,880	40,124,880
Total Net Position	$ 822,302,746	$ 781,013,976	$ 479,105,017	$ 509,762,050	$ 541,309,536	$ 536,392,029	$ 567,585,838	$ 577,999,963	$ 572,742,819	$ 603,752,804

Source: *Audited financial statements*

Financial Trends (continued)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
OPERATING REVENUES										
Fare revenue	$ 8,775,892	$ 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
Advertising and right-of-way	10,883,767	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
Lease and sublease revenue	2,318,609	1,862,857	2,111,491	1,820,342	1,710,568	1,758,764	1,646,667	1,602,676	1,476,319	1,588,827
Other revenue	2,539,250	1,918,798	3,588,587	1,045,710	704,294	517,876	1,341,594	949,065	1,722,462	2,183,026
Total operating revenues	24,517,518	19,462,651	29,535,265	30,200,546	28,646,373	29,412,791	31,551,911	31,492,023	31,820,874	32,483,870
OPERATING EXPENSES										
Vehicle operations	53,584,490	43,499,853	45,045,653	45,938,658	47,465,715	41,573,432	41,555,160	43,331,766	39,313,456	40,811,588
Vehicle maintenance	20,049,855	16,578,975	16,227,640	14,798,276	15,042,173	13,164,136	13,125,807	12,307,320	12,458,342	9,446,107
Facilities and non-vehicle maintenance	18,090,120	15,802,215	14,651,385	13,625,201	14,138,904	11,489,506	8,907,149	8,559,735	9,471,138	8,219,859
Administration	27,990,845	27,743,512	27,199,007	24,969,427	24,829,201	27,077,703	24,791,426	22,776,865	20,961,917	20,530,599
Right-of-way operations	9,414,584	8,956,377	7,517,730	7,843,662	6,404,629	6,112,602	5,218,738	5,713,276	5,599,239	4,205,572
Depreciation	85,009,776	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
Amortization - right-to-use assets (*)	317,487	317,487	-	-	-	-	-	-	-	-
Total operating expenses	214,457,157	183,293,539	195,000,245	164,979,609	160,889,719	164,052,758	157,091,303	161,809,565	149,466,935	144,480,406
Operating Loss	(189,939,639)	(163,830,888)	(165,464,980)	(134,779,063)	(132,243,346)	(134,639,967)	(125,539,392)	(130,317,542)	(117,646,061)	(111,996,536)
NONOPERATING REVENUES (EXPENSES)										
Operating grants	111,580,024	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
Interest revenue - leases (*)	470,538	473,100	-	-	-	-	-	-	-	-
Interest expenses - leases (*)	(8,794)	(12,002)	-	-	-	-	-	-	-	-
Investment income	287,474	342,066	977,319	990,706	377,864	278,092	317,367	250,086	172,035	140,875
Debt related expense	(724,782)	(763,062)	(818,643)	(866,287)	(910,905)	(990,658)	(942,170)	(1,086,335)	(1,071,555)	(1,131,984)
Gain (loss) on disposal of capital assets	140,431	(258,895)	40,702	8,157	36,823	13,441	26,658	1,159	(478,136)	87,180
Total nonoperating revenues	111,744,891	95,103,118	83,366,598	77,583,872	73,860,544	73,091,520	64,724,136	65,627,848	60,058,623	56,531,272
Loss Before Capital Contributions	(78,194,748)	(68,727,770)	(82,098,382)	(57,195,191)	(58,382,802)	(61,548,447)	(60,815,256)	(64,689,694)	(57,587,438)	(55,465,264)
CAPITAL CONTRIBUTIONS										
Capital grants	81,784,939	63,325,296	51,179,197	25,531,224	15,122,285	30,104,931	15,534,248	16,976,048	26,577,453	42,162,848
Donated capital assets	37,698,579	307,311,433	262,152	116,481	50,896,696	249,707	34,866,883	83,943,559	-	-
Total capital contributions	119,483,518	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
Change in net position	$ 41,288,770	$ 301,908,959	$ (30,657,033)	$ (31,547,486)	$ 7,636,179	$ (31,193,809)	$ (10,414,125)	$ 36,229,913	$ (31,009,985)	$ (13,302,416)

** These new line items are a result of the adoption of GASB-87 - Leases during fiscal year 2022, with an effective date to the opening balance sheet as of July 1, 2020.*

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
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	2,111,491	3,588,587	29,535,265
2021*	5,692,271	12,445	1,281,600	8,694,680	1,862,857	1,918,798	19,462,651
2022*	8,361,513	414,379	1,390,793	9,492,974	2,318,609	2,539,250	24,517,518

** FY2020 - FY2022 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

	FEDERAL FUNDS			STATE FUNDS			LOCAL FUNDS			
Fiscal Year	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	
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
2022	51,326,656	1,299,834	34,256,092	4,058,481	846,878	21,702,578	30,167,245	23,675,392	205,538	63,524,848

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 FY2022 and FY2021 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 FY2022 and FY2021 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 FY2022 and FY2021 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 of TransNet transit system improvements funds are allocated between NCTD and MTS based on the population of each transit agency's service areas. Funding from TransNet new bus rapid transit/rail operations is limited to eligible new services; NCTD receives this funding for the COASTER expanded service that began in October 2021.

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. From May 1, 2022 through June 30, 2023, NCTD receives funding from SANDAG for the Youth Opportunity Pass program, a pilot program in the San Diego region that provides free public transit to youth riders ages 18 and under.

Revenue Capacity (continued)

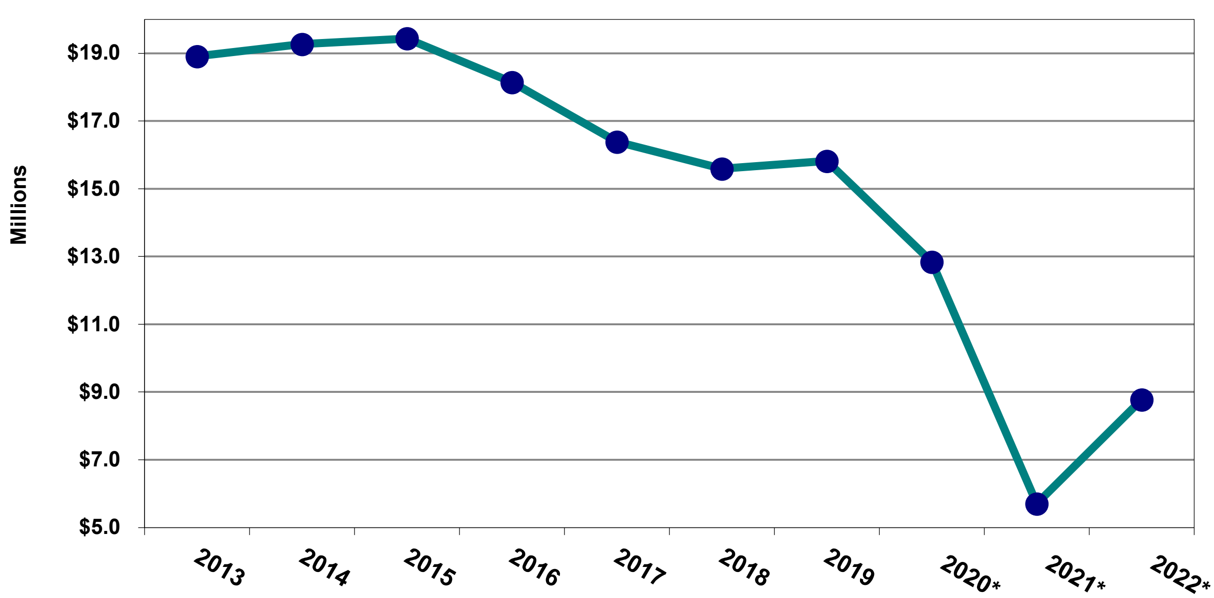
NORTH COUNTY TRANSIT DISTRICT
FARE REVENUE BY MODE
LAST TEN FISCAL YEARS

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
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
2022*	4,261,828	32,436	621,970	2,743,214	1,116,444	8,775,892
Change 2013-2022	**(51.4)%**	**(57.5)%**	**12.2%**	**(62.0)%**	**(51.2)%**	**(53.6)%**

** FY2020 - FY2022 fare revenues negatively impacted by COVID-19.*

Source: *NCTD Internal Financial Information*

North County Transit District
Total Fare Revenue



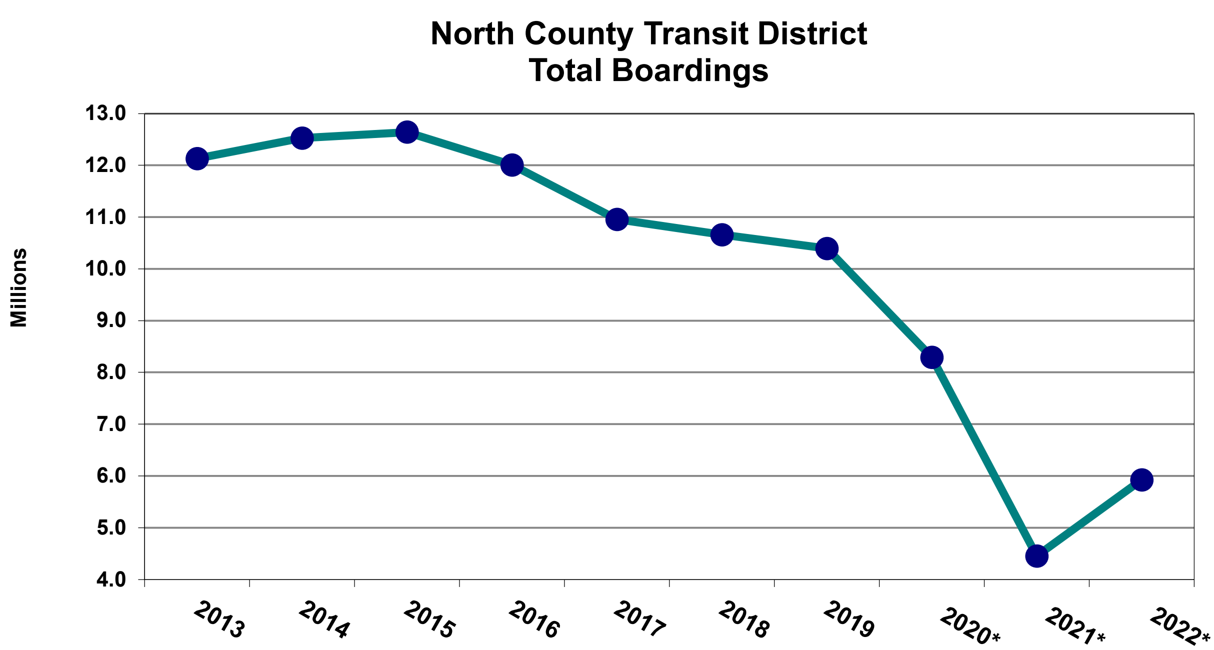
Revenue Capacity (continued)

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
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
2022*	3,918,669	25,332	72,376	588,409	1,322,380	5,927,166
Change 2013-2022	**(53.0)%**	**35.5%**	**(50.1)%**	**(63.9)%**	**(33.9)%**	**(51.1)%**

** FY2020 - FY2022 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fixed Route										
One-way Fare										
Adult	$ 2.50	$ 2.50	$ 2.50	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75
Senior/Disabled/Medicare	1.25	1.25	1.25	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Youth	1.25	1.25	2.50	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Day Pass										
Adult	6.00	6.00	6.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50
Senior/Disabled/Medicare	3.00	3.00	3.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Youth	3.00	3.00	3.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50
Day Pass										
Regional Day Pass - Adult	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Regional Day Pass - Senior/Disabled/ Medicare/Youth	3.00	3.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Premium Day Pass - Adult	12.00	12.00	12.00	12.00	*	*	*	*	*	*
Premium Day Pass - Senior/Disabled/ Medicare/Youth	6.00	6.00	6.00	6.00	*	*	*	*	*	*
COASTER Regional Day Pass - Adult	15.00	15.00	15.00	*	*	*	*	*	*	*
COASTER Regional Day Pass - Senior/Disabled/Medicare/Youth	7.50	7.50	7.50	*	*	*	*	*	*	*
Region Plus Day Pass	*	*	*	12.00	12.00	12.00	12.00	12.00	12.00	12.00
SPRINTER/BREEZE Monthly Calendar or Rolling 30-Day Pass ***										
Adult	59.00	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Senior/Disabled/Medicare	19.00	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Youth	19.00	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Regional Monthly Calendar or Rolling 30-Day Pass***										
Adult	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Senior/Disabled/Medicare	23.00	23.00	23.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Regional Premium Monthly Calendar or Rolling 30-Day Pass***										
Adult	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Senior/Disabled/Medicare	32.00	32.00	32.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Regional 14 Day Pass	*	*	*	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
College Monthly Pass	**	**	**	49.00	49.00	49.00	49.00	49.00	49.00	49.00
On Demand Bus Service										
One-way Fare										
Adult	$ 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	2.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00
ADA/Paratransit										
One-way Fare	$ 5.00	$ 5.00	$ 5.00	$ 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Commuter Train Service										
ZONE 1										
One-way Fare										
Adult	$ 5.00	$ 5.00	$ 5.00	$ 4.00	$ 4.00	$ 4.00	$ 4.00	$ 4.00	$ 4.00	$ 4.00
Senior/Disabled/Medicare	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Youth	2.50	2.50	2.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Monthly Calendar or Rolling 30-Day Pass***										
Adult	140.00	140.00	140.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
ZONE 2										
One-way Fare										
Adult	5.75	5.75	5.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Senior/Disabled/Medicare	2.75	2.75	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Youth	2.75	2.75	2.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Monthly Calendar or Rolling 30-Day Pass***										
Adult	161.00	161.00	161.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
ZONE 3										
One-way Fare										
Adult	6.50	6.50	6.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Senior/Disabled/Medicare	3.25	3.25	3.25	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Youth	3.25	3.25	3.25	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Monthly Calendar or Rolling 30-Day Pass***										
Adult	182.00	182.00	182.00	165.00	165.00	165.00	165.00	165.00	165.00	165.00
Senior/Disabled/Medicare (all zones)	58.00	58.00	58.00	41.25	41.25	41.25	41.25	41.25	41.25	41.25
Youth (all zones)	58.00	58.00	58.00	82.50	82.50	82.50	82.50	82.50	82.50	82.50
Hybrid Rail Train Service										
One-way Fare										
Adult	$ 2.50	$ 2.50	$ 2.50	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Senior/Disabled/Medicare	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Youth	1.25	1.25	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Day Pass										
Adult	6.00	6.00	6.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50
Senior/Disabled/Medicare	3.00	3.00	3.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Youth	3.00	3.00	3.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50
SPRINTER/BREEZE Monthly Calendar or Rolling 30-Day Pass ***										
Adult	59.00	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Senior/Disabled/Medicare	19.00	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Youth	19.00	*	*	59.00	59.00	59.00	59.00	59.00	59.00	59.00
Day Pass										
Regional Day Pass - Adult	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Regional Day Pass - Senior/Disabled/ Medicare/Youth	3.00	3.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Premium Day Pass - Adult	12.00	12.00	12.00	12.00	*	*	*	*	*	*
Premium Day Pass - Senior/Disabled/ Medicare/Youth	6.00	6.00	6.00	6.00	*	*	*	*	*	*
COASTER Regional Day Pass - Adult	15.00	15.00	15.00	*	*	*	*	*	*	*
COASTER Regional Day Pass - Senior/Disabled/Medicare/Youth	7.50	7.50	7.50	*	*	*	*	*	*	*
Region Plus Day Pass	*	*	*	12.00	12.00	12.00	12.00	12.00	12.00	12.00

Revenue Capacity (continued)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Hybrid Rail Train Service (continued)										
Regional Monthly Calendar or Rolling 30-Day Pass***										
Adult	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Senior/Disabled/Medicare	23.00	23.00	23.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Regional Premium Monthly Calendar or Rolling 30-Day Pass***										
Adult	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Senior/Disabled/Medicare	32.00	32.00	32.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Regional 14 Day Pass	*	*	*	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
College Monthly Pass	**	**	**	49.00	49.00	49.00	49.00	49.00	49.00	49.00
Fare Capping (Pay As You Go)** **										
Regional Daily Cap										
Adult	6.00	*	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	3.00	*	*	*	*	*	*	*	*	*
Regional Monthly Cap										
Adult	72.00	*	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	23.00	*	*	*	*	*	*	*	*	*
Premium Daily Cap										
Adult	12.00	*	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	6.00	*	*	*	*	*	*	*	*	*
Premium Monthly Cap										
Adult	100.00	*	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	32.00	*	*	*	*	*	*	*	*	*

* Fare product not offered
** College Monthly Passes no longer have prescribed rates and are negotiated between the college/university and MTS.
*** Effective September 1, 2022 with the implementation of the PRONTO fare revenue system, Rolling 30-day passes are no longer available for sale.
**** Effective September 1, 2022 with the implementation of PRONTO, customers have the option to "pay-as-you-go" and reach daily and monthly caps of fares, following which they ride for free.

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. Effective April 2021, additional regional fare program changes were made in advance of the PRONTO Fare System roll-out in September 2021 (fare capping) and to lower certain single-ride trips for Youth riders.

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 2022*		Fiscal Year 2017		Fiscal Year 2012	
	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue
BREEZE	$ 4,261,828	48.6%	$ 6,396,151	38.9%	$ 7,993,380	44.0%
FLEX	32,436	0.4%	56,329	0.3%	46,826	0.3%
LIFT	621,970	7.1%	788,102	4.8%	522,594	2.9%
COASTER	2,743,214	31.3%	6,452,948	39.4%	6,955,478	38.3%
SPRINTER	1,116,444	12.6%	2,692,730	16.4%	2,650,993	14.6%
Total Fare Revenue	$ 8,775,892	100.0%	$ 16,386,260	100.0%	$ 18,169,271	100.0%

** FY2022 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	Lease Commitments	Total Debt and Lease Commmitments	Percentage of Personal Income*	Debt Per Capita*	Debt Per Passenger Boarding**
2013	$31,775,000	****	$31,775,000	0.08%	$37.26	$2.62
2014	$30,575,000	****	$30,575,000	0.07%	$35.47	$2.44
2015	$29,350,000	****	$29,350,000	0.07%	$33.67	$2.32
2016	$28,075,000	****	$28,075,000	0.06%	$31.95	$2.34
2017	$26,750,000	****	$26,750,000	0.05%	$30.22	$2.44
2018	$25,550,000	****	$25,550,000	0.05%	$28.55	$2.40
2019	$24,300,000	****	$24,300,000	0.04%	$27.16	$2.28
2020***	$23,050,000	****	$23,050,000	0.04%	$25.56	$2.78
2021***	$21,750,000	$901,302	$22,651,302	0.04%	$25.11	$5.08
2022***	$20,450,000	$590,594	$21,040,594	0.03%	$23.52	$3.55

** 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 - FY2022 passenger boardings negatively impacted by COVID-19.*
***** Lease liability data does not exist prior to the implementation of GASB 87 - Leases, effective July 1, 2020*

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) (5)	Personal Income (in thousands)	Per Capita Personal Income (2)	San Diego County Unemployment Rate (3)	State Unemployment Rate (3)	US Unemployment Rate (4)
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	$61,194,734	$67,830	9.2%	10.1%	8.1%
2021	894,636	$64,983,649	$72,637	6.5%	7.3%	5.3%

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.

(5) For calendar year 2021 population, SANDAG Data Surfer information was unavailable at the time of issuance. NCTD estimated the MSA population by applying the ratio of calendar year 2020's MSA population to the County of San Diego's total population, as reported in the County of San Diego's FY2021 ACFR.

Demographic and Economic Statistics (continued)

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

	2021			
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	4.53%	a
Vista Unified School District	2	2,897	0.19%	b
ViaSat	3	2,481	0.16%	e
San Marcos Unified School District	4	2,464	0.16%	d
Palomar Medical Center	5	2,462	0.16%	c
Legoland California LLC	6	2,300	0.15%	e
Escondido Union School District	7	2,207	0.14%	c
Tri City Medical Center	8	2,100	0.14%	f
Thermo Fischer Scientific (Life Technologies)	9	1,982	0.13%	e
Oceanside Unified School District	10	1,959	0.13%	g
Total San Diego County Labor Force		1,543,700		h

Sources:

a www.pendleton.marines.mil/Main-Menu/Introduction
b *City of Vista, Annual Consolidated Financial Report FY21*
c *City of Escondido, Annual Consolidated Financial Report FY21*
d *City of San Marcos, Annual Consolidated Financial Report FY21*
e *City of Carlsbad, Annual Consolidated Financial Report FY21*
f *Tri City Medical Center website*
g *Oceanside Unified School District website & City of Oceanside Annual Consolidated Financial Report FY21*
h *State of California Employment Development Department:* https://www.labormarketinfo.edd.ca.gov/geography/msa/san-diego-carlsbad.html

	2012			
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	37,000	2.34%	a
Life Technologies Corp (formerly Invitrogen)	2	4,121	0.26%	a
Palomar Pomeradoe Health	3	3,995	0.25%	a
Taylor Made Golf Company	4	2,498	0.16%	a
Tri City Medical Center	5	2,279	0.14%	a
ViaStat	6	2,114	0.13%	a
Oceanside Unified School District	7	2,000	0.13%	a
San Onofre Nuclear Generating Station	7	2,000	0.13%	a
Escondido Union School District	8	1,981	0.13%	a
Pala Casino Resort and Spa	8	1,981	0.13%	a
Vista Unified School District	9	1,744	0.11%	a
Callaway Golf Company	10	1,637	0.10%	a
Total San Diego County Labor Force		1,583,800		

Source:

a *FY2012 NCTD Comprehensive Annual Financial Report*

Demographic and Economic Statistics (continued)

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

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administrative Services	10.00	10.00	9.00	9.50	10.25	12.00	11.00	9.50	10.00	3.00
Bus Operations	6.00	5.00	7.00	6.00	6.00	6.00	7.00	8.00	8.00	17.00
Development Services	19.00	19.00	19.00	19.00	19.00	20.00	17.00	15.00	10.00	5.00
Finance	19.00	17.00	16.00	18.00	18.00	20.00	19.50	14.00	14.00	13.00
General Counsel	5.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	0.00
Information Technology	14.00	14.00	14.00	15.00	14.00	12.00	12.00	15.00	15.00	19.00
Office of the Executive Director	4.25	3.25	7.00	4.50	3.00	1.75	2.00	2.00	2.00	13.00
Operations - Rail	130.00	24.00	4.00	4.00	6.00	5.00	3.00	3.00	2.00	4.00
Operations Support Services	29.00	27.00	32.00	31.00	32.00	59.00	54.00	54.00	55.00	22.00
Planning, Strategy, and Innovation	8.25	8.25	8.25	8.25	7.00	12.75	13.00	11.00	13.00	14.00
Procurement and Contract Administration	8.00	7.00	7.00	8.00	8.00	7.00	8.00	13.00	13.00	5.00
Safety	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Total	257.50	145.50	134.25	134.25	134.25	166.50	157.50	153.50	151.00	119.00

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FARE REVENUES (thousands)										
BREEZE	$ 4,262	$ 2,527	$ 5,286	$ 6,525	$ 6,465	$ 6,396	$ 7,452	$ 8,274	$ 8,240	$ 8,777
FLEX	32	24	156	203	181	56	66	75	76	76
LIFT	622	620	680	715	743	788	776	687	568	554
COASTER	2,743	1,086	4,334	5,674	5,453	6,453	6,878	7,401	7,627	7,223
SPRINTER	1,117	1,448	2,386	2,702	2,750	2,693	2,976	3,002	2,764	2,280
TOTAL	$ 8,776	$ 5,705	$ 12,842	$ 15,819	$ 15,592	$ 16,386	$ 18,148	$ 19,439	$ 19,275	$ 18,910
OPERATING COSTS (thousands) (a) (c)										
BREEZE	$ 49,564	$ 45,221	$ 44,550	$ 43,247	$ 48,251	$ 49,327	$ 45,614	$ 42,582	$ 42,128	$ 41,048
FLEX	3,515	2,369	2,246	1,985	1,265	735	637	605	617	510
LIFT	9,128	9,662	9,521	10,483	10,149	9,504	8,434	7,402	4,789	3,932
COASTER	34,197	23,987	21,211	19,969	17,049	18,653	17,386	20,212	19,607	18,792
SPRINTER	28,655	22,488	22,985	21,562	19,789	15,423	16,309	16,175	15,064	14,725
TOTAL	$ 125,059	$ 103,727	$ 100,513	$ 97,246	$ 96,503	$ 93,642	$ 88,380	$ 86,976	$ 82,205	$ 79,007
FARE REVENUE TO OPERATING COSTS (b)										
BREEZE	8.6%	5.6%	11.9%	15.1%	13.4%	13.0%	16.3%	19.4%	19.6%	21.4%
FLEX	0.9%	1.0%	6.9%	10.2%	14.3%	7.7%	10.4%	12.4%	12.3%	15.0%
LIFT	6.8%	6.4%	7.1%	6.8%	7.3%	8.3%	9.2%	9.3%	11.9%	14.1%
COASTER	8.0%	4.5%	20.4%	28.4%	32.0%	34.6%	39.6%	36.6%	38.9%	38.4%
SPRINTER	3.9%	6.4%	10.4%	12.5%	13.9%	17.5%	18.2%	18.6%	18.3%	15.5%
SYSTEM	7.0%	5.5%	12.8%	16.3%	16.2%	17.5%	20.5%	22.3%	23.4%	23.9%

(a) Operating costs exclude interest, depreciation, GASB68 actuarial and non-cash expenses and Gain/Loss on Disposal of Assets.
(b) Fare revenues divided by operating costs. FY2022 - FY2020 fare revenues were negatively impacted by COVID-19.
(c) Operating costs for FY2021 have been restated for the adoption of GASB 87 - Leases, effective July 1, 2020

Source: *NCTD Internal Financial Information*

Operating Information (continued)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FAREBOX RECOVERY RATIO AS REPORTED TO THE CALIFORNIA STATE CONTROLLER'S OFFICE (WITH LOCAL SUPPORT) (a) (c)										
FIXED ROUTE (BREEZE, FLEX, COASTER, SPRINTER)	33.2%	25.4%	34.9%	38.9%	34.7%	*	*	*	*	*
LIFT/ADA PARATRANSIT	12.5%	13.2%	13.4%	10.2%	10.9%	*	*	*	*	*
FAREBOX RECOVERY RATIO AS REPORTED TO THE CALIFORNIA STATE CONTROLLER'S OFFICE (WITHOUT LOCAL SUPPORT) (b) (c)										
FIXED ROUTE (BREEZE, FLEX, COASTER, SPRINTER)	7.6%	5.7%	13.5%	17.9%	17.6%	18.8%	22.3%	23.8%	24.3%	24.5%
LIFT/ADA PARATRANSIT	7.1%	6.6%	7.2%	6.8%	7.3%	8.3%	6.2%	9.3%	11.9%	14.1%

(a) As reported to the California State Controller's Office, farebox recovery ratios with local support include other local revenue sources and exclude allowable operating costs
(b) As reported to the California State Controller's Office, farebox recovery ratios exclude allowable operating costs
(c) FY2022 - FY2020 recovery ratios were negatively impacted by the effects of COVID-19 on ridership and the resulting fare revenues
** Adjusted farebox recovery ratios were not reported prior to FY2018.*

Source: *NCTD Internal Financial Information*

Operating Information (continued)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PASSENGERS (thousands) (a)										
BREEZE	3,919	2,991	5,135	6,373	6,483	6,732	7,547	8,019	8,125	8,339
FLEX	25	22	31	32	28	21	25	26	25	19
LIFT	72	57	117	169	186	202	200	185	154	145
COASTER	589	163	944	1,409	1,433	1,455	1,556	1,641	1,673	1,629
SPRINTER	1,322	1,225	2,066	2,409	2,533	2,549	2,678	2,769	2,551	2,001
TOTAL	5,927	4,458	8,293	10,392	10,663	10,959	12,006	12,640	12,528	12,133
REVENUE PER PASSENGER										
BREEZE	$ 1.09	$ 0.84	$ 1.03	$ 1.02	$ 1.00	$ 0.95	$ 0.99	$ 1.03	$ 1.01	$ 1.05
FLEX	1.28	1.09	5.03	6.25	6.55	2.72	2.66	2.87	3.04	4.02
LIFT	8.64	10.88	5.81	4.24	3.99	3.90	3.89	3.71	3.69	3.82
COASTER	4.66	6.66	4.59	4.03	3.81	4.44	4.42	4.51	4.56	4.43
SPRINTER	0.84	1.18	1.15	1.12	1.09	1.06	1.11	1.08	1.08	1.14
SYSTEM	$ 1.48	$ 1.28	$ 1.55	$ 1.52	$ 1.46	$ 1.50	$ 1.51	$ 1.54	$ 1.54	$ 1.56
COST PER PASSENGER										
BREEZE	$ 12.65	$ 15.12	$ 8.68	$ 6.79	$ 7.44	$ 7.33	$ 6.04	$ 5.31	$ 5.19	$ 4.92
FLEX	140.60	107.68	72.45	61.18	45.75	35.52	25.59	23.26	24.69	26.85
LIFT	126.78	169.51	81.38	62.10	54.53	47.01	42.24	40.01	31.10	27.12
COASTER	58.06	147.16	22.47	14.18	11.90	12.82	11.17	12.32	11.72	11.54
SPRINTER	21.68	18.36	11.13	8.95	7.81	6.05	6.09	5.84	5.91	7.36
SYSTEM	$ 21.10	$ 23.27	$ 12.12	$ 9.36	$ 9.05	$ 8.54	$ 7.36	$ 6.88	$ 6.56	$ 6.51

(a) FY2022 - 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUE HOURS (thousands)										
BREEZE	404.8	420.4	424.6	424.0	448.7	478.1	462.0	462.6	437.2	445.7
FLEX	16.9	17.3	17.0	16.5	16.5	7.6	8.5	8.3	7.7	4.2
LIFT	39.7	37.5	62.2	94.0	115.3	119.4	116.4	112.6	75.3	66.3
COASTER*	9.0	3.8	6.0	6.9	6.9	6.9	6.9	7.0	7.0	6.9
SPRINTER	23.4	23.5	23.6	23.7	23.5	23.4	23.6	23.5	23.5	18.9
TOTAL	493.8	502.5	533.4	565.1	610.9	635.4	617.4	614.0	550.7	542.0
REVENUE PER REVENUE HOUR										
BREEZE	$ 10.53	$ 6.01	$ 12.45	$ 15.39	$ 14.41	$ 13.38	$ 16.13	$ 17.89	$ 18.85	$ 19.69
FLEX	1.89	1.39	9.18	12.33	10.97	7.38	7.80	9.01	9.93	18.18
LIFT	15.67	16.53	10.93	7.61	6.44	6.60	6.67	6.10	7.54	8.36
COASTER	304.78	285.79	722.33	818.10	790.30	940.53	994.87	1,057.22	1,089.62	1,046.78
SPRINTER	47.74	61.62	101.10	114.17	117.02	115.12	126.16	127.76	117.60	120.64
SYSTEM	$ 17.77	$ 11.35	$ 24.08	$ 28.00	$ 25.52	$ 25.79	$ 29.39	$ 31.66	$ 35.00	$ 34.89
COST PER REVENUE HOUR										
BREEZE	$ 122.44	$ 107.57	$ 104.92	$ 102.00	$ 107.54	$ 103.17	$ 98.74	$ 92.05	$ 96.36	$ 92.10
FLEX	207.99	136.94	132.12	120.62	76.66	96.35	75.13	72.85	80.67	121.48
LIFT	229.92	257.65	153.07	111.53	88.02	79.59	72.43	65.74	63.60	59.31
COASTER	3,799.67	6,312.37	3,535.17	2,879.08	2,470.89	2,718.71	2,515.00	2,887.49	2,800.97	2,723.52
SPRINTER	1,224.57	956.94	973.94	911.04	842.09	659.40	691.48	688.29	641.01	779.12
SYSTEM	$ 253.26	$ 206.42	$ 188.44	$ 172.10	$ 157.97	$ 147.37	$ 143.15	$ 141.65	$ 149.29	$ 145.77

* *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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUE VEHICLE MILES (thousands)										
BREEZE	4,938	5,057	5,090	5,076	5,222	5,590	5,561	5,626	5,522	5,672
FLEX	315	314	313	306	245	109	120	118	100	81
LIFT	735	685	1,078	1,593	1,815	1,995	2,028	1,979	1,400	1,176
COASTER	363	146	230	270	272	271	274	277	277	277
SPRINTER	515	517	519	517	517	519	519	518	518	418
TOTAL	6,866	6,719	7,230	7,762	8,071	8,484	8,502	8,518	7,817	7,624
REVENUE PER REVENUE MILE										
BREEZE	$ 0.86	$ 0.50	$ 1.04	$ 1.29	$ 1.24	$ 1.14	$ 1.34	$ 1.47	$ 1.49	$ 1.55
FLEX	0.10	0.08	0.50	0.66	0.74	0.52	0.55	0.63	0.76	0.94
LIFT	0.85	0.91	0.63	0.45	0.41	0.40	0.38	0.35	0.41	0.47
COASTER	7.56	7.44	18.84	20.99	20.05	23.78	25.13	26.72	27.54	26.08
SPRINTER	2.17	2.80	4.60	5.23	5.32	5.19	5.74	5.80	5.34	5.45
SYSTEM	$ 1.28	$ 0.85	$ 1.78	$ 2.04	$ 1.93	$ 1.93	$ 2.13	$ 2.28	$ 2.47	$ 2.48
COST PER REVENUE MILE										
BREEZE	$ 10.04	$ 8.94	$ 8.75	$ 8.52	$ 9.24	$ 8.82	$ 8.20	$ 7.57	$ 7.63	$ 7.24
FLEX	11.16	7.54	7.18	6.49	5.16	6.77	5.31	5.12	6.17	6.30
LIFT	12.42	14.11	8.83	6.58	5.59	4.76	4.16	3.74	3.42	3.34
COASTER	94.21	164.29	92.22	73.85	62.68	68.73	63.54	72.97	70.78	67.84
SPRINTER	55.64	43.50	44.29	41.73	38.28	29.72	31.43	31.23	29.08	35.23
SYSTEM	$ 18.21	$ 15.44	$ 13.90	$ 12.53	$ 11.96	$ 11.04	$ 10.40	$ 10.21	$ 10.52	$ 10.36

Source: *NCTD Internal Financial Information*

Operating Information (continued)

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PASSENGER MILES (thousands) (a)										
BREEZE	16,894	12,970	22,100	27,431	27,892	28,939	37,794	38,534	41,054	39,706
FLEX	105	93	120	161	123	242	290	302	743	567
LIFT	1,163	774	1,889	2,581	2,100	2,707	2,748	2,350	1,935	1,626
COASTER	15,559	4,303	24,963	37,232	37,903	38,461	43,773	45,886	48,708	44,875
SPRINTER	9,849	8,939	15,992	20,677	21,730	21,868	23,329	24,355	22,178	18,103
TOTAL	43,570	27,079	65,064	88,082	89,748	92,217	107,934	111,427	114,618	104,877
PASSENGERS PER REVENUE MILE										
BREEZE	0.79	0.59	1.01	1.26	1.24	1.20	1.36	1.43	1.47	1.47
FLEX	0.08	0.07	0.10	0.11	0.11	0.19	0.21	0.22	0.25	0.23
LIFT	0.10	0.08	0.11	0.11	0.10	0.10	0.10	0.09	0.11	0.12
COASTER	1.62	1.12	4.10	5.21	5.27	5.36	5.69	5.92	6.04	5.88
SPRINTER	2.57	2.37	3.98	4.66	4.90	4.91	5.16	5.35	4.92	4.79
SYSTEM	0.86	0.66	1.15	1.34	1.32	1.29	1.41	1.48	1.60	1.59
SUBSIDY PER PASSENGER										
BREEZE	$ 11.56	$ 14.27	$ 7.65	$ 5.76	$ 6.45	$ 6.38	$ 5.06	$ 4.28	$ 4.17	$ 3.87
FLEX	139.32	106.59	67.42	54.93	39.21	32.80	22.93	20.38	21.65	22.83
LIFT	118.14	158.63	75.56	57.86	50.54	43.11	38.35	36.30	27.41	23.30
COASTER	53.40	140.50	17.88	10.15	8.09	8.39	6.75	7.81	7.16	7.10
SPRINTER	20.83	17.18	9.97	7.83	6.73	4.99	4.98	4.76	4.82	6.22
SYSTEM	$ 19.62	$ 21.99	$ 10.57	$ 7.84	$ 7.59	$ 7.05	$ 5.85	$ 5.34	$ 5.02	$ 4.95

(a) FY2022 - 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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUE VEHICLES										
BREEZE										
Number of Buses	152	152	152	152	156	163	164	164	164	158
Total Miles	5,523,685	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
Number of Trips	397,786	412,981	413,240	411,198	422,756	457,517	462,571	468,513	452,991	448,864
FLEX										
Number of Vehicles	12	11	9	10	15	8	8	8	8	5
Total Miles	328,136	331,156	329,927	326,102	269,206	133,673	147,160	147,675	110,504	80,636
Number of Trips	14,806	15,354	14,834	14,227	12,565	12,736	15,178	14,981	15,947	13,118
LIFT										
Number of Vehicles	42	46	53	52	54	53	53	53	44	88
Total Miles	874,311	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
Number of Trips	65,707	52,287	108,468	154,403	172,285	184,937	180,207	170,843	142,511	137,464
COASTER										
Number of Vehicles	35	35	35	35	35	35	35	35	35	35
Total Miles	385,097	155,689	243,076	286,692	288,253	287,990	290,075	292,668	293,964	292,916
Number of Trips	8,855	3,580	5,633	6,616	6,635	6,647	6,662	6,737	6,761	6,746
SPRINTER										
Number of Vehicles	12	12	12	12	12	12	12	12	12	12
Total Miles	518,217	520,111	522,540	519,731	518,986	520,886	520,809	519,761	519,618	419,440
Number of Trips	23,606	23,673	23,779	23,612	23,590	23,667	23,933	23,603	23,611	19,034

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FACILITIES										
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

NORTH COUNTY TRANSIT DISTRICT
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
MOTOR BUS												
City of Albuquerque Transit (DO)	3,572	269	2,865	10,200	0.80	10.65	$ 37,455	$ 10.49	$ 13.07	$ 1,385	$ 0.48	3.7%
Fort Worth Transportation Authority (DO)	5,384	397	2,952	15,208	0.55	7.44	48,734	9.05	16.51	3,321	1.13	6.8%
San Mateo County Transit District (PT & DO)	23,956	575	4,509	17,853	0.19	7.84	132,751	5.54	29.44	5,363	1.19	4.0%
Riverside Transit (PT & DO)	6,112	429	2,823	21,555	0.46	6.58	61,485	10.06	21.78	2,427	0.86	3.9%
Santa Cruz Transit (DO)	1,801	138	861	3,797	0.48	6.24	33,832	18.79	39.29	4,048	4.70	12.0%
Spokane Transit (DO)	6,211	452	5,238	22,164	0.84	11.59	54,817	8.83	10.47	5,528	1.06	10.1%
North County Transit District**	5,371	438	3,012	13,063	0.56	6.88	$ 47,467	$ 8.84	$ 15.76	$ 2,551	$ 0.85	5.4%
DEMAND RESPONSE												
City & County of San Francisco (PT)	737	94	115	776	0.16	1.22	$ 14,233	$ 19.31	$ 123.77	$ 274	$ 2.38	1.9%
Central Contra Costa (PT)	413	27	35	259	0.08	1.30	4,218	10.21	120.51	65	1.86	1.5%
City of Fresno (PT)	623	60	96	553	0.15	1.60	6,136	9.85	63.92	118	1.23	1.9%
San Diego Metropolitan Transit System (PT & TX)	1,558	73	107	1,106	0.07	1.47	6,908	4.43	64.56	462	4.32	6.7%
Dallas Area Rapid Transit (PT & TX)	7,721	436	580	6,184	0.08	1.33	41,775	5.41	72.03	1,393	2.40	3.3%
North County Transit District***	685	38	57	774	0.08	1.50	$ 9,634	$ 14.06	$ 169.02	$ 620	$ 10.88	6.4%
COMMUTER RAIL ******												
Rio Metro Regional Transit District (PT)	305	8	41	2,106	0.13	5.13	$ 26,133	$ 85.68	$ 637.39	$ 131	$ 3.20	0.5%
Dallas Area Rapid Transit (PT)	1,342	65	795	12,710	0.59	12.23	37,824	28.18	47.58	2,255	2.84	6.0%
Virginia Railway Express (PT)	1,561	50	342	10,751	0.22	6.84	79,113	50.68	231.32	7,252	21.20	9.2%
North County Transit District	783	25	163	4,303	0.21	6.52	$ 23,844	$ 30.45	$ 146.28	$ 907	$ 5.56	3.8%
HYBRID ******												
New Jersey Transit	1,189	47	1,476	21,235	1.24	31.40	$ 32,866	$ 27.64	$ 22.27	$ 856	$ 0.58	2.6%
Capital Metropolitan Transportation	532	22	257	3,044	0.48	11.68	28,287	53.17	110.07	515	2.00	1.8%
Denton County Transportation Authority	502	23	113	1,532	0.23	4.91	13,623	27.14	120.56	262	2.32	1.9%
Tri-County Transportation District of Oregon	112	55	85	676	0.76	1.55	7,500	66.96	88.24	60	0.71	0.8%
North County Transit District	788	36	1,225	8,939	1.55	34.03	$ 22,409	$ 28.44	$ 18.29	$ 1,448	$ 1.18	6.5%

** 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. MediCal Organization Paid Fares, which are included in Fare Revenues for NTD reporting, are excluded from this Comparative.*

***** 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: *Agencies were selected for comparison using the NTD Database, 2021 Metrics_static file.*