



NORTH COUNTY TRANSIT DISTRICT



Annual Comprehensive Financial Report

**For the Fiscal Years Ended
June 30, 2024 and 2023**



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 2024, NCTD moved approximately 7.7 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 Deviated fixed route and point-deviated fixed-route
- COASTER Commuter rail
- SPRINTER Hybrid rail
- NCTD+ On demand microtransit

MISSION

North County Transit District's mission is to operate an environmentally sustainable and fiscally responsible transit network that provides seamless mobility for all while achieving organizational and operational excellence.

VISION

North County Transit District envisions a comprehensive transit and mobility system that connects all North County San Diego residents and visitors to a healthy, economically vibrant, and thriving region.

STRATEGIC FRAMEWORK

NCTD's Strategic Framework is built upon the District's "North Star", which provides the framework on how the District prioritizes business initiatives and projects. The District's North Star guides the District's focus and commitment to the communities it serves, its customers, the environment, and its employees, with the following strategic areas of focus:

- World-Class Customer Experience, Safety, and Security
- Fiscal Duty
- Equity, Environmental, and Economic Justice
- Community and Governmental Stewardship
- Our Team

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Introductory Section (Unaudited)

Letter of Transmittal



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December 20, 2024

To the Board Chairperson, 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, 2024. 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 2024 (FY2024) and Fiscal Year 2023 (FY2023).

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 FY2023 and FY2024, NCTD contracted with MV Transportation, Inc. (MV) 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. On November 12, 2024, NCTD formally notified MV that NCTD will assume bus operations on July 1, 2025.

Facilities maintenance, maintenance-of-way, and signal functions were insourced on June 25, 2023, the end of fiscal year 2023. NCTD had 382.75 full-time equivalents (FTEs) employees budgeted for FY2024 and an additional 494 FTEs budgeted under the MV contract.

On June 10, 2024, the first NCTD+ microtransit pilot program was launched in San Marcos. Microtransit is one of several mobility solutions included in a category frequently referenced in the region as “Flexible Fleets.” Microtransit utilizes smaller capacity buses and vans to provide on-demand trips within defined service zones. All trips must start and end within the same service zone. Microtransit is a context sensitive solution that can meet a variety of mobility needs.

NCTD will launch two zones each fiscal year over the next two fiscal years, subject to vehicle, operator, and funding availability. This staged implementation of microtransit will enable NCTD to assess the program effectiveness as it considers broader deployment of microtransit zones. Each NCTD+ microtransit pilot will last 12 months. During each pilot, service zones will be monitored and evaluated based on industry best practices for measures of effectiveness, efficiency, and overall customer satisfaction.

On June 10, 2024, NCTD also launched the new COASTER Connection, which provides a first and last mile solution for COASTER passengers traveling to or from the Sorrento Valley COASTER Station. The service includes five routes in the Sorrento Valley, University Town Center, and Torrey Pines areas of the City of San Diego. NCTD staff conducted outreach to existing and prospective riders, businesses and property owners in the area, University of California, San Diego (UCSD), and other stakeholders to gather feedback on the proposed service plan. Sorrento Valley and the surrounding area is the largest of 79 regional employment centers. There are more than 129,000 employees in the area and 57,000 residents. The Sorrento Valley COASTER Station is the third most utilized NCTD COASTER station. COASTER Connection makes it more convenient for Sorrento Valley to choose transit to commute to work and more.

FY2024 also marked another year of advancing several critical bus and rail projects, as well as NCTD’s redevelopment projects. NCTD has started to transition its bus fleet to zero emission operations and has received funding for 35 hydrogen fuel cell electric buses and eight battery electric buses. NCTD has also commissioned a study to guide the transition of the rail fleet to zero emission operations with the understanding that the SPRINTER fleet must be replaced as soon as possible to maintain reliability of the service. Construction began on the Del Mar Bluffs Phase 5 stabilization project and full funding has been secured to build a COASTER platform at the San Diego Convention Center in downtown San Diego, as well as the replacement of the Batiquitos Lagoon and San Dieguito River Railway bridges. NCTD has entered into Exclusive Negotiating Agreements or is in the due diligence period for redevelopment at the Oceanside Transit Center, Rancho Del Oro and Melrose SPRINTER stations, Escondido Transit Center, Carlsbad Village COASTER station, and Carlsbad Poinsettia COASTER station. A Request for Proposals was issued for the Vista Civic Center SPRINTER station.

Economic and Funding Outlook

Transit funding 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 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 29% of NCTD’s total operating revenues and 32% of NCTD’s capital revenues during FY2024.

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. NCTD COASTER service is also eligible to receive TransNet 8.1% funding for frequency increases to 30 daily weekday trains and 20 daily weekend trains. TDA and TransNet revenues comprised 29% and 17%, respectively, of NCTD's operating revenues during FY2024.

Slowing sales tax revenues in the coming years reinforces the need for the District to diversify its revenue sources and manage expenses. Although new transit funding was appropriated at both the federal and state level in the past few years, the challenging State budget outlook could impact the availability of dedicated funding for transit. For capital improvements, NCTD will continue to aggressively pursue discretionary grant opportunities to maintain a state of good repair for all modes and infrastructure as well as support capacity enhancing projects. We are looking to improve the management of contracted services and leveraging existing resources to achieve outcomes. NCTD is also continuing to advance redevelopment projects at our SPRINTER and COASTER stations to create a dedicated revenue stream and grow ridership.

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 FY2024 operating expenses were under budget by \$32.5 million (excluding pension non-cash adjustments and the defined benefit plan unfunded accrued liability payment, which are not included in the operating budget). Budget savings were reprogrammed for capital investments and rolled-forward for future fiscal years.

NCTD had cash and investments of \$109 million as of June 30, 2024 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 Capital Improvement Program (CIP) to support the areas of focus for the District. 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. NCTD performs sensitivity analysis using low-range grant revenue forecasts to develop contingency strategies to address expense structure and service levels should these conditions occur. The most recent Fiscal Year 2025 (FY2025) to Fiscal Year 2029 (FY2029) 5-Year Plan forecasts that NCTD will achieve balanced operating

budgets in the next five years. However, there will be a significant decline in funding available for capital investments from formula funding and NCTD will need to rely on discretionary grants 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 capital budget for FY2025 is \$46.2 million, exceeding the Board's annual capital investment goal of \$15 million.

NCTD's pension plan was funded at 71.5% as of the measurement period ended June 30, 2023, mostly unchanged from 71.1% for the measurement period ended June 30, 2022. 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 with the goal of fully funding the pension plan by 2035, which would result in significant interest savings to the District.

Strategic Areas of Focus

Each year, NCTD staff, its Board of Directors, 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. Below are the strategic areas of focus for the District:

- World Class Customer Experience, Safety and Security
 - Improving Reliability, Frequency, and the Customer Experience
 - Build for Service Expansion
 - More Real Time Information
 - Explore Ability to Manage Corridor / Planning Studies Independently
 - Upgrade of Positive Train Control System
 - Continued Focus by the District's Sheriff's Team
 - Additional Security on Service and Transit Centers
- Fiscal Duty
 - Pursue Additional Funding Sources
 - Actively and Aggressively Find Grant Opportunities for Capital
 - Focus on Management of Consultants
 - Evaluate Fare Simplification / COASTER Fare Zones
 - Seek SPRINTER Replacement Funding Now
 - Explore Opportunities to Manage Projects In-House vs. Metropolitan Planning Organization (MPO)
 - Ensure North County Communities Benefit from Project Opportunities
- Equity, Environmental and Economic Justice
 - Protect and Manage Land Use in Transit Projects
 - Understand the Impacts of Alternative Fuels on Agency Expenses
 - Continue Efforts on Bluff Erosion Mitigation
 - Understand Workforce / Affordable Housing Impacts in Developments
 - Managing Service Needs for Essential Workers
 - Building Frequency for Access to Jobs, Education, Healthcare
 - Supporting Local Economies Through Robust Transit Options
 - Focus on Youth Opportunity Pass
- Community and Governmental Stewardship
 - Continue Forging Partnerships Creating Short and Long-Term Successful Outcomes for Communities
 - Support City and County Projects Outside of the Transit Realm
 - Build on Relationships with Business Communities (e.g. Sorrento Valley COASTER Connection)
 - Attend Community Events and Expanded Involvement at City / County Planning Levels

- Relationships with Federal Transit Administration (FTA), Federal Railroad Administration (FRA), Department of Transportation (DOT), and Elected Officials to Enact Policy Changes
 - Provide Feedback to Federal Reauthorization and Funding Opportunities
 - Los Angeles-San Diego-San Luis Obispo (LOSSAN) Corridor Opportunities
- Our Team
- Employees Must Have Tools Necessary to Be Successful
 - Succession Planning for Future Leaders
 - Learning and Development Opportunities Available for All Employees
 - Front Line Employee Safety and Security
 - Managing the Cost of Employee Benefit Contribution
 - Ensuring the District is Competitive for Prospective Employees

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's efforts to provide excellent operational and financial management of the District.

Respectfully submitted,



Shawn Donaghy
Chief Executive Officer



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 Performance, Administration, and Finance Committee
SANDAG Board of Directors, Advisory Member
SANDAG Transportation Committee, Alternate
LOSSAN Corridor Board of Directors, Chair
LOSSAN Corridor Executive Committee



Priya Bhat-Patel
Council Member, City of Carlsbad
Board Vice-Chair
Vice-Chair of Executive Committee
Chair of Performance, Administration, and Finance Committee
SANDAG Board of Directors, Alternate
SANDAG Transportation Committee, Voting Member



Tracy Martinez
Council Member, City of Del Mar
Member of Marketing, Service Planning, and Business Development Committee
LOSSAN Corridor Board of Directors, Alternate



Kellie Hinze
Council Member, City of Encinitas
Vice-Chair of Marketing, Service Planning, and Business Development Committee



Joe Garcia
Deputy Mayor, City of Escondido
Member of Performance, Administration, and Finance Committee
SANDAG Regional Planning Committee, Advisory Member



Rick Robinson
Council Member, City of Oceanside
Member of Marketing, Service Planning, and Business Development Committee
SANDAG Regional Planning Committee, Alternate Member



Jim Desmond
District 5 Supervisor,
County of San Diego



Sharon Jenkins
Deputy Mayor, City of San Marcos
Vice-Chair of Performance, Administration, and Finance Committee
Member of Executive Committee
SANDAG Board of Directors, 2nd [Alternate](#)



Corinna Contreras
Council Member, City of Vista
Chair of Marketing, Service Planning, and Business Development Committee
Member of Executive Committee
SANDAG Transportation Committee, 2nd [Alternate](#)



Kent Lee
Council Member, District 6,
City of San Diego
Non-Voting Board Member

Board of Directors (continued)



Shawn Donaghy
Chief Executive Officer
North County Transit District



Lori A. Winfree
General Counsel
North County Transit District



Mary Dover
Chief of Staff
North County Transit District



Suheil Rodriguez
Director of Administration
Clerk of the Board
North County Transit District



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, 2023. 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

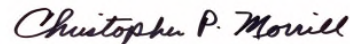
Certificate of Achievement for Excellence in Financial Reporting

Presented to

**North County Transit District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023



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 primarily within 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 951,394 (SANDAG Data Surfer 2023 estimate).



NCTD provides connecting service to other transit agencies including the Metropolitan Transit Service (MTS) in San Diego via the Trolley, MTS buses and ACCESS; 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. As of June 30, 2024, the active fleet consisted of 152 buses.

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.

During FY2024, the BREEZE had 4.9 million boarding compared to 4.5 million boardings for FY2023, which represented an increase of 8.3% from FY2023.



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 $\frac{3}{4}$ 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. LIFT is provided by NCTD through its contractors, ADARide and MV Transportation (MV). ADARide is responsible for determining eligibility and certification, while MV is responsible for providing reservations, dispatching, and transportation.

In FY2024, NCTD provided 105,244 rides to LIFT paratransit passengers throughout Northern San Diego County compared to 93,136 boardings in FY2023, representing a 13.0% increase from FY2023.

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

FLEX has two different service models: deviated fixed-route and point-deviated fixed-route. Deviated fixed-route service has a set schedule and route but can deviate from the route up to $\frac{3}{4}$ of a mile for scheduled pick-ups or drop-offs. This service model includes FLEX 392 and FLEX 395 which connects portions of Camp Pendleton and Oceanside. Point-deviated fixed-route service also has a set schedule and route but only allows scheduled deviations to specific points along the route. FLEX 371 is the only point-deviated fixed-route. It connects Escondido and Ramona and allows passengers to schedule pick-ups or drop-offs at the San Diego Zoo Safari Park. Reservations are required for any trip not starting or ending at a designated stop.



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

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.

In FY2024, NCTD provided 48,663 FLEX rides compared to 38,624 boardings in FY2023, representing a 26.0% increase from FY2023.

COASTER Commuter Rail

The COASTER provides 41 directional miles of commuter rail service paralleling the busy Interstate 5 corridor between Oceanside and San Diego. COASTER trains run 30 daily trips Monday through Friday with an additional 2 trips on Fridays, and 20 daily Saturday and Sunday trips year-round. Additional trains also run for special events and for every Padres baseball game. COASTER fares must be purchased for the number of zones travelled.



It takes approximately an hour to travel the entire COASTER route; 8 stations provide service points along the route, and travelers can connect to the MTS trolley and buses at both the San Diego Old Town and Santa Fe stations in downtown San Diego, and the MTS Sorrento Valley COASTER Connection at the Sorrento Valley station. Passengers can connect with Metrolink and Amtrak train service north to Orange County and Los Angeles from NCTD's Oceanside Transit Center. NCTD and Amtrak have an agreement (Rail to Rail) to accept certain tickets and passes issued from each agency to be used on its trains at no additional cost for the passenger (with some blackout periods) for stops at Oceanside Transit Center, Solana Beach, Old Town, and Santa Fe Depot. This agreement increases the number of trains available to riders throughout the day.

COASTER service is provided with nine state-of-the-art Siemens Tier-4 locomotives and 28 bi-level passenger coaches. The Siemens Tier-4 locomotives are among the cleanest passenger locomotives in the nation and reduce emissions by nearly 90% compared to Tier-0 locomotives.

In FY2024 the COASTER transported 852,993 passengers, comprised primarily of workers, tourists, and special event attendees, which represented an increase of 4.9% compared to FY2023 with 813,207 boardings.

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. The SPRINTER carries passengers comprised primarily of workers, students, and tourists. During FY2024, SPRINTER had 1.82 million boarding compared to 1.68 million boardings for FY2023, which represented an increase of 8.2% from FY2023.

NCTD+ Microtransit Services

NCTD+ is NCTD's new on-demand microtransit mode that was introduced on June 10, 2024, with the launch of the San Marcos pilot zone. Microtransit is one of several mobility solutions included in a category frequently referenced in the San Diego region as "Flexible Fleets." Microtransit utilizes smaller capacity buses and vans to provide on-demand trips within defined service zones. On-demand trips are scheduled through a mobile application or via telephone with typical wait times of less than 20 minutes. All trips must start and end within the same service zone.

Microtransit is a context sensitive solution that can meet a variety of mobility needs such as providing service where fixed route bus is unable to operate efficiently or where a lack of sidewalks and other infrastructure makes traditional fixed route service less safe; offering convenient first and last mile connections from existing fixed route service (bus and rail), particularly where connecting services are limited or operate infrequently (30+ minutes); and supplying local circulation to connect community scale destinations, particularly when there is inadequate pedestrian or bicycle infrastructure. As a demand response service, microtransit has a higher cost on a per passenger basis when compared to fixed routes.

During the last month of FY2024, NCTD+ transported 136 passengers.

Bus Operations and Vehicle Maintenance

NCTD contracts the responsibility for bus operations and vehicle maintenance to MV Transportation (MV). NCTD's BREEZE, FLEX, LIFT, and NCTD+ service had an FY2024 budget of 292 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, 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

Rail equipment is maintained by NCTD staff. The COASTER facility is located at Stuart Mesa inside the Camp Pendleton Marine Corps Base. The Stuart Mesa facility houses massive and specialized equipment, primarily booms, cranes, and lifts to assist with replacement of heavy parts. Dedicated mechanics and service workers perform daily train-washing and exterior and interior maintenance and repair, considering that 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.

The SPRINTER operations facility is in the City of Escondido. 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 3 administration buildings in Oceanside, 2 bus maintenance buildings located in Oceanside and Escondido, 3 transit centers, 8 multi-modal train stations along the coastal railroad, 15 train stations along the inland railroad, 2 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 fueling stations, vehicle lifts, and bus and train washes.

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.

NCTD staff is responsible for the janitorial and structural maintenance of rail operations facilities, administration facilities, transit centers, COASTER stations, and SPRINTER stations. Facilities maintenance staff maintain, clean, and repair most of the facilities using specialized equipment to keep the buildings in a state of good repair condition. NCTD contracts with MV Transportation for the maintenance of its bus operations facilities.

Rail Maintenance-of-Way (MOW)

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 responsible for the maintenance of 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.

Maintenance of Signals (MOS)

NCTD is responsible for all signals and communications, including Positive Train Control (PTC), on all NCTD-owned and controlled railroad right of way, including the San Diego Subdivision from the County Line (Milepost [MP] 207.4) to San Diego (MP 267.51) and the Escondido Subdivision between Escondido Junction in Oceanside (MP 0) to the end of track in Escondido (MP 21.31).

Safety and Security



Fostering and maintaining safe and secure operations is one of NCTD's top priorities. NCTD provides a safe, secure, and healthy environment for all employees and passengers while maintaining compliance with all federal and state laws, rules, and guidelines.

Security at train stations, parking lots, and bus transfer centers is provided by deputies from the San Diego County Sheriff's Department and on-call contracted security. 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 Chief Executive Officer supported by the Office of General Counsel, the Office of Chief of Staff, and 10 Divisional Chiefs that oversee each of the functional divisions. These divisions include Rail Operations; Rail Right-of-Way; Safety and Security; Development Services; Procurement and Contract Administration; Finance; Planning and Customer Experience; Bus Operations; Information Technology; and People.

The Office of the Chief Executive Officer 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 is responsible for District-wide compliance, and oversight and management of all legal matters and claims, risk management, insurance policies, internal audit, contract compliance, environmental compliance, and civil rights (Disadvantaged Business Enterprise [DBE], Equal Employment Opportunity [EEO], Title VI, and Americans with Disabilities Act [ADA] compliance).

The Office of the Chief of Staff has oversight of the legislative program, records management and document control services, NCTD Board of Directors meetings and calendars, and the development and implementation of marketing, public relations, and customer communications programs that enhance the customer experience.

The Rail Operations Division is responsible for rail operations and maintenance for COASTER and SPRINTER equipment and ensuring that services are operated 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 Rail Right-of-Way Division is responsible for the maintenance of the railroad right-of-way and signals and communication systems to support safe and efficient rail operations in compliance with the specifications and regulations of the FTA, FRA, CPUC, and other applicable regulatory and governing agencies.

The Safety and Security Division oversees the District's security program including monitoring center staff and external law enforcement resources, and has the overall responsibility for NCTD's comprehensive safety programs to foster a proactive organizational safety culture to ensure a safe, secure and healthy environment for all employees, passengers, contractors, and the general public.

The Development Services Division oversees NCTD real estate interests, facility and equipment maintenance operations, asset management, projects management, and development of rail capital improvement projects.

Management and Oversight (continued)

The Procurement and Contract Administration Division is responsible for the procurement of goods and services and contract administration 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.

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 and Customer Experience Division coordinates the multimodal transit service operations planning, which includes reviewing, maintaining, and revising schedules to ensure reliable service to the public. Customer service staff serve in-person retail outlets, a call center, and the ADA Eligibility Center.

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

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 People Division manages and oversees all aspects of human resources activities in general personnel management including, compensation, benefits, employer/employee relations, labor relations and negotiations, recruitment and selection, classification, workers' compensation, training, employee and organizational development, and the drug and alcohol program.

Financial Section

Independent Auditor's Report



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, 2024 and 2023, 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, 2024 and 2023, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of NCTD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NCTD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCTD's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 20, 2024

Management's Discussion and Analysis
(Required Supplementary Information)
(Unaudited)
June 30, 2024 and 2023

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, 2024 and June 30, 2023:

	2024	2023	Increase (Decrease) \$	Increase (Decrease) %
Current assets	\$ 167,731,822	\$ 159,306,712	\$ 8,425,110	5%
Long-term assets	17,335,998	17,249,868	86,130	0%
Capital assets	772,041,400	777,645,753	(5,604,353)	(1%)
Total assets	957,109,220	954,202,333	2,906,887	0%
Deferred outflows of resources	12,582,446	13,282,236	(699,790)	(5%)
Current liabilities	55,373,152	68,961,759	(13,588,607)	(20%)
Long-term debt	16,350,000	17,750,000	(1,400,000)	(8%)
Long-term unearned grant revenue	54,031,450	33,280,094	20,751,356	62%
Net pension liability	44,686,566	43,991,035	695,531	2%
Other noncurrent liabilities	10,444,270	12,625,393	(2,181,123)	(17%)
Total liabilities	180,885,438	176,608,281	4,277,157	2%
Deferred inflows of resources	16,749,107	17,569,361	(820,254)	(5%)
Net position:				
Net investment in capital assets	749,605,848	752,465,365	(2,859,517)	(0%)
Unrestricted	22,451,273	20,841,562	1,609,711	8%
Total net position	\$ 772,057,121	\$ 773,306,927	\$ (1,249,806)	(0%)

In fiscal year 2024, current assets increased by \$8.4 million (5%) and current liabilities decreased by \$13.6 million (20%) as compared to fiscal year 2023; overall working capital increased by \$22 million from FY2023 to FY2024. The increase in working capital was mainly attributed to additional Transportation Development Act (TDA), Low Carbon Transit Operations Program (LCTOP), and other grant funds programmed for future capital projects that are anticipated to be completed beyond 12 months. Cash and investments increased mainly as result of cash receipts from grants for future capital projects and higher investment income during FY2024.

Capital assets decreased in fiscal year 2024 as result of depreciation and amortization expense of \$80.6 million offset by new capital investments of \$75.3 million. Major capital expenditures during FY2024 included \$16.6 million for hydrogen fuel cell electric buses, \$8.4 million for various maintenance buildings improvements and repairs, \$7.8 million for COASTER expansion train sets, \$5.8 million for signals replacements and improvements, \$2.6 million for bridge repairs, and \$2.1 million for various SPRINTER overhauls. In addition, the District received \$18.3 million of contributed assets from SANDAG for improvements along the COASTER rail corridor. Additional details surrounding the District's capital assets can be found in Note 5.

Long-term debt decreased by \$1.4 million in FY2024 due to principal payments made on the Certificates of Participation. Long-term unearned grant revenues increased by \$20.8 million (62%) for state and local funds that are anticipated to be spent after June 30, 2025. Additional details surrounding the District's long-term debt can be found in Note 7.

Condensed Statements of Net Position (continued)

Below is a comparison of NCTD's Statements of Net Position as of June 30, 2023 and June 30, 2022:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Current assets	\$ 159,306,712	\$ 147,224,179	\$ 12,082,533	8%
Long-term assets	17,249,868	17,529,676	(279,808)	(2%)
Capital assets	<u>777,645,753</u>	<u>828,296,259</u>	<u>(50,650,506)</u>	(6%)
Total assets	<u>954,202,333</u>	<u>993,050,114</u>	<u>(38,847,781)</u>	(4%)
Deferred outflows of resources	<u>13,282,236</u>	<u>7,362,378</u>	<u>5,919,858</u>	80%
Current liabilities	68,961,759	60,795,302	8,166,457	13%
Long-term debt	17,750,000	19,100,000	(1,350,000)	(7%)
Long-term unearned grant revenue	33,280,094	30,769,430	2,510,664	8%
Net pension liability	43,991,035	27,297,795	16,693,240	61%
Other noncurrent liabilities	<u>12,625,393</u>	<u>10,677,003</u>	<u>1,948,390</u>	18%
Total liabilities	<u>176,608,281</u>	<u>148,639,530</u>	<u>27,968,751</u>	19%
Deferred inflows of resources	<u>17,569,361</u>	<u>29,406,515</u>	<u>(11,837,154)</u>	(40%)
Net position:				
Net investment in capital assets	752,465,365	804,537,851	(52,072,486)	(6%)
Unrestricted	<u>20,841,562</u>	<u>17,828,596</u>	<u>3,012,966</u>	17%
Total net position	<u>\$ 773,306,927</u>	<u>\$ 822,366,447</u>	<u>\$ (49,059,520)</u>	(6%)

In fiscal year 2023, current assets increased by \$12.1 million (8%) and current liabilities increased by \$8.2 million (13%) as compared to fiscal year 2022; overall working capital increased by \$3.9 million from FY2022 to FY2023. The increase in working capital was mainly attributed to additional Transportation Development Act (TDA) funds that were programmed for future capital projects that are anticipated to be completed beyond 12 months. Cash and investments increased mainly as result of collections on outstanding receivables in the prior fiscal year from the California Department of Transportation (\$5.0 million), SANDAG (\$7.0 million), California State Transportation Agency (\$3.6 million), Federal Railroad Administration (FRA) (\$2.2 million), and the California Transportation Commission (\$3.7 million).

Capital assets decreased in fiscal year 2023 as result of a higher depreciation expense by \$53.6 million compared to FY2022, which was partially offset by new capital investments of \$44.5 million. Major capital expenditures during FY2023 included \$10.4 million for COASTER expansion train sets, \$3.1 million for San Diego Subdivision signal replacements, \$2.8 million for Positive Train Control (PTC), \$2.7 million for six battery electric buses, \$2.4 million for various SPRINTER overhauls, \$2 million for COASTER bi-level overhauls, \$1.9 million for Oceanside and Encinitas right-of-way fencing, \$1.7 million for a new COASTER bi-level cab car, \$1.6 million in radio upgrades. Other additions related to an increase in right-to-use assets. Additional details surrounding the District's capital assets can be found in Note 5.

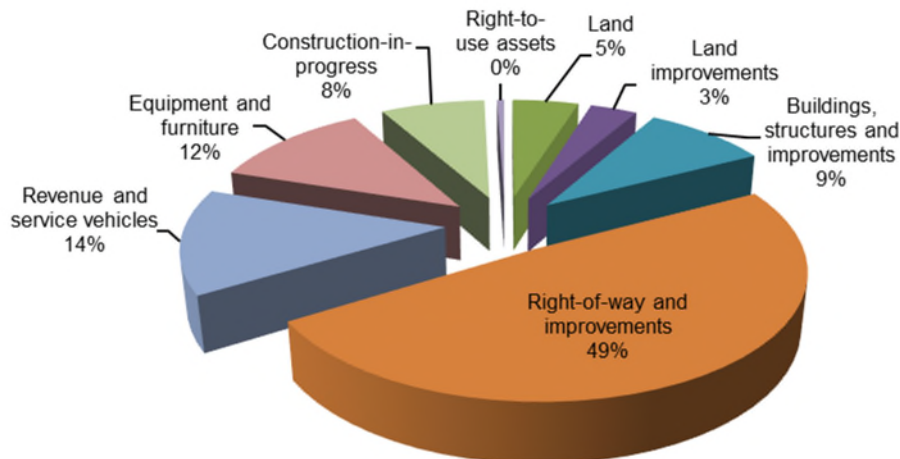
Long-term debt decreased by \$1.35 million in FY2023 due to principal payments made on the Certificates of Participation. Long-term unearned grant revenues increased by \$2.5 million (8%) for local funds that are anticipated to be spent after June 30, 2024. Additional details surrounding the District's long-term debt can be found in Note 7.

Net Capital Assets

During fiscal year 2024, the amount of net capital assets decreased by \$5.6 million. Below is a more detailed analysis of the changes in NCTD's capital assets and accumulated depreciation during the year ended June 30, 2024:

	2024	2023	Increase (Decrease) \$	Increase (Decrease) %
Capital Assets				
Land	\$ 92,246,158	\$ 92,274,014	\$ (27,856.00)	(0%)
Land improvements	65,582,530	60,399,626	5,182,904	9%
Buildings, structures and improvements	172,429,210	170,694,684	1,734,526	1%
Right-of-way and improvements	930,475,253	906,216,603	24,258,650	3%
Revenue and service vehicles	260,756,151	252,086,051	8,670,100	3%
Equipment and furniture	224,396,454	200,790,943	23,605,511	12%
Construction-in-progress	145,557,383	135,000,746	10,556,637	8%
Right-to-use assets	9,805,824	10,433,235	(627,411)	(6%)
Total	1,901,248,963	1,827,895,902	73,353,061	4%
Less: accumulated depreciation/ amortization	1,129,207,563	1,050,250,149	78,957,414	8%
Net Capital Assets	\$ 772,041,400	\$ 777,645,753	\$ (5,604,353)	(1%)

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2024:



Below are some of the significant changes in net capital assets during fiscal year 2024:

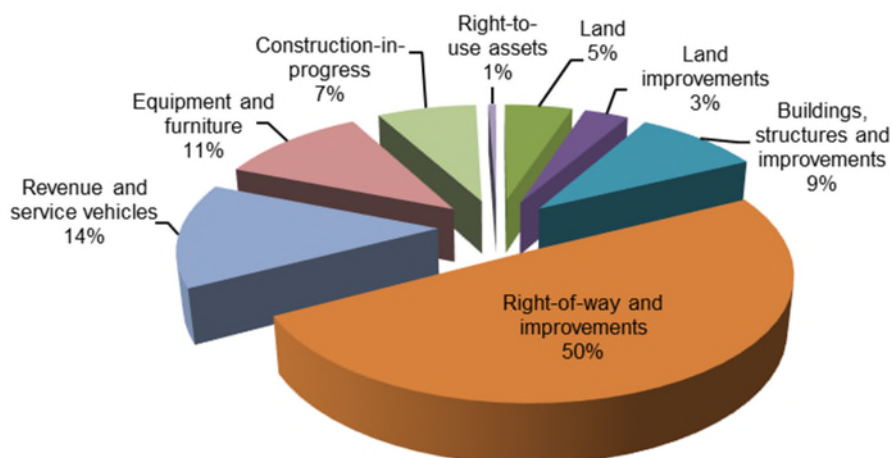
- Major capital expenditures during FY2024 included \$16.6 million for hydrogen fuel cell electric buses, \$8.4 million for various maintenance buildings improvements and repairs, \$7.8 million for COASTER expansion train sets, \$5.8 million for signals replacements and improvements, \$2.6 million for bridge repairs, and \$2.1 million for various SPRINTER overhauls.
- \$18.3 million of contributed assets from SANDAG for improvements along the COASTER rail corridor.

Net Capital Assets (continued)

During fiscal year 2023, the amount of net capital assets decreased by \$50.6 million. Below is a more detailed analysis of the changes in NCTD's capital assets and accumulated depreciation during the year ended June 30, 2023:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Capital Assets				
Land	\$ 92,274,014	\$ 92,274,014	\$ -	0%
Land improvements	60,399,626	60,090,788	308,838	1%
Buildings, structures and improvements	170,694,684	170,394,169	300,515	0%
Right-of-way and improvements	906,216,603	912,483,512	(6,266,909)	(1%)
Revenue and service vehicles	252,086,051	253,242,747	(1,156,696)	(0%)
Equipment and furniture	200,790,943	211,416,007	(10,625,064)	(5%)
Construction-in-progress	135,000,746	118,588,802	16,411,944	14%
Right-to-use assets	10,433,235	6,469,001	3,964,234	61%
Total	1,827,895,902	1,824,959,040	2,936,862	0%
Less: accumulated depreciation/ amortization	1,050,250,149	996,662,781	53,587,368	5%
Net Capital Assets	\$ 777,645,753	\$ 828,296,259	\$ (50,650,506)	(6%)

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2023:



Below are some of the significant changes in net capital assets during fiscal year 2023:

- Capital asset expenditures in fiscal year 2023 included \$10.4 million for COASTER expansion train sets, \$3.1 million for San Diego Subdivision signal replacements, \$2.8 million for Positive Train Control (PTC), \$2.7 million for six battery electric buses, \$2.4 million for various SPRINTER overhauls, \$2 million for COASTER bi-level overhauls, \$1.9 million for Oceanside and Encinitas right-of-way fencing, \$1.7 million for a new COASTER bi-level cab car, \$1.6 million in radio upgrades, and \$3.1 million in SBITA right-to-use assets upon adoption of Government Accounting Standards Board (GASB) Statement 96 – *Subscription-based Information Technology Arrangements (SBITAs)*.
- Increased depreciation expense in FY2023 as result of the start of depreciation of \$307.3 million of right-of-way contributed assets from SANDAG in FY2022 was offset against capital asset expenditures of \$44.5 million.

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

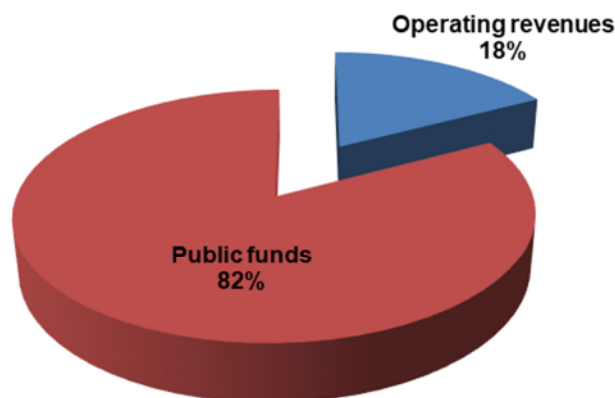
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2024 and 2023:

	2024	2023	Favorable (Unfavorable) \$	Favorable (Unfavorable) %
Operating revenues	\$ 28,242,895	\$ 25,735,775	\$ 2,507,120	10%
Operating expenses	(238,897,828)	(243,735,508)	4,837,680	2%
Operating loss	(210,654,933)	(217,999,733)	7,344,800	3%
Nonoperating revenues/expenses, net	134,088,419	124,389,358	9,699,061	8%
Capital grants and contributions	75,316,708	44,550,855	30,765,853	69%
Change in net position	(1,249,806)	(49,059,520)	47,809,714	97%
Net position				
Beginning of year	773,306,927	822,366,447	(49,059,520)	(6%)
End of year	\$ 772,057,121	\$ 773,306,927	\$ (1,249,806)	(0%)

The overall change in net position for fiscal year 2024 was an increase of \$47.8 million compared to fiscal year 2023, which was mostly derived from a \$30.8 million increase in capital grants and contributions, which are directly related to capital expenditures.

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

As shown in the graph below, for fiscal year 2024, of the total non-capital funding, operating revenues of \$28.2 million accounted for 18% and public funds (operating grants) of \$132 million accounted for 82%.



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

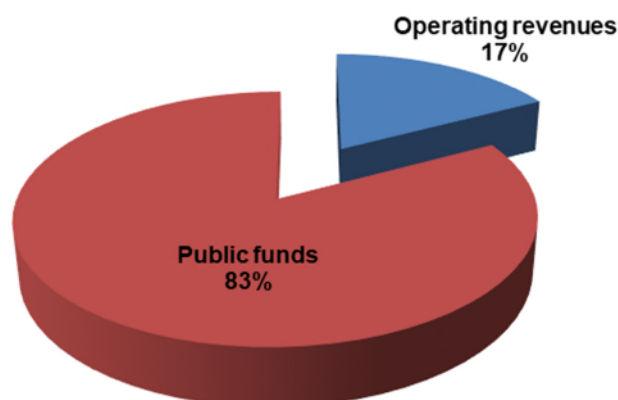
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2023 and 2022:

	2023	(As restated) 2022	Favorable (Unfavorable) \$	Favorable (Unfavorable) %
Operating revenues	\$ 25,735,775	\$ 24,517,518	\$ 1,218,257	5%
Operating expenses	(243,735,508)	(214,325,856)	(29,409,652)	(14%)
Operating loss	(217,999,733)	(189,808,338)	(28,191,395)	(15%)
Nonoperating revenues/expenses, net	124,389,358	111,677,291	12,712,067	11%
Capital grants and contributions	44,550,855	119,483,518	(74,932,663)	(63%)
Change in net position	(49,059,520)	41,352,471	(90,411,991)	219%
Net position				
Beginning of year	822,366,447	781,013,976	41,352,471	5%
End of year	\$ 773,306,927	\$ 822,366,447	\$ (49,059,520)	(6%)

The overall change in net position for fiscal year 2023 was a decrease of \$90.4 million compared to fiscal year 2022, which was primarily due to lower SANDAG contributed assets in FY2023 (\$0.1 million in FY2023 compared to \$37.7 million in FY2022). SANDAG's contributed assets are recorded after projects are completed along the COASTER rail line and NCTD takes over maintenance responsibilities. In addition, capital grants revenues, which are directly related to capital expenditures, were lower by \$37.3 million in FY2023 compared to FY2022.

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

As shown in the graph below, for fiscal year 2023, of the total non-capital funding, operating revenues of \$25.7 million accounted for 17% and public funds (operating grants) of \$123.4 million accounted for 83%.

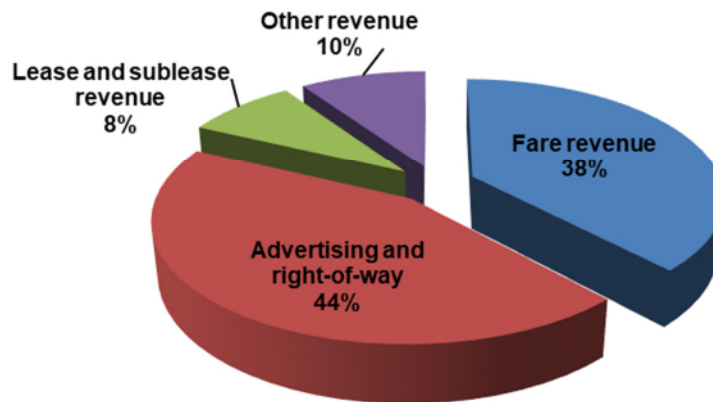


Operating Revenues

During fiscal year 2024, NCTD's operating revenues increased by 10%, as compared to fiscal year 2023. Below is a more detailed breakdown of NCTD's operating revenues:

	2024	2023	Increase (Decrease) \$	Increase (Decrease) %
Fare revenue	\$ 10,732,805	\$ 9,988,460	\$ 744,345	7%
Advertising and right-of-way	12,432,819	10,771,589	1,661,230	15%
Lease and sublease revenue	2,369,918	2,651,075	(281,157)	(11%)
Other revenue	2,707,353	2,324,651	382,702	16%
Total operating revenues	<u>\$ 28,242,895</u>	<u>\$ 25,735,775</u>	<u>\$ 2,507,120</u>	10%

FY24 Operating Revenues



Ridership in FY2024 showed continued improvements from FY2023, where NCTD's system ridership increased from 7.1 million passengers to 7.7 million passengers, an increase of 8%. The increase in fare revenue of \$0.7 million was directly associated with higher ridership in FY2024 compared to FY2023.

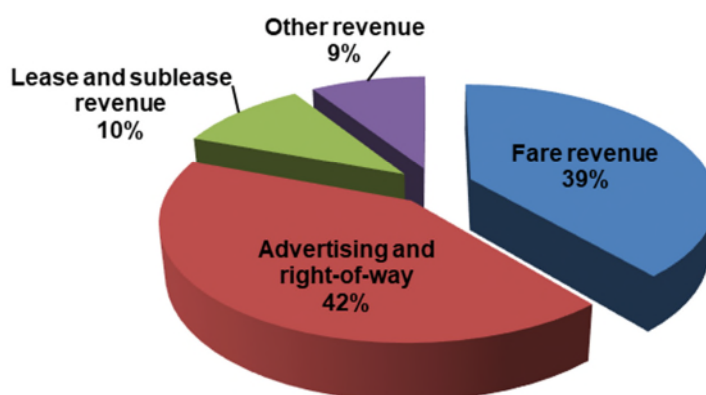
Right-of-way revenues increased as result of higher reimbursements for rail maintenance and dispatching from Amtrak and BNSF, which were adjusted upwards based on the Consumer Price Index (CPI) and the AAR Railroad Cost Index, respectively, as specified in the individual shared use agreements.

Operating Revenues (continued)

During fiscal year 2023, NCTD's operating revenues increased by 5%, as compared to fiscal year 2022. Below is a more detailed breakdown of NCTD's operating revenues:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Fare revenue	\$ 9,988,460	\$ 8,775,892	\$ 1,212,568	14%
Advertising and right-of-way	10,771,589	10,883,767	(112,178)	(1%)
Lease and sublease revenue	2,651,075	2,318,609	332,466	14%
Other revenue	2,324,651	2,539,250	(214,599)	(8%)
Total operating revenues	<u>\$ 25,735,775</u>	<u>\$ 24,517,518</u>	<u>\$ 1,218,257</u>	5%

FY23 Operating Revenues



Ridership in FY2023 showed continued improvements from FY2022, where NCTD's system ridership increased from 5.9 million passengers to 7.1 million passengers, an increase of 20.3%. The increase in fare revenue of \$1.2 million was directly associated with higher ridership in FY2023 compared to FY2022.

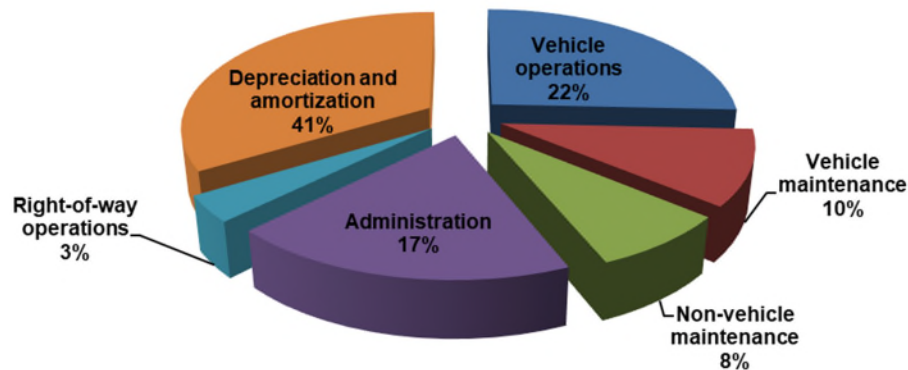
Right-of-way revenues were lower in FY2023 due to decreased reimbursements for rail maintenance and dispatching from Amtrak as result of service suspensions caused by landslides along the right-of-way in southern Orange County, California. Revenues from the state Low Carbon Fuel Standard (LCFS) program and the federal Renewable Fuel Standard (RFS) program, which are credits generated from NCTD's use of renewable natural gas for its BREEZE fleet and are included in other revenue, remained relatively flat from the prior year. Lease and sublease revenue increased due to the volume of fees charged during the year and also from the release of deferred inflows related to GASB 87 leases.

Operating Expenses

During fiscal year 2024, NCTD's operating expenses decreased to \$238.9 million from \$243.7 million in fiscal year 2023. Below is a breakdown of NCTD's operating expenses:

	2024	2023	Increase (Decrease) \$	Increase (Decrease) %
Vehicle operations	\$ 61,455,391	\$ 54,284,186	\$ 7,171,205	13%
Vehicle maintenance	24,611,100	22,063,716	2,547,384	12%
Non-vehicle maintenance	18,488,011	18,927,135	(439,124)	(2%)
Administration	45,165,470	40,449,118	4,716,352	12%
Right-of-way operations	8,618,075	8,763,935	(145,860)	(2%)
Depreciation and amortization	80,559,781	99,247,418	(18,687,637)	(19%)
Total operating expenses	<u>\$ 238,897,828</u>	<u>\$ 243,735,508</u>	<u>\$ (4,837,680)</u>	(2%)

FY24 Operating Expenses



Below are the main reasons behind the decrease of \$4.8 million in operating expenses in FY2024 compared to FY2023:

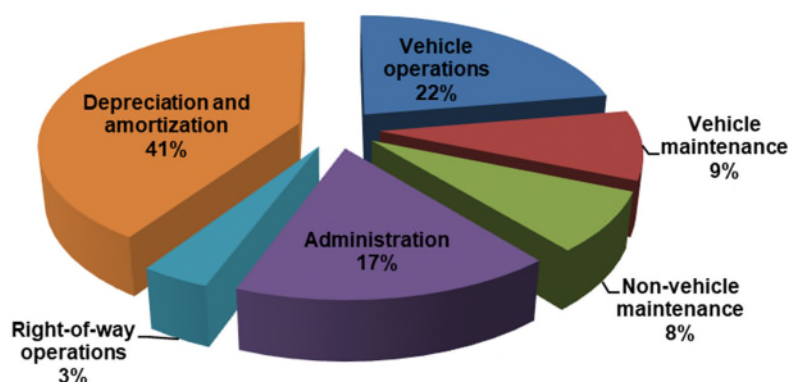
- Vehicle operations costs increased by \$5.4 million for bus operations due to higher labor costs for bus operators, which are from a combination of overtime pay and the contractual adjustments under the purchased transportation contract with MV Transportation (MV), which is subject to annual escalations not to exceed 3%. Vehicle operations costs increased by \$1.8 million due to additional security costs from the San Diego Sheriffs' Office and on-call security to provide additional security at transit centers, train stations, and special events (i.e. Padres baseball games).
- Vehicle maintenance costs for rail operations increased by \$1.5 million due to higher consumables for parts, the additional reserve for obsolete inventory, and professional services to implement a quality plan and improvements of maintenance of equipment for the SPRINTER fleet.
- Administration costs increased by \$1.4 million from the non-cash valuation adjustments to the District's CalPERS pension retirement liability and other postemployment benefits liability. Administration costs increased by 1.6 million related to the development of a zero-emissions program fleet strategy and support services for rail operations. These efforts are designed to coincide with California Executive Order N-79-20 and pending regulations from the California Air Resources Board which would require NCTD to transition to zero emission rail operations by 2035.
- Lower depreciation expense of \$18.7 million was related mainly to lower depreciation expense for signals, communications, and Positive Train Control (PTC) assets that had reached the end of their useful life for depreciation purposes prior to the end of the fiscal year.

Operating Expenses (continued)

During fiscal year 2023, NCTD's operating expenses increased to \$243.8 million from \$214.3 million in fiscal year 2022. Below is a breakdown of NCTD's operating expenses:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Vehicle operations	\$ 54,284,186	\$ 51,958,873	\$ 2,325,313	4%
Vehicle maintenance	22,063,716	19,954,875	2,108,841	11%
Non-vehicle maintenance	18,927,135	17,647,432	1,279,703	7%
Administration	40,449,118	29,294,877	11,154,241	38%
Right-of-way operations	8,763,935	9,371,848	(607,913)	(6%)
Depreciation and amortization	99,247,418	86,097,951	13,149,467	15%
Total operating expenses	<u>\$ 243,735,508</u>	<u>\$ 214,325,856</u>	<u>\$ 29,409,652</u>	14%

FY23 Operating Expenses



Below are the main reasons behind the increase of \$29.4 million in operating expenses in FY2023 compared to FY2022:

- \$13.1 million is related to increased depreciation expense, mainly as result of the additional depreciation from SANDAG contributed assets in FY2022 (\$37.7 million) and FY2021 (\$307.3 million) and equipment placed in service during FY2023.
- Vehicle operations costs increased mainly due to higher labor costs and contractual adjustments under the purchased transportation contract with MV Transportation (MV), which is subject to annual escalations not to exceed 3%.
- Vehicle maintenance costs increased by \$2.1 million for the SPRINTER fleet under the technical support and materials management agreement with Siemens, which also included mobilization and implementation costs of Siemens' proprietary Maintenance of Equipment Asset Management System, CoreMAP.
- Administration costs increased by \$11.1 million, of which \$7.8 million was related to non-cash valuation adjustments to the District's CalPERS pension retirement liability and the amortization of the unfunded accrued liability payments for NCTD's CalPERS pension plan; \$1 million was related to higher casualty and liability costs; and \$1.6 million was for increased consulting and professional services, which included the BREEZE Speed and Reliability Study, the Deloitte Market Research and Analysis, and onsite support for the insourcing of rail operations and maintenance, facilities maintenance, maintenance of way, and maintenance of signals.

Nonoperating Revenues and Expenses, net

During fiscal year 2024, NCTD's nonoperating revenues and expenses increased on a net basis of \$9.7 million compared to FY2023. Below is a breakdown of NCTD's nonoperating revenues and expenses:

	2024	2023	Increase (Decrease) \$	Increase (Decrease) %
Operating grants	\$ 131,976,553	\$ 123,358,940	\$ 8,617,613	7%
Interest revenue - leases	468,836	465,058	3,778	1%
Interest expense - leases	(36,751)	(21,166)	(15,585)	74%
Interest expense - SBITAs	(138,794)	(90,723)	(48,071)	53%
Investment income	2,450,414	1,205,801	1,244,613	103%
Debt related expense	(622,260)	(616,656)	(5,604)	1%
(Loss) gain on disposal of capital assets	(9,579)	88,104	(97,683)	(111%)
Total nonoperating revenues	<u>\$ 134,088,419</u>	<u>\$ 124,389,358</u>	<u>\$ 9,699,061</u>	8%

Most of the increase in operating grants in FY2024 relates to higher revenues from Transportation Development Act (TDA) funds (\$2.8 million), TransNet (\$2.6 million), and the Federal Transit Administration (\$3.9 million). The increased reimbursements are directly related to increased operating expenses (excluding depreciation) in FY2024.

Investment income was higher by \$1.2 million in FY2024 compared to FY2023 due to higher returns on the District's investments in the State of California Local Agency Investment Fund (LAIF) and the San Diego County Pooled Investment funds. Additional information regarding investments can be found in Note 2.

During fiscal year 2023, NCTD's nonoperating revenues and expenses increased on a net basis of \$12.7 million compared to FY2022. Below is a breakdown of NCTD's nonoperating revenues and expenses:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Operating grants	\$ 123,358,940	\$ 111,580,024	\$ 11,778,916	11%
Interest revenue - leases	465,058	470,538	(5,480)	(1%)
Interest expense - leases	(21,166)	(8,794)	(12,372)	141%
Interest expense - SBITAs	(90,723)	(67,600)	(23,123)	34%
Investment income	1,205,801	287,474	918,327	319%
Debt related expense	(616,656)	(724,782)	108,126	(15%)
Gain (loss) on disposal of capital assets	88,104	140,431	(52,327)	(37%)
Total nonoperating revenues	<u>\$ 124,389,358</u>	<u>\$ 111,677,291</u>	<u>\$ 12,712,067</u>	11%

Most of the increase in FY2023 relates to higher revenues from Transportation Development Act (TDA) funds (\$14.1 million), TransNet (\$1.3 million), and State Transit Assistance (STA) (\$4 million), which were offset by lower reimbursements of \$9.2 million from the Federal Transit Administration (FTA). The increased reimbursements are directly related to increased operating expenses in FY2023.

Investment income was higher by \$0.9 million in FY2023 compared to FY2022 due to higher returns on the District's investments in the State of California Local Agency Investment Fund (LAIF) and the San Diego County Pooled Investment funds. Additional information regarding investments can be found in Note 2.

Restrictions and Commitments

As of June 30, 2024 and 2023, NCTD had commitments of \$151,409,187 and \$119,646,050, 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 \$17,750,000 as of June 30, 2024. This debt is structured to mature in 2035. Refer to Note 7 to the financial statements for additional information.

Contacting NCTD's Financial Management

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

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

Basic Financial Statements

**NORTH COUNTY TRANSIT DISTRICT
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2024 AND 2023**

	2024	2023
ASSETS		
Current assets		
Cash and investments	\$ 109,036,254	\$ 99,728,603
Investments with fiscal agent	1,839,741	1,947,773
Accounts receivable	6,715,342	7,268,534
Grants receivable	40,446,699	35,508,744
Lease receivables	221,180	279,806
Parts and supplies inventory, net of reserve	1,916,454	3,287,007
Prepaid expenses	3,054,473	3,061,761
Restricted cash	4,501,679	8,224,484
Total current assets	<u>167,731,822</u>	<u>159,306,712</u>
Noncurrent assets		
Lease receivables - due in more than one year	17,335,998	17,249,868
Capital assets		
Nondepreciable capital assets	237,803,541	227,274,760
Depreciable capital assets, net of accumulated depreciation	528,481,392	542,876,125
Right-to-use assets, net of accumulated amortization	5,756,467	7,494,868
Total capital assets	<u>772,041,400</u>	<u>777,645,753</u>
Total assets	<u>957,109,220</u>	<u>954,202,333</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of interest rate swap	527,574	814,342
Outflows of resources related to pension	11,671,972	12,464,255
Outflows of resources related to OPEB	382,900	3,639
Total deferred outflows of resources	<u>12,582,446</u>	<u>13,282,236</u>
LIABILITIES		
Current liabilities payable from current assets		
Accounts payable	27,204,365	33,642,246
Accrued liabilities	887,296	826,985
Deposits payable	325,094	194,058
Lease payable - due within one year	397,746	388,585
SBITA payable - due within one year	1,052,997	1,240,767
Unearned grant revenue - due within one year	19,831,521	28,042,836
Certificates of participation - due within one year	1,400,000	1,350,000
Claims payable - due within one year	2,256,957	1,655,915
Compensated absences - due within one year	2,017,176	1,620,367
Total current liabilities payable from current assets	<u>55,373,152</u>	<u>68,961,759</u>
Noncurrent liabilities		
Certificates of participation - due in more than one year	16,350,000	17,750,000
Lease payable - due in more than one year	352,282	747,491
SBITA payable - due in more than one year	3,937,953	4,995,533
Claims payable - due in more than one year	1,428,717	2,040,309
Compensated absences - due in more than one year	32,019	299,581
Total other postemployment benefits liability	4,165,725	3,728,137
Unearned grant revenue - due in more than one year	54,031,450	33,280,094
Net pension liability	44,686,566	43,991,035
Negative fair value of interest rate swap	527,574	814,342
Total noncurrent liabilities	<u>125,512,286</u>	<u>107,646,522</u>
Total liabilities	<u>180,885,438</u>	<u>176,608,281</u>
DEFERRED INFLOWS OF RESOURCES		
Inflows of resources related to leases	16,092,825	16,396,202
Inflows of resources related to pension	-	366,825
Inflows of resources related to OPEB	656,282	806,334
Total deferred inflows of resources	<u>16,749,107</u>	<u>17,569,361</u>
NET POSITION		
Net investment in capital assets	749,605,848	752,465,365
Unrestricted position	22,451,273	20,841,562
Total net position	<u>\$ 772,057,121</u>	<u>\$ 773,306,927</u>

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, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Fare revenue	\$ 10,732,805	\$ 9,988,460
Advertising and right-of-way	12,432,819	10,771,589
Lease and sublease revenue	2,369,918	2,651,075
Other revenue	2,707,353	2,324,651
Total operating revenues	<u>28,242,895</u>	<u>25,735,775</u>
OPERATING EXPENSES		
Vehicle operations	61,455,391	54,284,186
Vehicle maintenance	24,611,100	22,063,716
Facilities and non-vehicle maintenance	18,488,011	18,927,135
Administration	45,165,470	40,449,118
Right-of-way operations	8,618,075	8,763,935
Depreciation	78,882,666	97,714,713
Amortization - right-to-use assets (leases)	375,083	422,093
Amortization - right-to-use assets (SBITAs)	1,302,032	1,110,612
Total operating expenses	<u>238,897,828</u>	<u>243,735,508</u>
Operating Loss	<u>(210,654,933)</u>	<u>(217,999,733)</u>
NONOPERATING REVENUES (EXPENSES)		
Operating grants	131,976,553	123,358,940
Interest revenue - leases	468,836	465,058
Interest expense - leases	(36,751)	(21,166)
Interest expense - SBITAs	(138,794)	(90,723)
Investment income	2,450,414	1,205,801
Debt related expense	(622,260)	(616,656)
(Loss) gain on disposal of capital assets	(9,579)	88,104
Total nonoperating revenues	<u>134,088,419</u>	<u>124,389,358</u>
Loss Before Capital Contributions	<u>(76,566,514)</u>	<u>(93,610,375)</u>
CAPITAL CONTRIBUTIONS		
Capital grants	57,043,995	44,455,076
Donated capital assets	18,272,713	95,779
Total capital contributions	<u>75,316,708</u>	<u>44,550,855</u>
Change in Net Position	(1,249,806)	(49,059,520)
NET POSITION		
Beginning of year	<u>773,306,927</u>	<u>822,366,447</u>
End of year	<u>\$ 772,057,121</u>	<u>\$ 773,306,927</u>

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, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 28,492,710	\$ 27,933,992
Payments to suppliers	(114,728,626)	(105,618,156)
Payments to employees	(47,330,153)	(36,269,375)
Net cash used by operating activities	<u>(133,566,069)</u>	<u>(113,953,539)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	133,337,691	114,950,720
Net cash provided by noncapital financing activities	<u>133,337,691</u>	<u>114,950,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	61,568,383	70,369,053
Purchase of capital assets	(57,011,200)	(45,840,036)
Interest payments on lease payables	(36,751)	(21,166)
Interest payments on SBITA payables	(138,794)	(90,723)
Interest receipts on lease receivables	468,836	465,058
Financing receipts on lease receivables	300,981	329,910
Financing payments on lease payables	(386,048)	(332,230)
Financing payments on SBITA payables	(1,245,350)	(1,122,159)
Loss (gain) on disposal of capital assets	(9,579)	88,104
Payments on certificates of participation	(1,350,000)	(1,350,000)
Payment of interest and fees	(622,260)	(616,656)
Net cash provided by (used in) capital and related financing activities	<u>1,538,218</u>	<u>21,879,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	4,166,974	1,825,028
Net cash provided by investing activities	<u>4,166,974</u>	<u>1,825,028</u>
Net increase (decrease) in cash and cash equivalents	5,476,814	24,701,364
Cash and cash equivalents		
Beginning of year	109,900,860	85,199,496
End of year	<u>\$ 115,377,674</u>	<u>\$ 109,900,860</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and investments	\$ 109,036,254	\$ 99,728,603
Investments with fiscal agent	1,839,741	1,947,773
Restricted cash	4,501,679	8,224,484
Cash and cash equivalents	<u>\$ 115,377,674</u>	<u>\$ 109,900,860</u>

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, 2024 AND 2023**

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (210,654,933)	\$ (217,999,733)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	78,882,666	97,714,713
Amortization of right-to-use assets	1,677,115	1,532,705
Increase in reserve for obsolete inventory	164,988	161,328
Decrease in accounts receivable	553,192	2,385,158
Decrease in parts and supplies inventory	1,205,565	576,008
Decrease (increase) in prepaid expenses	7,288	(182,838)
Decrease (increase) in outflows of resources related to pension	792,283	(6,919,646)
(Increase) decrease in outflows of resources related to OPEB	(379,261)	71,458
(Decrease) increase in accounts payable	(6,437,881)	2,776,117
Increase (decrease) in accrued liabilities	60,311	(466,411)
Increase (decrease) in deposit payable	131,036	(237,113)
(Decrease) increase in claims payable	(10,550)	1,263,812
Increase in compensated absences	129,247	518,041
Increase in pension liability	695,531	16,693,240
Increase (decrease) in total OPEB liability	437,588	(3,224)
Decrease in inflows of resources related to leases	(303,377)	(683,951)
Decrease in inflows of resources related to pension	(366,825)	(10,966,262)
Decrease in inflows of resources related to OPEB	(150,052)	(186,941)
Total adjustments	<u>77,088,864</u>	<u>104,046,194</u>
Net cash used in operating activities	<u><u>\$ (133,566,069)</u></u>	<u><u>\$ (113,953,539)</u></u>
NONCASH CAPITAL FINANCING ACTIVITIES		
Decrease in the fair value of interest rate swaps	\$ 286,768	\$ 928,330
NONCASH INVESTING ACTIVITIES		
Capital assets contributed by SANDAG	\$ 18,272,713	\$ 95,779
Construction-in-process capital assets in accounts payable	\$ 1,980,526	\$ 9,345,961
Interest earned on unearned grant revenue	\$ 1,716,560	\$ 619,227
Subscription liability for the acquisition of a right-to-use asset	\$ -	\$ 3,086,522
Lease liability for the acquisition of a right-to-use asset	\$ -	\$ 877,712

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. 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.

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.

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. 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.

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.

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, 2024 and 2023, 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.

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, 2024, and 2023, management determined that reserves of \$724,143 and \$559,155, respectively, were required for the impairment of parts for the legacy COASTER locomotives and for SPRINTER parts that were no longer needed after the District entered into a technical support and materials management agreement for the Diesel Multiple Unit (DMU) fleet.

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 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.

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

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 - 20 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

Right-to-use lease assets are recognized at the lease commencement date and represent NCTD's right to use an underlying asset for the lease term. Right-to-use lease 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 lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method or the same method amortizing the liability. The amortization period varies from 2 to 4 years.

A Subscription-Based Information Technology Asset (SBITA) is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Right-to-use SBITAs are recognized at the subscription commencement date and represent NCTD's right to use the underlying SBITA for the subscription term. Right-to-use SBITAs are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use SBITAs are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method or the same method amortizing the liability. The amortization period varies from 3 to 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.

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 an incremental borrowing rate determined by NCTD.

SBITA Liabilities

SBITA liabilities represent NCTD's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The subscription term includes the period during which NCTD has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that NCTD or the SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that NCTD or the SBITA vendor will not exercise that option). The present value of subscription payments are discounted based on an incremental borrowing rate determined by NCTD.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 16 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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.”

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 pronouncements were implemented during FY2024 and FY2023:

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), addresses the June 2023 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. The sunset of LIBOR has required 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. Effective March 2023, NCTD adopted the International Swaps and Derivatives Association (ISDA) 2020 Fallback Protocol (Protocol), which replaces references to LIBOR with references to the Secured Overnight Financing Rate (SOFR), which along with required adjustments

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

to approximate LIBOR, was determined to be the replacement fallback rate. The adoption of the Protocol does not constitute a renegotiation, an amendment, or termination of any of NCTD's agreements, and as a result, there is no financial impact to these financial statements as of June 30, 2024 and 2023 and disclosures in Note 7 have been updated to reflect the adherence to the Protocol.

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). NCTD currently does not have any arrangements meeting the criteria for accounting under GASB 94.

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. GASB 99 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. NCTD has implemented the requirements of GASB 99 that are currently effective, noting no significant changes to the financial statements.

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. GASB 100 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 preferable 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. GASB 100 also addresses corrections of errors in previously issued financial statements, prescribing the accounting and financial reporting for each type of accounting change and error correction. Furthermore, GASB 100 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) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of GASB 100 for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. GASB 100 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. GASB 100 requires disclosure in the notes to the 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. NCTD implemented GASB 100 without material impact to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

The following pronouncements are currently under the review of management:

GASB Statement No. 101, *Compensated Absences* (GASB 101) clarifies the recognition and measurement of compensated absence liabilities for reporting entities. GASB 101 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.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) requires disclosures on essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures should include descriptions of the concentration or constraint, each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, and actions taken by the government prior to the issuance of the financial statements to mitigate the risk. GASB 102 is effective for fiscal years beginning after June 15, 2024, with earlier application encouraged.

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103) improves key components in financial reporting by providing information that is essential for decision making and assessing a government's accountability. GASB 103 requires that the information presented in the Management's Discussion and Analysis (MD&A) be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, GASB 103 stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. GASB 103 describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence and requires to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows. GASB 103 requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. GASB 103 also requires the presentation of budgetary comparison information and explanation of significant variances in the Required Supplementary Information. GASB 103 is effective for fiscal years beginning after June 15, 2025, with earlier application encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104) requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). Lease assets, intangible right-to-use assets, and subscription assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. GASB 104 also requires intangible assets, other than those three mentioned previously, to be disclosed separately by major class. GASB 104 also requires additional disclosures for capital assets held for sale.

Reclassifications Affecting Prior Year Presentation

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

2. CASH AND INVESTMENTS

Below is the reconciliation of cash and investments to the Statements of Net Position at June 30, 2024 and 2023:

	2024	2023
Cash and investments	\$ 109,036,254	\$ 99,728,603
Investments with fiscal agent	1,839,741	1,947,773
Restricted cash	4,501,679	8,224,484
	<u>\$ 115,377,674</u>	<u>\$ 109,900,860</u>

Cash and investments consist of the following at June 30, 2024 and 2023:

	2024	2023
Cash:		
Cash on hand	\$ 191,082	\$ 212,918
Demand deposits	13,220,799	12,934,115
Total cash	<u>13,411,881</u>	<u>13,147,033</u>
Investments:		
Deposits in Local Agency Investment Fund (LAIF)	57,569,205	53,641,723
Deposits in San Diego County Investment Pool	42,556,846	41,164,331
Investments with fiscal agent	1,839,741	1,947,773
Total investments	<u>101,965,792</u>	<u>96,753,827</u>
Total cash and investments	<u>\$ 115,377,673</u>	<u>\$ 109,900,860</u>

Investments Authorized by Debt Agreements

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

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.

2. CASH AND INVESTMENTS (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	10%
California Local Agency Obligations	5 years	None	10%
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	92 days	20%	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	\$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, 2024 and 2023, respectively:

<u>Investment Type</u>	<u>Amount at June 30, 2024</u>	<u>Remaining Maturity 12 Months or Less</u>
Local Agency Investment Fund	\$ 57,569,205	\$ 57,569,205
San Diego County Pooled Investment Funds	42,556,846	42,556,846
Held by fiscal agent - Money Market Mutual Fund	1,839,741	1,839,741
	<u>\$ 101,965,792</u>	<u>\$ 101,965,792</u>

<u>Investment Type</u>	<u>Amount at June 30, 2023</u>	<u>Remaining Maturity 12 Months or Less</u>
Local Agency Investment Fund	\$ 53,641,723	\$ 53,641,723
San Diego County Pooled Investment Funds	41,164,331	41,164,331
Held by fiscal agent - Money Market Mutual Fund	1,947,773	1,947,773
	<u>\$ 96,753,827</u>	<u>\$ 96,753,827</u>

2. CASH AND INVESTMENTS (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or NCTD's investment policy, and the actual rating as of June 30, 2024 and 2023, respectively, for each investment type.

Investment Type	Amount at June 30, 2024	Minimum Legal Rating	Rating as of Year End
Local Agency Investment Fund	\$ 57,569,205	N/A	Not Rated
San Diego County Pooled Investment Funds	42,556,846	N/A	AAAf/S1- Fitch
Held by fiscal agent - Money Market Mutual Fund	1,839,741	N/A	Not Rated
	<u>\$ 101,965,792</u>		

Investment Type	Amount at June 30, 2023	Minimum Legal Rating	Rating as of Year End
Local Agency Investment Fund	\$ 53,641,723	N/A	Not Rated
San Diego County Pooled Investment Funds	41,164,331	N/A	AAAf/S1- Fitch
Held by fiscal agent - Money Market Mutual Fund	1,947,773	N/A	Not Rated
	<u>\$ 96,753,827</u>		

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, 2024 and 2023, NCTD had investments with LAIF (an external investment pool), San Diego County Investment Pool (external investment pool), and money market mutual funds.

Disclosures Relating to Custodial Credit Risk

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

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

2. CASH AND INVESTMENTS (continued)

Investment in State Investment Pool

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

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

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

As of June 30, 2024 and 2023, NCTD had \$57,569,205 and \$53,641,723, respectively, invested in LAIF, which had invested 3.00% and 2.78%, 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 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, 2024 and 2023, NCTD had \$42,556,846 and \$41,164,331 invested in the San Diego County Investment Pool, which had invested 30.66% and 28.98% of the pooled investment funds in commercial paper, supranational securities, and medium-term notes and 6.62% and 5.21% in asset-backed securities as of each year end, respectively.

Disclosures Relating to Fair Value Measurement

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

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2024	2023
Trade accounts receivable	\$ 3,710,745	\$ 5,410,684
Other receivables	3,004,597	1,857,850
	<u>\$ 6,715,342</u>	<u>\$ 7,268,534</u>

Management has evaluated the receivables as of June 30, 2024 and 2023 and determined that an allowance for doubtful accounts is not necessary.

4. GRANTS AND GRANTS RECEIVABLE

Grants receivable consists of the following at June 30:

	2024	2023
Federal Transit Administration	\$ 29,394,060	\$ 27,822,563
California Department of Transportation	3,568,892	3,549,177
San Joaquin Valley Air Pollution Control District	3,199,968	-
San Diego Association of Governments (SANDAG)	2,423,474	1,726,893
Federal Railroad Administration	556,483	540,873
Other	462,201	879,406
California State Transportation Agency	341,143	877,726
California Energy Commission	307,477	23,423
California Transportation Commission	104,318	-
California Public Utilities Commission	88,683	88,683
	<u>\$ 40,446,699</u>	<u>\$ 35,508,744</u>

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

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

	2024	2023
Federal Transit Administration (FTA)	\$ 46,113,030	\$ 42,206,795
Transportation Development Act (TDA) Article 4	44,294,300	41,596,051
TransNet	27,569,247	24,935,257
State Transit Assistance (STA)	7,929,927	8,029,564
Transportation Development Act (TDA) Article 4.5	2,765,369	2,668,010
State of Good Repair (SGR)	2,006,437	2,539,107
Other Operating Grants	1,298,243	1,384,156
	<u>\$ 131,976,553</u>	<u>\$ 123,358,940</u>

Pursuant to the California Transportation Development Act of 1971 (TDA), a portion of sales tax proceeds is made available to NCTD through the local transportation fund for the development and operation of public transportation systems and related research and development projects. For the fiscal years ended June 30, 2024 and 2023, NCTD recorded \$47,059,669 and \$44,264,061, respectively, in TDA revenues.

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, 2024 and 2023, NCTD received \$27,569,247 and \$24,935,257, respectively, in operating funds from the TransNet program.

During the fiscal years ended June 30, 2024 and 2023, NCTD earned \$46,113,030 and \$42,206,795, 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 2024, FTA operating grant revenue includes \$1,050,069 and \$16,505,472 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 2023, FTA operating grant revenue includes \$1,663,555 and \$13,044,837 claimed from NCTD's apportionment under the CARES Act and ARPA, respectively.

4. GRANTS AND GRANTS RECEIVABLE (continued)

During the fiscal years ended June 30, 2024 and 2023, NCTD earned \$11,234,607 and \$11,952,827, respectively, from state and other operating grants.

NCTD expended \$57,043,995 and \$44,455,076 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, 2024 and 2023, respectively.

5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Additions	Disposals	Transfers	Contributions	Balance June 30, 2024
Nondepreciable assets						
Land	\$ 92,274,014	\$ -	(27,856)	\$ -	\$ -	\$ 92,246,158
Construction-in-progress	135,000,746	57,054,091	-	(46,497,454)	-	145,557,383
Total nondepreciable assets	227,274,760	57,054,091	(27,856)	(46,497,454)	-	237,803,541
Depreciable assets						
Land improvements	60,399,626	-	-	5,182,904	-	65,582,530
Buildings, structures and improvements	170,694,684	-	(399,719)	2,134,245	-	172,429,210
Right-of-way and improvements	906,216,603	-	(253,457)	6,239,394	18,272,713	930,475,253
Revenue and service vehicles	252,086,051	-	(516,325)	9,186,425	-	260,756,151
Equipment and furniture	200,790,943	-	(148,975)	23,754,486	-	224,396,454
Total nondepreciable assets	1,590,187,907	-	(1,318,476)	46,497,454	18,272,713	1,653,639,598
Less accumulated depreciation						
Land improvements	(57,242,366)	(2,593,477)	-	-	-	(59,835,843)
Buildings, structures and improvements	(113,975,325)	(6,817,853)	399,719	-	-	(120,393,459)
Right-of-way and improvements	(563,460,804)	(45,646,690)	-	-	-	(609,107,494)
Revenue and service vehicles	(140,889,088)	(12,013,735)	516,325	-	-	(152,386,498)
Equipment and furniture	(171,744,199)	(11,810,911)	120,198	-	-	(183,434,912)
Total accumulated depreciation	(1,047,311,782)	(78,882,666)	1,036,242	-	-	(1,125,158,206)
Total depreciable assets, net	542,876,125	(78,882,666)	(282,234)	46,497,454	18,272,713	528,481,392
Right-to-use (RTU) assets						
Building and signal stations	2,076,051	-	(577,518)	-	-	1,498,533
SBITAs	8,357,184	-	(49,893)	-	-	8,307,291
Total amortizable right-to-use assets	10,433,235	-	(627,411)	-	-	9,805,824
Less accumulated amortization on RTU assets						
Building and signal stations	(1,057,067)	(374,641)	577,518	-	-	(854,190)
SBITAs	(1,881,300)	(1,363,760)	49,893	-	-	(3,195,167)
Total RTU accumulated amortization	(2,938,367)	(1,738,401)	627,411	-	-	(4,049,357)
Total right-to-use assets, net	7,494,868	(1,738,401)	-	-	-	5,756,467
Total capital assets	\$ 777,645,753	\$ (23,566,976)	\$ (310,090)	\$ -	\$ 18,272,713	\$ 772,041,400

5. CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	(Restated) Balance June 30, 2022	Additions	Disposals	Transfers	Contributions	Balance June 30, 2023
Nondepreciable assets						
Land	\$ 92,274,014	\$ -	\$ -	\$ -	\$ -	\$ 92,274,014
Construction-in-progress	118,588,802	44,555,822	-	(28,143,878)	-	135,000,746
Total nondepreciable assets	210,862,816	44,555,822	-	(28,143,878)	-	227,274,760
Depreciable assets						
Land improvements	60,090,788	-	(928,485)	1,237,323	-	60,399,626
Buildings, structures and improvements	170,394,169	-	(2,195,195)	2,495,710	-	170,694,684
Right-of-way and improvements	912,483,512	-	(6,268,501)	(94,187)	95,779	906,216,603
Revenue and service vehicles	253,242,747	-	(9,740,044)	8,583,348	-	252,086,051
Equipment and furniture	211,416,007	-	(26,546,748)	15,921,684	-	200,790,943
Total depreciable assets	1,607,627,223	-	(45,678,973)	28,143,878	95,779	1,590,187,907
Less accumulated depreciation						
Land improvements	(57,533,864)	(636,987)	928,485	-	-	(57,242,366)
Buildings, structures and improvements	(109,182,334)	(6,988,186)	2,195,195	-	-	(113,975,325)
Right-of-way and improvements	(516,069,436)	(53,649,643)	6,258,275	-	-	(563,460,804)
Revenue and service vehicles	(137,211,527)	(13,421,822)	9,744,261	-	-	(140,889,088)
Equipment and furniture	(175,259,958)	(23,018,075)	26,533,834	-	-	(171,744,199)
Total accumulated depreciation	(995,257,119)	(97,714,713)	45,660,050	-	-	(1,047,311,782)
Total depreciable assets, net	612,370,104	(97,714,713)	(18,923)	28,143,878	95,779	542,876,125
Right-to-use (RTU) assets						
Building and signal stations	1,198,339	877,712	-	-	-	2,076,051
SBITAs	5,270,662	3,086,522	-	-	-	8,357,184
Total amortizable right-to-use assets	6,469,001	3,964,234	-	-	-	10,433,235
Less accumulated amortization on RTU assets						
Building and signal stations	(634,974)	(422,093)	-	-	-	(1,057,067)
SBITAs	(770,688)	(1,110,612)	-	-	-	(1,881,300)
Total RTU accumulated amortization	(1,405,662)	(1,532,705)	-	-	-	(2,938,367)
Total right-to-use assets, net	5,063,339	2,431,529	-	-	-	7,494,868
Total capital assets	\$ 828,296,259	\$ (50,727,362)	\$ (18,923)	\$ -	\$ 95,779	\$ 777,645,753

Additions to capital assets totaling \$18,272,713 and 95,779 for the fiscal years 2024 and 2023, respectively, were received from SANDAG for completion of several major COASTER right-of-way projects. Depreciation expense, including the amortization of right-to-use assets, for the fiscal years ended June 30, 2024 and 2023 was \$80,559,781 and \$99,247,418, respectively. Amortization for right-to-use assets was \$1,738,401 and \$1,532,705 for the years ended June 30, 2024 and 2023, respectively.

6. COMPENSATED ABSENCES

Compensated absences activity for the fiscal years ended June 30, 2024 and 2023 was as follows:

Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Classification	
				Due in one year	Due in more than one year
\$ 1,919,948	\$ 2,978,989	\$ (2,849,742)	\$ 2,049,195	\$ 2,017,176	\$ 32,019

Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Classification	
				Due in one year	Due in more than one year
\$ 1,401,907	\$ 3,300,136	\$ (2,782,095)	\$ 1,919,948	\$ 1,620,367	\$ 299,581

7. LONG-TERM DEBT

Certificates of Participation

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

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.

In March 2023, NCTD sent a notification letter to SANDAG that a fallback rate referenced in the Auction Rate Certificate agreements was replaced with SOFR, as NCTD had adhered to the 2020 ISDA Fallback Protocol in March 2023, effective July 1, 2023. There was no financial impact of this reference rate replacement.

Long-term debt activity for the fiscal years ended June 30, 2024 and 2023 was as follows:

	Original Issue Amount	Balance at July 1, 2023	Additions	Retirements	Balance at June 30, 2024	Due Within One Year
Certificates of Participation, 2004 Series A	\$ 114,000,000	\$ 19,100,000	\$ -	\$ (1,350,000)	\$ 17,750,000	\$ 1,400,000
	Original Issue Amount	Balance at July 1, 2022	Additions	Retirements	Balance at June 30, 2023	Due Within One Year
Certificates of Participation, 2004 Series A	\$ 114,000,000	\$ 20,450,000	\$ -	\$ (1,350,000)	\$ 19,100,000	\$ 1,350,000

7. LONG-TERM DEBT (continued)

The remaining principal balance on the Certificates of Participation was \$17,750,000 at June 30, 2024. The Certificates of Participation mature on September 1, 2034.

Estimated future debt payments are as follows:

Year Ending June 30,	Principal	Estimated Interest and Support Costs (1)	Total Payments
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	1,550,000	487,760	2,037,760
2029	1,600,000	431,340	2,031,340
2030-2034	8,450,000	1,264,900	9,714,900
2035	1,800,000	65,520	1,865,520
Total	<u>\$ 17,750,000</u>	<u>\$ 4,033,120</u>	<u>\$ 21,783,120</u>

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

2006 Interest Rate Swap

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

Terms. The initial notional amounts of the swaps were \$17 million each. The current notional amounts of the swaps are a combined \$17.75 million. During FY2023, NCTD paid the counterparty a fixed payment of 3.369% and received a variable payment based on 65% of one-month London Interbank Offered Rate (LIBOR). In March 2023, with an effective date of July 1, 2023, NCTD adhered to the 2020 ISDA Fallback Protocol which replaced one-month LIBOR with SOFR, plus a spread of 11.448 basis points, as the variable payment rate NCTD receives. 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, 2024.

Fair values. Because interest rates have declined since execution of the swaps, the UBS swaps had a total negative fair value of \$527,574 and \$814,342 as of June 30, 2024 and 2023, 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, 2024 and 2023. The fair values take into consideration the contractual terms of the swap, including: the effective date; the termination date; the amortization schedule; the index or indices and fixed rates; and any day count modifications to the accrual and/or payment dates. Market-based parameters include: the term structure of interest rates as implied by the U. S. Treasury curve and by various swap curves; spreads for taxable and tax-exempt swap rates (risk premiums); spreads for credit risk(s); and discount factors derived from the Secured Overnight Financing Rate (SOFR) swap curve.

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, 2024, the average interest rate on NCTD’s hedged variable-rate debt was 3.46%.

Credit risk. This is the risk that the counterparty will fail to perform under the terms of these agreements. As of June 30, 2024 and 2023, 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.

7. LONG-TERM DEBT (continued)

The favorable credit ratings of the counterparty (UBS) mitigate this risk. As of June 30, 2024 and 2023, 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.

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, 2024, 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, 2024 and 2023, NCTD was not in a favorable termination position relative to the market.

The fair values and changes in fair values at June 30, 2024 and 2023 are shown below.

	Changes in Fair Value		Fair Value at June 30, 2024		Notional	Fair Value Hierarchy
	Classification	Amount	Classification	Amount		
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	\$ 286,768	Debt	\$ (527,574)	\$ 17,750,000	Level 2
	Changes in Fair Value		Fair Value at June 30, 2023		Notional	Fair Value Hierarchy
	Classification	Amount	Classification	Amount		
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	\$ 928,330	Debt	\$ (814,342)	\$ 19,100,000	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. 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 was 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, 2024 and 2023.

8. ARBITRAGE REBATE LIABILITY

Arbitrage rebate applies to interest earned on the issuance of tax-exempt debt. The rebate is based on the difference between the interest earned from the investment of the debt proceeds and the interest expense on the debt issued. As of June 30, 2024 and 2023, there was no liability related to the NCTD's Certificates of Participation 2004 Series A debt.

9. LEASES

Lessee Activities

NCTD has five lease agreements that meet 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 is for a building in the City of Oceanside utilized for signals maintenance and maintenance-of-way operations with principal and interest payments through fiscal year 2026. The fifth lease is for administrative offices in downtown Oceanside with principal and interest payments through fiscal year 2027. The initial lease liabilities were valued using annual discount rates between 1.29% and 5.45% depending on the length of the term of the lease and represent the District's incremental borrowing rate at the date of adoption. The District did not enter into any new lease agreements that met the criteria for capitalization during the year ended June 30, 2024.

As of June 30, 2024 and 2023, NCTD had right-to-use assets of \$1,498,533 and \$2,076,051, respectively and accumulated amortization of \$854,190 and \$1,057,067, respectively. As of June 30, 2024 and 2023, NCTD had lease liabilities of \$750,028 and \$1,136,076, respectively.

During fiscal years 2024 and 2023, NCTD recognized interest expense associated with the leased assets of \$36,751 and \$21,166, respectively. For the fiscal years ended June 30, 2024 and 2023, amortization expense for the right-to-use leased assets was \$375,083 and \$422,093, respectively.

A summary of the changes in lease liabilities during the year ended June 30, 2024 and 2023 is as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Lease liabilities	<u>\$ 1,136,076</u>	<u>\$ -</u>	<u>\$ (386,048)</u>	<u>\$ 750,028</u>	<u>\$ 397,746</u>

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Lease liabilities	<u>\$ 590,594</u>	<u>\$ 877,712</u>	<u>\$ (332,230)</u>	<u>\$ 1,136,076</u>	<u>\$ 388,585</u>

Remaining obligations associated with these leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2025	397,746	22,505
2026	314,593	8,051
2027	<u>37,689</u>	<u>122</u>
Total	<u>\$ 750,028</u>	<u>\$ 30,678</u>

Lessor Activities

NCTD has entered into lease and easement agreements that provide tenants access to real estate assets owned by NCTD. NCTD has identified 21 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 5.11% depending on the length of the term of the lease and represent the District's incremental borrowing rate at the date of adoption.

9. LEASES (continued)

During FY2024, the District entered into three new lease agreements. The present value of the lease receivable was calculated using a 5.11% discount rate and 3% lease escalation rate. At initial measurement, the lease receivable and deferred inflows of resources for the three agreements totaled \$328,485.

As of June 30, 2024 and 2023, total lease receivable (including both the current and noncurrent portion) balances were \$17,557,178 and \$17,529,674, respectively. The deferred inflows related to leases balances were \$16,092,825 and \$16,396,202 as of June 30, 2024 and 2023, respectively. Receipts on principal were \$300,981 and \$329,910 during the years ended June 30, 2024 and 2023, respectively. Interest revenue recognized on these leases was \$468,836 and \$465,058 for the years ended June 30, 2024 and 2023, respectively.

Within the NCTD-as-lessor agreements is one agreement that includes a fixed monthly amount, however, 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 \$105,987 and \$109,695 was recognized as revenue from these variable payments for the years ended June 30, 2024 and June 30, 2023, respectively.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The District has recorded 17 SBITA contracts as right-to-use assets and subscription liabilities. These subscription arrangements include services for the District's finance and procurement enterprise resource planning (ERP) system; operational real-time alerts, analytics and information systems; paratransit scheduling and administration software; on-demand transit scheduling and operations software, PRONTO fare revenue back-office system, the District's new farebox system, and other operational and administrative software applications. The District is required to make principal and interest payments on monthly and annual terms, as specified in the agreements. The terms of these subscription agreements run through fiscal year 2043 and were recorded at the present value of their required fixed subscription payments, valued using annual discount rates ranging from 0.90% to 4.80% depending on the length of the term of the subscription arrangement and representing the District's incremental borrowing rate at the date of capitalization. The District did not enter into any new contracts that met the criteria for capitalization during the year ended June 30, 2024.

During FY2024 and FY2023, principal payments of \$1,245,350 and \$1,122,159, respectively, and interest payments of \$138,794 and \$90,723, respectively, were made towards these agreements.

As of June 30, 2024, the right-to-use assets and accumulated amortization relating to all NCTD subscription agreements, was \$8,307,291 and \$3,195,167, respectively. As of June 30, 2023, the right-to-use assets and accumulated amortization relating to all NCTD subscription agreements, was \$8,357,184 and \$1,881,300, respectively.

These contracts also call for payments that are partially or completely variable and therefore were not included in subscription assets or subscription liabilities. These variable payments are a result of the underlying subscription measured not on a fixed rate, but rather variable due to the portion of underlying payments derived from variable license quantities, number of transit trips booked using software, information datasets processed, and other variable criteria. During fiscal years 2024 and 2023, operating expenses related to these variable payment components of the above agreements totaled \$361,911 and \$119,204, respectively.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (continued)

A summary of the changes in SBITA liabilities during the years ended June 30, 2024 and June 30, 2023 is as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
SBITA Liabilities	<u>\$ 6,236,300</u>	<u>\$ -</u>	<u>\$ (1,245,350)</u>	<u>\$ 4,990,950</u>	<u>\$ 1,052,997</u>

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
SBITA Liabilities	<u>\$ 4,271,937</u>	<u>\$ 3,086,522</u>	<u>\$ (1,122,159)</u>	<u>\$ 6,236,300</u>	<u>\$ 1,240,767</u>

Remaining principal and interest payments on subscriptions are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2025	\$ 1,052,997	\$ 113,712
2026	926,932	91,936
2027	656,780	73,458
2028	515,738	60,661
2029	541,039	48,586
2030-2034	627,972	143,171
2035-2039	320,670	81,400
2040-2044	348,822	18,475
Total	<u>\$ 4,990,950</u>	<u>\$ 631,399</u>

11. CONTRACTUAL COMMITMENTS

As of June 30, 2024 and 2023, NCTD had commitments of \$151,409,187 and \$119,646,050, 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, Federal Railroad Administration (FRA) discretionary grants, State Transit Assistance (STA) funds, Transportation Development Act (TDA) funds, State Rail Assistance (SRA) funds, and other 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.

12. DEFERRED COMPENSATION (continued)

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 \$587,289 and \$460,077 for the fiscal years ended June 30, 2024 and 2023, respectively. During fiscal year 2023, employee forfeitures of \$21,716 were used to fund employer contributions. No forfeitures were used to fund employer contributions during fiscal year 2024.

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, 2024, are summarized below:

Plan Benefits	Hire Date			
	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%	0.500 - 1.500%
Required employee contribution rates	7.00%	7.00%	7.75%	5.25%
Required employer contribution rates	33.63%	33.63%	33.63%	33.63%

*Can take lump sum or designate recipient

The Plan's provisions and benefits in effect at June 30, 2023, are summarized below:

Plan Benefits	Hire Date			
	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%	0.500 - 1.500%
Required employee contribution rates	7.00%	7.00%	7.75%	4.75%
Required employer contribution rates	38.56%	38.56%	38.56%	38.56%

*Can take lump sum or designate recipient

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

Employees Covered - The following employees were covered by the benefit terms of the Plan as of the June 30, 2023 and 2022 actuarial valuation reports:

Covered Employees	June 30, 2023	June 30, 2022
Inactive employees or beneficiaries currently receiving benefits	642	642
Inactive employees entitled to but not yet receiving benefits	470	435
Active employees	285	245
Total	1,397	1,322

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

For the fiscal year ended June 30, 2024, the active employee contribution rate was 7.00% of annual pay for employees hired prior to January 9, 2022 and 5.25% of annual pay for employees hired on or after January 9, 2022. For the fiscal year ended June 30, 2023, the active employee contribution rate was 7.00% of annual pay for employees hired prior to January 9, 2022 and 4.75% of annual pay for employees hired on or after January 9, 2022. The employer's contribution rate was 33.63% and 38.56% of annual payroll, respectively, based on the June 30, 2021 and 2020 actuarial valuation reports. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

B. Net Pension Liability

NCTD's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position.

Actuarial Assumptions - The June 30, 2022 and 2021 valuations were rolled forward to determine the June 30, 2023 and 2022 total pension liability, based on the following actuarial methods and assumptions:

	June 30, 2022	June 30, 2021
Actuarial Cost Method:	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions		
Discount rate:	6.90%	6.90%
Price inflation:	2.30%	2.30%
Payroll growth:	2.80%	2.80%
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 probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.	Derived Using CalPERS' Membership Data for all Funds. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

Discount Rate - The discount rate used to measure the total pension liability as of the June 30, 2023 and the June 30, 2022 measurement dates was 6.90%. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

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

Asset Class ⁽¹⁾	Current Target Allocation	Real Return (1)/(2)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.00%	2.27%
Emerging Debt Market	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.0%	

⁽¹⁾ An expected inflation of 2.30% used for this period.

⁽²⁾ Figures are based on the 2021 Asset Liability Management Study

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.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

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, 2023 measurement date was 2.0 years, which was obtained by dividing the total service years of 2,638 (the sum of remaining service lifetimes of the active employees), by 1,322 (the total number of participants: active, inactive, and retired). The EARSL for the Plan for the June 30, 2022 measurement date was 1.3 years, which was obtained by dividing the total service years of 1,594 (the sum of remaining service lifetimes of the active employees), by 1,213 (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.

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, 2022	\$ 152,250,031	\$ 108,258,996	\$ 43,991,035
Changes during the measurement period:			
Service cost	2,944,712	-	2,944,712
Interest on total pension liability	10,372,511	-	10,372,511
Changes of benefit terms	370,422	-	370,422
Differences between expected and actual experience	1,372,675	-	1,372,675
Contributions-employer	-	6,371,487	(6,371,487)
Contributions-employees	-	1,377,077	(1,377,077)
Net investment loss	-	6,695,834	(6,695,834)
Benefit payments, including refunds of employee contributions	(10,278,495)	(10,278,495)	-
Administrative expense	-	(79,609)	79,609
Net changes	4,781,825	4,086,294	695,531
Balance at June 30, 2023	\$ 157,031,856	\$ 112,345,290	\$ 44,686,566

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021	\$ 148,543,608	\$ 121,245,813	\$ 27,297,795
Changes during the measurement period:			
Service cost	1,970,486	-	1,970,486
Interest on total pension liability	10,092,952	-	10,092,952
Changes of assumptions	3,438,212	-	3,438,212
Differences between expected and actual experience	(1,589,577)	-	(1,589,577)
Contributions-employer	-	5,507,275	(5,507,275)
Contributions-employees	-	927,843	(927,843)
Net investment loss	-	(9,140,756)	9,140,756
Benefit payments, including refunds of employee contributions	(10,205,650)	(10,205,650)	-
Administrative expense	-	(75,529)	75,529
Net changes	3,706,423	(12,986,817)	16,693,240
Balance at June 30, 2021	\$ 152,250,031	\$ 108,258,996	\$ 43,991,035

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, 2023 and 2022 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%	Current Discount Rate	Discount Rate +1%
June 30, 2023	5.9%	6.9%	7.9%
	\$62,450,919	\$44,686,566	\$29,869,970

Plan's Net Pension Liability At Measurement Date:	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
June 30, 2022	5.9%	6.9%	7.9%
	\$61,367,940	\$43,991,035	\$29,519,795

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

For the fiscal years ended June 30, 2024 and 2023, NCTD had pension expense of \$7,150,421 and \$5,029,319, respectively. As of June 30, 2024 and June 30, 2023, NCTD has deferred outflows and deferred inflows of resources related to pension as follows:

As of June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	5,883,633	\$ -
Differences between expected and actual experience	686,337	-
Net differences between projected and actual earnings on pension plan investments	5,102,002	-
Total	\$ 11,671,972	\$ -

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

As of June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	6,225,688	\$ -
Changes of assumptions	793,434	-
Differences between expected and actual experience	-	(366,825)
Net differences between projected and actual earnings on pension plan investments	5,445,133	-
Total	<u>\$ 12,464,255</u>	<u>\$ (366,825)</u>

Pension contributions made after the measurement date of June 30, 2023 in the amount of \$5,883,633 will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2025. 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
2024	\$ 1,583,496
2025	467,460
2026	3,603,963
2027	133,420
	<u>\$ 5,788,339</u>

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).

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

	June 30, 2024	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	71	78
Inactive plan members entitled to but not yet receiving benefits	361	370
Active plan members	<u>352</u>	<u>248</u>
	<u>784</u>	<u>696</u>

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

Contributions - NCTD pays CalPERS the monthly health care premium (\$157 per month in 2024, \$151 per month in 2023, and indexed to medical CPI for future years) for retirees electing coverage. Total payments for 71 and 78 retirees for the fiscal years ended June 30, 2024 and 2023 were \$134,098 and \$137,940, respectively.

Actuarial assumptions –

The total OPEB liability in the June 30, 2024 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%
Discount rate:	3.93%
Mortality:	Mortality rates based on the 2021 CalPERS Experience Study Report
Medical cost trend rates:	Medical costs are adjusted in future years by the following trends:

	PPO Medical Plans	HMO Medical Plans	CalPERS Minimum Required Plan
Year			
2024	6.8%	7.6%	Actual
2025	6.6%	7.3%	3%
2026	6.4%	7.0%	3%
2027	6.2%	6.7%	3%
Thereafter	6.0%	6.4%	3%

The total OPEB liability as of June 30, 2023 was determined in a limited-scope process, rolling forward the fiscal year 2022 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:	3.65%
Mortality:	Mortality rates based on the 2021 CalPERS Experience Study Report
Medical cost trend rates:	Medical costs are adjusted in future years by the following trends:

	All Medical Plans	CalPERS Minimum Required Plan
Year		
2023	6.0%	Actual
2024	6.0%	3.0%
2025	5.5%	3.0%
2026	5.5%	3.0%
Thereafter	5.0%	3.0%

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

The actuarial funding method used in the determination of the total OPEB liability is the Entry Age Normal Cost method (level percent of pay) as required by GASB Statement No. 75. The method allocates normal cost contributions by employee over the working career of the employee as a level percent of their pay. A calculation is performed of the present value of benefits for each participant at each potential retirement age, factoring in probabilities of survival thereafter by using the appropriate group tables to determine a probability that active members retire at each age. An adjustment is made by using the present value of future salaries at entry age, factoring in interest, salary, and probability of remaining active from entry age to current age, to obtain the normal cost.

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.

Total OPEB Liability

The June 30, 2024 OPEB liability was determined by an actuarial valuation as of that date in accordance with the parameters of GASB Statement No. 75. The June 30, 2023 OPEB liability was rolled-forward in a limited-scope review from the June 30, 2022 actuarial valuation. The total OPEB liability measured as of June 30, 2024 and 2023 was \$4,165,725 and \$3,728,137, respectively. In fiscal year 2024, the total OPEB liability increased by \$437,588. In fiscal year 2023, the total OPEB liability decreased by \$3,224.

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, 2023	\$ 3,728,137
Changes for the year:	
Service cost	149,580
Interest	131,716
Differences between expected and actual experience	444,067
Changes in assumptions	(48,808)
Benefit payments	(238,967)
Net changes	437,588
Balance at June 30, 2024	\$ 4,165,725

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

	Increase (Decrease) in Total OPEB Liability
Balance at June 30, 2022	\$ 3,731,361
Changes for the year:	
Service cost	147,529
Interest	127,927
Changes of assumptions	(43,444)
Benefit payments	(235,236)
Net changes	(3,224)
Balance at June 30, 2023	<u>\$ 3,728,137</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Measurement Date: June 30, 2024	2.93%	3.93%	4.93%
Total OPEB Liability	\$4,629,850	\$4,165,725	\$3,775,621

	1% Decrease	Current Discount Rate	1% Increase
Measurement Date: June 30, 2023	2.65%	3.65%	4.65%
Total OPEB Liability	\$4,157,775	\$3,728,137	\$3,370,302

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:

	1% Decrease (Varies)	Current Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability at Measurement Date:			
June 30, 2024	\$3,721,746	\$4,165,725	\$4,705,117
June 30, 2023	\$3,305,745	\$3,728,137	\$4,242,021

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)**OPEB Expense and Deferred Inflows of Resources Related to OPEB**

As of June 30, 2024 and June 30, 2023, NCTD has deferred outflows and deferred inflows of resources related to pension as follows:

As of June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	382,900	\$ (46,826)
Changes of assumptions	-	(609,456)
Total	<u>\$ 382,900</u>	<u>\$ (656,282)</u>

As of June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	\$ (61,646)
Changes of assumptions	3,639	(744,688)
Total	<u>\$ 3,639</u>	<u>\$ (806,334)</u>

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
2025	\$ (137,693)
2026	(137,693)
2027	(137,693)
2028	17,784
2029	53,318
Thereafter	<u>68,595</u>
	<u>\$ (273,382)</u>

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.

15. CONTINGENT LIABILITIES (continued)*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 trial is scheduled for February 7, 2025.

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 and Bombardier entered into an agreement that caps any potential liability attributed to the District to \$7.5 million. That said, the District believes that it has substantial factual and legal defenses to these claims and intends to vigorously defend against the claims.

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: \$750,000 for workers' compensation claims and \$2 million for public liability claims. NCTD has a \$750,000 property insurance deductible for its rail vehicles and \$100,000 deductible for all other property damage. 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 2022 through 2024:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Classification	
					Due in One Year	Due in more than One Year
2021-2022	\$ 1,738,911	\$ 735,632	\$ (42,131)	\$ 2,432,412	\$ 830,073	\$ 1,602,339
2022-2023	2,432,412	1,601,948	(338,136)	3,696,224	1,655,915	2,040,309
2023-2024	3,696,224	296,437	(306,987)	3,685,674	2,256,957	1,428,717

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.

Section 6634

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

Section 6637

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

18. STATE OF GOOD REPAIR (SGR)

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

The following schedules show the activities related to the SGR funds during the fiscal years ended June 30, 2024 and 2023. Negative year-end balances reflect outstanding receivables for awarded State of Good Repair funds.

Project Name	Balance July 1, 2023	Receipts	Expenditures	Transfers	Balance June 30, 2024
Preventive maintenance	\$ (32,011)	\$1,774,789	\$(2,006,437)	\$ 1,289	\$ (262,370)
Unallocated	1,289			(1,289)	-
	<u>\$ (30,722)</u>	<u>\$1,774,789</u>	<u>\$(2,006,437)</u>	<u>\$ -</u>	<u>\$ (262,370)</u>

Project Name	Balance July 1, 2022	Receipts	Expenditures	Transfers	Balance June 30, 2023
Preventive maintenance	\$ 702,870	\$1,804,227	\$(2,539,108)	\$ -	\$ (32,011)
Unallocated	1,289	-	-	-	1,289
	<u>\$ 704,159</u>	<u>\$1,804,227</u>	<u>\$(2,539,108)</u>	<u>\$ -</u>	<u>\$ (30,722)</u>

**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,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY									
Service cost	\$ 2,944,712	\$ 1,970,486	\$ 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	10,372,511	10,092,952	10,188,025	10,043,214	9,973,920	9,781,542	9,655,781	9,748,412	9,651,604
Changes of assumptions	370,422	3,438,212	-	-	-	(537,633)	7,124,162	-	(2,087,682)
Difference between expected and actual experience	1,372,675	(1,589,577)	201,796	(923,704)	747,277	129,435	(1,668,134)	(619,666)	(203,397)
Benefit payments, including refunds of employee contributions	(10,278,495)	(10,205,650)	(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	4,781,825	3,706,423	2,121,247	948,727	2,729,838	1,688,275	7,819,503	1,243,547	(287,263)
Total pension liability - Beginning	152,250,031	148,543,608	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	<u>\$ 157,031,856</u>	<u>\$ 152,250,031</u>	<u>\$ 148,543,608</u>	<u>\$ 146,422,361</u>	<u>\$ 145,473,634</u>	<u>\$ 142,743,796</u>	<u>\$ 141,055,521</u>	<u>\$ 133,236,018</u>	<u>\$ 131,992,471</u>
PLAN FIDUCIARY NET POSITION									
Contributions - Employer	\$ 6,371,487	\$ 5,507,275	\$ 3,892,655	\$ 3,447,428	\$ 2,897,992	\$ 2,430,812	\$ 2,293,374	\$ 2,074,962	\$ 1,869,306
Contributions - Employee	1,377,077	927,843	851,933	736,409	642,278	715,546	750,129	740,253	726,973
Net investment income	6,695,834	(9,140,756)	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	(10,278,495)	(10,205,650)	(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	(79,609)	(75,529)	(103,504)	(146,855)	(74,038)	(158,557)	(143,536)	(62,971)	(116,378)
Other miscellaneous income (expense) ⁽¹⁾	-	-	-	-	241	(301,102)	-	-	-
Net change in fiduciary net position	4,086,294	(12,986,817)	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⁾	108,258,996	121,245,813	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	<u>\$ 112,345,290</u>	<u>\$ 108,258,996</u>	<u>\$ 121,245,813</u>	<u>\$ 103,613,540</u>	<u>\$ 104,170,685</u>	<u>\$ 103,749,874</u>	<u>\$ 101,751,282</u>	<u>\$ 97,218,054</u>	<u>\$ 103,325,156</u>
Plan net pension liability - Ending	<u>\$ 44,686,566</u>	<u>\$ 43,991,035</u>	<u>\$ 27,297,795</u>	<u>\$ 42,808,821</u>	<u>\$ 41,302,949</u>	<u>\$ 38,993,922</u>	<u>\$ 39,304,239</u>	<u>\$ 36,017,964</u>	<u>\$ 28,667,315</u>
Plan fiduciary net position as a percentage of total pension liability	71.54%	71.11%	81.62%	70.76%	71.61%	72.68%	72.14%	72.97%	78.28%
Covered payroll ⁽³⁾	\$ 22,458,429	\$ 13,497,527	\$ 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	198.97%	325.92%	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 2.80% payroll growth assumption for fiscal years ended in 2022 and 2023; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years

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. Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

2. Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)**SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, ⁽¹⁾**

	2024	2023	2022	2021
Actuarially determined contribution ⁽²⁾	\$ 5,883,633	\$ 6,225,688	\$ 5,510,976	\$ 3,881,684
Contributions in relation to the actuarially determined contribution ⁽²⁾	(5,883,633)	(6,225,688)	(5,510,976)	(3,881,684)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,673,921	\$ 22,458,429	\$ 13,497,527	\$ 12,061,568
Contributions as a percentage of covered payroll	21.26%	27.72%	40.83%	32.18%

Notes to Schedule of Plan Contributions:

Valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Methods and Assumptions used to Determine Contribution Rates:				
Actuarial Cost Method	Entry age actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization Method/Period	Level dollar amount	Level dollar amount	Level percent of payroll	Level percent of payroll
Asset Valuation Method	Market value of assets	Market value of assets	Fair value of assets	Fair value of assets
Inflation	2.300%	2.500%	2.500%	2.625%
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	2.800%	2.750%	2.750%	2.875%
Discount Rate	6.800%	6.900%	7.150%	7.250%
Retirement Age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.	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 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. Mortality rates varies by age, type of retirement, and gender.	The probabilities of mortality are based on the 2017 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 90% of Scale MP-2016 published by the Society of Actuaries.	The probabilities of mortality are based on the 2017 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.

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)**SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, (continued) ⁽¹⁾**

	2020	2019	2018	2017
Actuarially determined contribution ⁽²⁾	\$ 3,449,635	\$ 2,899,316	\$ 2,400,544	\$ 2,207,370
Contributions in relation to the actuarially determined contribution ⁽²⁾	<u>(3,449,635)</u>	<u>(2,899,316)</u>	<u>(2,400,544)</u>	<u>(2,207,370)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,998,410	\$ 10,470,659	\$ 10,269,359	\$ 10,220,730
Contributions as a percentage of covered payroll	34.50%	27.69%	23.38%	21.60%

Notes to Schedule of Plan Contributions:

Valuation date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
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	Market value of assets	Market value of assets	Market 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	7.375%	7.375%	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 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 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 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⁾**

	2016	2015 ⁽⁴⁾
Actuarially determined contribution ⁽²⁾	\$ 2,064,509	\$ 1,868,650
Contributions in relation to the actuarially determined contribution ⁽²⁾	(2,064,509)	(1,868,650)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 10,324,006	\$ 10,009,331
Contributions as a percentage of covered payroll	20.00%	18.67%

Notes to Schedule of Plan Contributions:

Valuation date: 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
Amortization Method/Period	Level percent of payroll	Level percent of payroll
Asset Valuation Method	Market value of assets	Actuarial value of assets
Inflation	2.75%	2.75%
Salary Increases	Varies by entry age and service	Varies by entry age and service
Payroll Growth	3.00%	3.00%
Discount Rate	7.5%	7.5%
Retirement Age	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 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.

⁽³⁾ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 and 2023; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2014 through 2017.

⁽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,						
	2024	2023	2022	2021	2020	2019	2018 ⁽¹⁾
TOTAL OPEB LIABILITY							
Service cost	\$ 149,580	\$ 147,529	\$ 111,243	\$ 108,913	\$ 105,358	\$ 102,141	\$ 100,809
Interest	131,716	127,927	103,331	106,135	144,957	160,010	159,180
Differences between expected and actual experience	444,067	-	(91,286)	-	(291,184)	-	-
Changes of assumptions	(48,808)	(43,444)	(1,048,825)	27,909	482,426	196,194	(55,212)
Benefit payments	(238,967)	(235,236)	(253,914)	(269,275)	(269,275)	(326,127)	(306,223)
Net change in total OPEB liability	437,588	(3,224)	(1,179,451)	(26,318)	172,282	132,218	(101,446)
Total OPEB liability - Beginning	3,728,137	3,731,361	4,910,812	4,937,130	4,764,848	4,632,630	4,734,076
Total OPEB liability - Ending	<u>\$ 4,165,725</u>	<u>\$ 3,728,137</u>	<u>\$ 3,731,361</u>	<u>\$ 4,910,812</u>	<u>\$ 4,937,130</u>	<u>\$ 4,764,848</u>	<u>\$ 4,632,630</u>
Covered employee payroll	\$ 27,673,921	\$ 22,458,429	\$ 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	15.05%	16.60%	27.64%	40.71%	49.38%	45.51%	45.11%

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios

Valuation date:	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Discount Rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.15%	3.50%

Benefit Payments: The OPEB plan is unfunded and there are no plan assets. The employer contributions reflect the estimated direct payments for benefits.

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

Statistical Section (Unaudited)

Statistical Section Index

Section	Content	Page Number
Financial Trends	These schedules contain trend information intended to assist the reader in understanding and assessing NCTD's financial performance and well-being over time.	76
Revenue Capacity	These schedules contain information to assist the reader in understanding and assessing the factors that affect NCTD's funding sources and ability to generate passenger fare revenue.	78
Debt Capacity	This schedule presents information intended to assist the reader in understanding and assessing NCTD's current level of outstanding debt and its ability to issue additional debt in the future.	89
Demographic and Economic Statistics	These schedules provide demographic and economic indicators to assist the reader in understanding the environment within which NCTD operates and to facilitate comparisons of financial statement information over time.	90
Operating Information	These schedules contain information about NCTD's operations and resources to assist the reader in understanding how NCTD's financial information relates to the services it provides.	93

Financial Trends

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	\$ 749,605,848	\$ 752,465,365	\$ 805,166,067	\$ 769,310,507	\$ 468,428,473	\$ 500,819,718	\$ 531,669,768	\$ 517,514,713	\$ 550,360,076	\$ 562,144,871
Restricted net position	-	-	-	50,495	50,495	50,495	50,495	50,495	50,495	50,495
Unrestricted net position	22,451,273	20,841,562	17,200,380	11,652,974	10,626,049	8,891,837	9,589,273	18,826,821	17,175,267	15,804,597
Total Net Position	\$ 772,057,121	\$ 773,306,927	\$ 822,366,447	\$ 781,013,976	\$ 479,105,017	\$ 509,762,050	\$ 541,309,536	\$ 536,392,029	\$ 567,585,838	\$ 577,999,963

Source: Audited financial statements

Financial Trends (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
OPERATING REVENUES										
Fare revenue	\$ 10,732,805	\$ 9,988,460	\$ 8,775,892	\$ 5,704,716	\$ 12,842,154	\$ 15,819,330	\$ 15,591,645	\$ 16,386,260	\$ 18,147,101	\$ 19,438,167
Advertising and right-of-way	12,432,819	10,771,589	10,883,767	9,976,280	10,993,033	11,515,164	10,639,866	10,749,891	10,416,549	9,502,115
Lease and sublease revenue	2,369,918	2,651,075	2,318,609	1,862,857	2,111,491	1,820,342	1,710,568	1,758,764	1,646,667	1,602,676
Other revenue	2,707,353	2,324,651	2,539,250	1,918,798	3,588,587	1,045,710	704,294	517,876	1,341,594	949,065
Total operating revenues	28,242,895	25,735,775	24,517,518	19,462,651	29,535,265	30,200,546	28,646,373	29,412,791	31,551,911	31,492,023
OPERATING EXPENSES										
Vehicle operations	61,455,391	54,284,186	51,958,873	43,499,853	45,045,653	45,938,658	47,465,715	41,573,432	41,555,160	43,331,766
Vehicle maintenance	24,611,100	22,063,716	19,954,875	16,578,975	16,227,640	14,798,276	15,042,173	13,164,136	13,125,807	12,307,320
Facilities and non-vehicle maintenance	18,488,011	18,927,135	17,647,432	15,802,215	14,651,385	13,625,201	14,138,904	11,489,506	8,907,149	8,559,735
Administration	45,165,470	40,449,118	29,294,877	27,743,512	27,199,007	24,969,427	24,829,201	27,077,703	24,791,426	22,776,865
Right-of-way operations	8,618,075	8,763,935	9,371,848	8,956,377	7,517,730	7,843,662	6,404,629	6,112,602	5,218,738	5,713,276
Depreciation	78,882,666	97,714,713	85,009,776	70,395,120	84,358,830	57,804,385	53,009,097	64,635,379	63,493,023	69,120,603
Amortization - right-to-use assets ^(a)	375,083	422,093	317,487	317,487	-	-	-	-	-	-
Amortization - right-to-use assets ^(b)	1,302,032	1,110,612	770,688	-	-	-	-	-	-	-
Total operating expenses	238,897,828	243,735,508	214,325,856	183,293,539	195,000,245	164,979,609	160,889,719	164,052,758	157,091,303	161,809,565
Operating Loss	(210,654,933)	(217,999,733)	(189,808,338)	(163,830,888)	(165,464,980)	(134,779,063)	(132,243,346)	(134,639,967)	(125,539,392)	(130,317,542)
NONOPERATING REVENUES (EXPENSES)										
Operating grants	131,976,553	123,358,940	111,580,024	95,321,911	83,167,220	77,451,296	74,356,762	73,790,645	65,322,281	66,462,938
Interest revenue - leases ^(a)	468,836	465,058	470,538	473,100	-	-	-	-	-	-
Interest expenses - leases ^(a)	(36,751)	(21,166)	(8,794)	(12,002)	-	-	-	-	-	-
Interest expenses - SBITAs ^(b)	(138,794)	(90,723)	(67,600)	-	-	-	-	-	-	-
Investment income	2,450,414	1,205,801	287,474	342,066	977,319	990,706	377,864	278,092	317,367	250,086
Debt related expense	(622,260)	(616,656)	(724,782)	(763,062)	(818,643)	(866,287)	(910,905)	(990,658)	(942,170)	(1,086,335)
Gain (loss) on disposal of capital assets	(9,579)	88,104	140,431	(258,895)	40,702	8,157	36,823	13,441	26,658	1,159
Total nonoperating revenues	134,088,419	124,389,358	111,677,291	95,103,118	83,366,598	77,583,872	73,860,544	73,091,520	64,724,136	65,627,848
Loss Before Capital Contributions	(76,566,514)	(93,610,375)	(78,131,047)	(68,727,770)	(82,098,382)	(57,195,191)	(58,382,802)	(61,548,447)	(60,815,256)	(64,689,694)
CAPITAL CONTRIBUTIONS										
Capital grants	57,043,995	44,455,076	81,784,939	63,325,296	51,179,197	25,531,224	15,122,285	30,104,931	15,534,248	16,976,048
Donated capital assets	18,272,713	95,779	37,698,579	307,311,433	262,152	116,481	50,896,696	249,707	34,866,883	83,943,559
Total capital contributions	75,316,708	44,550,855	119,483,518	370,636,729	51,441,349	25,647,705	66,018,981	30,354,638	50,401,131	100,919,607
Change in net position	\$ (1,249,806)	\$ (49,059,520)	\$ 41,352,471	\$ 301,908,959	\$ (30,657,033)	\$ (31,547,486)	\$ 7,636,179	\$ (31,193,809)	\$ (10,414,125)	\$ 36,229,913

(a) Adoption of GASB-87 - Leases during fiscal year 2022, with an effective date to the opening balance sheet as of July 1, 2020.

(b) Adoption of GASB-96 - SBITAs during fiscal year 2023, with an effective date to the opening balance sheet as of July 1, 2021.

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
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
2023*	9,652,297	336,163	1,470,993	9,300,596	2,651,075	2,324,651	25,735,775
2024	10,282,310	450,495	1,483,612	10,949,207	2,369,918	2,707,353	28,242,895

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023.

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	
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
2023	42,206,795	60,672	15,398,542	8,029,564	2,629,351	16,605,700	44,264,061	24,935,257	1,233,240	12,546,613
2024	46,113,030	(54,964)	23,836,050	7,929,927	2,126,404	42,058,238	47,059,669	27,569,247	1,233,240	9,422,420

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 (ADA) complementary paratransit service, while recorded as operating expenditures, are considered capital costs for purposes of eligibility. The FTA 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 2021 Bipartisan Infrastructure Law increased funding for this Program by \$33.5 billion over a five-year period (FY2022-FY2026) to support transit operations in 500 communities across the country. 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 30% of the funds to NCTD and 70% of the funds to MTS. For FY2024, NCTD was allocated \$26.2 million of Section 5307 funds, \$0.5 million higher than FY2023.

- This 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. 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 2021 Bipartisan Infrastructure Law increased funding for this Program by \$23.1 billion over a five-year period (FY2022-FY2026) to assist in financing capital projects to maintain public transit systems. Section 5337 funds for the San Diego region are allocated 30% to NCTD and 70% to MTS after MTS takes the allocation specific to High Intensity Motorbus. For FY2024, NCTD was allocated \$18.6 million of Section 5337 funds, \$0.2 million higher than FY2023.

- 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. Section 5339 funds for the San Diego region are allocated 30% to NCTD and 70% to MTS. For FY2024, NCTD was allocated \$1.8 million of Section 5339 funds, which was similar to FY2023 levels.

Revenue Capacity (continued)

- 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.

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 TDA LTF program is the major funding source that supports the San Diego region's public transit operators. 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. The San Diego Association of Governments (SANDAG), as the Regional Transportation Planning Agency, is responsible for apportionment of TDA funds each year in conformance with state statute. Pursuant to state statute, the County of San Diego Auditor has the responsibility for providing the TDA 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 legislative priorities established by state law include certain categories for which TDA funds are taken "off the top." These include the allocation to SANDAG for various planning, programming, and administrative-related expenses, funding of bike and pedestrian facilities, and support of community transit services. In addition, the County Auditor receives an allocation based on estimates of its costs to administer the TDA program. The remaining apportionment, along with any prior year carryover funds, is available to be claimed by NCTD and MTS).

- Senate Bill 1, 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 took 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 – Transit Services 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 (Ordinance). 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 costs associated with administrative expenses; the operation of the TransNet Independent Taxpayer Oversight Committee (ITOC); and the Bicycle, Pedestrian, and Neighborhood Safety program; the TransNet program is divided into Major Corridor (42.4%), New Bus Rapid Transit/Rail Operations (8.1%), Local System Improvements (33%), and Transit System Improvements (16.5%). Within the Transit System Improvements, services provided pursuant to the Americans with Disabilities Act of 1990 (ADA) and subsidies for seniors have specific earmarks (2.5% and 3.25%, respectively). The remaining revenues can be used by the transit agencies for operating or miscellaneous capital purposes. Similar to TDA, the transit share between NCTD and MTS is allocated based upon the respective population of the two transit agencies' service areas.

- TransNet – New Major Corridor Transit Operations (NMCTO); after deducting the costs associated with administrative expense, the ITOC, and the bicycle/pedestrian program, the NMCTO receives 8.1% of TransNet revenues. This funding is for the operation of new or expanded services only and is not available for the operation of services in existence prior to the effective date of the Ordinance. The following NCTD services were listed in the Ordinance:
 - COASTER peak and midday frequency increases
 - SPRINTER peak and midday frequency increases

On October 25, 2021, COASTER service was increased to 30 weekday daily trips, 32 Friday daily trips, and 20 weekend daily trips. The expanded COASTER service receives support from TransNet NMCTO funds.

Other

- Other federal and state funding - NCTD also receives funding from other federal and state programs for capital projects and planning grants. Since May 1, 2022, NCTD receives funding from SANDAG for the Youth Opportunity Pass program, a 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**

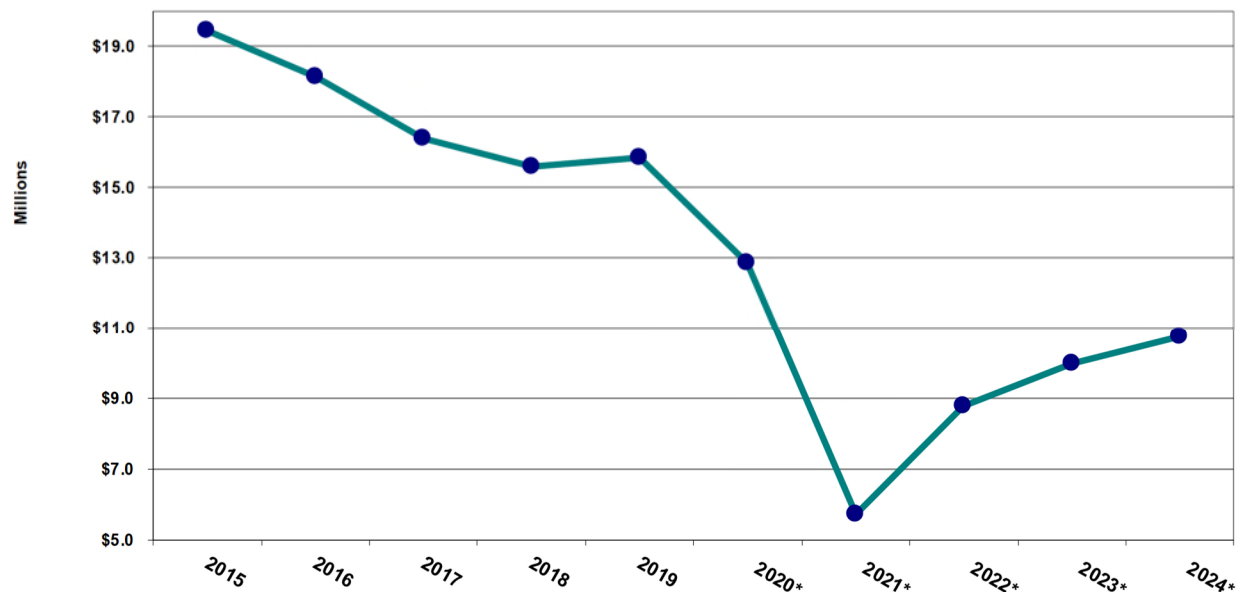
Fiscal Year	BREEZE Fixed Route Bus Service	LIFT ADA/ Paratransit	FLEX On Demand Bus Service	COASTER Commuter Train Service	SPRINTER Hybrid Rail Train Service	NCTD+ On Demand Microtransit ^(a)	Total Fare Revenue
2015	\$ 8,273,999	\$ 686,606	\$ 74,744	\$ 7,400,568	\$ 3,002,250	\$ -	\$19,438,167
2016	7,451,679	776,194	66,114	6,877,549	2,975,565	-	18,147,101
2017	6,396,151	788,102	56,329	6,452,948	2,692,730	-	16,386,260
2018	6,464,872	742,766	180,946	5,453,047	2,750,014	-	15,591,645
2019	6,524,947	715,066	202,882	5,674,370	2,702,065	-	15,819,330
2020*	5,286,127	680,517	155,713	4,333,924	2,385,873	-	12,842,154
2021*	2,526,843	619,701	24,268	1,085,678	1,448,226	-	5,704,716
2022*	4,261,828	621,970	32,436	2,743,214	1,116,444	-	8,775,892
2023*	4,846,655	574,994	69,748	3,489,301	1,007,762	-	9,988,460
2024*	5,144,552	808,434	127,188	3,575,431	1,077,007	193	10,732,805
Change 2015-2024	(37.8)%	17.7%	70.2%	(51.7)%	(64.1)%	N/A	(44.8)%

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Fare revenues negatively impacted by the effects of COVID-19.

Source: NCTD Internal Financial Information

**North County Transit District
Total Fare Revenue**



Revenue Capacity (continued)

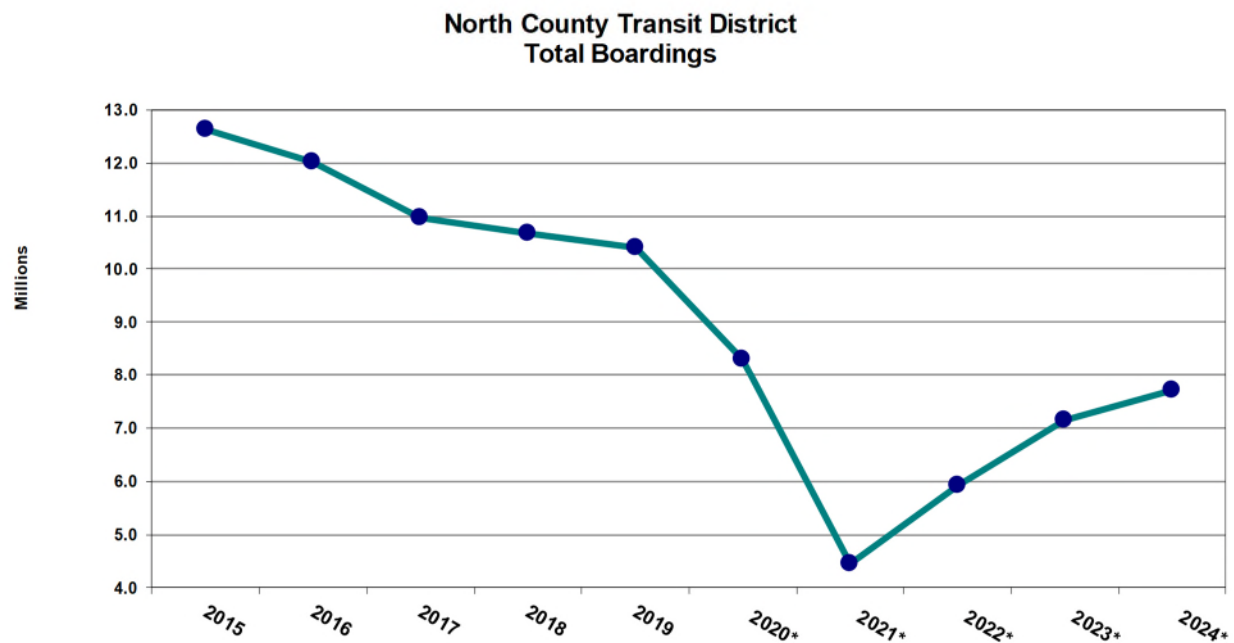
**NORTH COUNTY TRANSIT DISTRICT
PASSENGER BOARDINGS BY MODE
LAST TEN FISCAL YEARS**

Fiscal Year	BREEZE Fixed Route	LIFT ADA/ Paratransit	FLEX On Demand Bus Service	COASTER Commuter Train Service	SPRINTER Hybrid Rail Train Service	NCTD+ On Demand Microtransit ^(a)	Total Boardings
2015	8,018,531	184,845	25,705	1,641,525	2,769,686	-	12,640,292
2016	7,547,119	199,670	24,890	1,556,056	2,677,929	-	12,005,664
2017	6,731,930	202,173	20,704	1,454,865	2,549,053	-	10,958,725
2018	6,482,912	186,120	27,646	1,433,125	2,532,731	-	10,662,534
2019	6,372,715	168,818	32,443	1,408,677	2,408,961	-	10,391,614
2020*	5,135,360	116,437	30,813	944,109	2,066,091	-	8,292,810
2021*	2,990,643	57,427	21,547	162,707	1,225,435	-	4,457,759
2022*	3,918,669	72,376	25,332	588,409	1,322,380	-	5,927,166
2023*	4,502,866	93,136	38,624	813,207	1,684,586	-	7,132,419
2024*	4,876,019	105,244	48,663	852,993	1,822,849	146	7,705,914
Change 2015-2024	(39.2)%	(43.1)%	89.3%	(48.0)%	(34.2)%	N/A	(39.0)%

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Passenger boardings negatively impacted by the effects of COVID-19.

Source: NCTD Internal Financial Information



Revenue Capacity (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
BREEZE Fixed Route										
One-way Fare										
Adult	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Senior/Disabled/Medicare	1.25	1.25	1.25	1.25	1.25	0.75	0.75	0.75	0.75	0.75
Youth	1.25	1.25	1.25	1.25	2.50	1.75	1.75	1.75	1.75	1.75
Day Pass										
Adult	*	*	*	*	*	5.00	5.00	5.00	5.00	4.50
Senior/Disabled/Medicare	*	*	*	*	*	2.25	2.25	2.25	2.25	2.25
Youth	*	*	*	*	*	*	*	*	*	*
Regional Day Pass										
Adult	6.00	6.00	6.00	6.00	6.00	*	*	*	*	*
Senior/Disabled/Medicare	3.00	3.00	3.00	3.00	3.00	*	*	*	*	*
Youth	3.00	3.00	3.00	3.00	3.00	*	*	*	*	*
Premium Day Pass										
Adult	12.00	12.00	12.00	12.00	12.00	12.00	*	*	*	*
Senior/Disabled/Medicare	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
Youth	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
COASTER Regional Day Pass										
Adult	15.00	15.00	15.00	15.00	15.00	*	*	*	*	*
Senior/Disabled/Medicare	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*
Youth	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*
Region Plus Day Pass	*	*	*	*	*	12.00	12.00	12.00	12.00	12.00
SPRINTER/BREEZE Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	59.00	59.00	59.00	*	*	59.00	59.00	59.00	59.00	59.00
Senior/Disabled/Medicare	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00	59.00
Youth	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00	59.00
Regional Monthly Calendar or Rolling 30-Day Pass (a)										
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	23.00	23.00	18.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	23.00	23.00	36.00	36.00	36.00	36.00	36.00
Regional Premium Monthly Calendar or Rolling 30-Day Pass (a)										
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	32.00	32.00	25.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	32.00	32.00	50.00	50.00	50.00	50.00	50.00
Regional 14 Day Pass	*	*	*	*	*	43.00	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	*	*	*	60.00	60.00	60.00	60.00	60.00
College Monthly Pass	(b)	(b)	(b)	(b)	(b)	49.00	49.00	49.00	49.00	49.00
LIFT ADA/Paratransit										
One-way Fare	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
FLEX 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	2.50	2.50	5.00	5.00	5.00	5.00	5.00

Revenue Capacity (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
COASTER Commuter Train Service										
ZONE 1										
One-way Fare										
Adult	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Senior/Disabled/Medicare	2.50	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Youth	2.50	2.50	2.50	2.50	2.50	4.00	4.00	4.00	4.00	4.00
Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	140.00	140.00	140.00	140.00	140.00	120.00	120.00	120.00	120.00	120.00
ZONE 2										
One-way Fare										
Adult	5.75	5.75	5.75	5.75	5.75	5.00	5.00	5.00	5.00	5.00
Senior/Disabled/Medicare	2.75	2.75	2.75	2.75	2.75	2.50	2.50	2.50	2.50	2.50
Youth	2.75	2.75	2.75	2.75	2.75	5.00	5.00	5.00	5.00	5.00
Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	161.00	161.00	161.00	161.00	161.00	150.00	150.00	150.00	150.00	150.00
ZONE 3										
One-way Fare										
Adult	6.50	6.50	6.50	6.50	6.50	5.50	5.50	5.50	5.50	5.50
Senior/Disabled/Medicare	3.25	3.25	3.25	3.25	3.25	2.75	2.75	2.75	2.75	2.75
Youth	3.25	3.25	3.25	3.25	3.25	5.50	5.50	5.50	5.50	5.50
Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	182.00	182.00	182.00	182.00	182.00	165.00	165.00	165.00	165.00	165.00
Senior/Disabled/Medicare (all zones)	58.00	58.00	58.00	58.00	58.00	41.25	41.25	41.25	41.25	41.25
Youth (all zones)	58.00	58.00	58.00	58.00	58.00	82.50	82.50	82.50	82.50	82.50
COASTER Day 10-Pass Multi-Pack										
Adult	75.00	75.00	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare	37.50	37.50	*	*	*	*	*	*	*	*
Youth	37.50	37.50	*	*	*	*	*	*	*	*
COASTER Day 5-Pass Multi-Pack										
Adult	45.00	45.00	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare	22.50	22.50	*	*	*	*	*	*	*	*
Youth	22.50	22.50	*	*	*	*	*	*	*	*
SPRINTER Hybrid Rail Train Service										
One-way Fare										
Adult	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Senior/Disabled/Medicare	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
Youth	1.25	1.25	1.25	1.25	2.50	2.00	2.00	2.00	2.00	2.00
Day Pass										
Adult	*	*	*	*	*	5.00	5.00	5.00	5.00	4.50
Senior/Disabled/Medicare	*	*	*	*	*	2.25	2.25	2.25	2.25	2.25
Youth	*	*	*	*	*	*	*	*	*	*
Regional Day Pass										
Adult	6.00	6.00	6.00	6.00	6.00	*	*	*	*	*
Senior/Disabled/Medicare	3.00	3.00	3.00	3.00	3.00	*	*	*	*	*
Youth	3.00	3.00	3.00	3.00	3.00	*	*	*	*	*
Premium Day Pass										
Adult	12.00	12.00	12.00	12.00	12.00	12.00	*	*	*	*
Senior/Disabled/Medicare	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
Youth	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
COASTER Regional Day Pass										
Adult	15.00	15.00	15.00	15.00	15.00	*	*	*	*	*
Senior/Disabled/Medicare	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*
Youth	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*

Revenue Capacity (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SPRINTER Hybrid Rail Train Service (continued)										
Region Plus Day Pass	*	*	*	*	*	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
SPRINTER/BREEZE Monthly Calendar or										
Rolling 30-Day Pass (a)										
Adult	59.00	59.00	59.00	*	*	59.00	59.00	59.00	59.00	59.00
Senior/Disabled/Medicare	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00	59.00
Youth	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00	59.00
Regional Monthly Calendar or										
Rolling 30-Day Pass (a)										
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	23.00	23.00	18.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	23.00	23.00	36.00	36.00	36.00	36.00	36.00
Regional Premium Monthly Calendar or										
Rolling 30-Day Pass (a)										
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	32.00	32.00	25.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	32.00	32.00	50.00	50.00	50.00	50.00	50.00
Regional 14 Day Pass	*	*	*	*	*	43.00	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	*	*	*	60.00	60.00	60.00	60.00	60.00
College Monthly Pass	(b)	(b)	(b)	(b)	(b)	49.00	49.00	49.00	49.00	49.00
NCTD+ On Demand Microtransit										
One-way Fare										
Anywhere in service zone	\$ 3.00	*	*	*	*	*	*	*	*	*
To/from SPRINTER stations	1.50	*	*	*	*	*	*	*	*	*
Additional riders	1.50	*	*	*	*	*	*	*	*	*
Fare Capping (Pay As You Go) (c)										
Regional Daily Cap										
Adult	\$ 6.00	\$ 6.00	\$ 6.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	3.00	3.00	3.00	*	*	*	*	*	*	*
Regional Monthly Cap										
Adult	72.00	72.00	72.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	23.00	23.00	23.00	*	*	*	*	*	*	*
Premium Daily Cap										
Adult	12.00	12.00	12.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	6.00	6.00	6.00	*	*	*	*	*	*	*
Premium Monthly Cap										
Adult	100.00	100.00	100.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	32.00	32.00	32.00	*	*	*	*	*	*	*

(a) Effective September 1, 2022 with the implementation of the PRONTO fare revenue system, Rolling 30-day passes are no longer available for sale.

(b) College Monthly Passes no longer have prescribed rates and are negotiated between the college/university and MTS.

(c) 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.

* Fare product not offered

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 2024 *		Fiscal Year 2019		Fiscal Year 2014	
	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue
BREEZE	\$ 5,144,552	48.0%	\$ 6,524,947	41.2%	\$ 8,240,099	42.8%
LIFT	808,434	7.5%	715,066	4.5%	567,825	2.9%
FLEX	127,188	1.2%	202,882	1.3%	75,968	0.4%
COASTER	3,575,431	33.3%	5,674,370	35.9%	7,627,368	39.6%
SPRINTER	1,077,007	10.0%	2,702,065	17.1%	2,763,574	14.3%
NCTD+ ^(a)	193	0.0%	-	0.0%	-	0.0%
Total Fare Revenue	<u>\$ 10,732,805</u>	<u>100.0%</u>	<u>\$ 15,819,330</u>	<u>100.0%</u>	<u>\$ 19,274,834</u>	<u>100.0%</u>

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Fare revenues negatively impacted by the effects of 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 Liabilities	SBITA Liabilities	Total Debt and Lease/SBITA Liabilities	Percentage of Personal Income ^(a)	Debt Per Capita ^(a)	Debt Per Passenger Boarding
2015	\$29,350,000	(b)	(c)	\$29,350,000	0.06%	\$33.40	\$2.32
2016	\$28,075,000	(b)	(c)	\$28,075,000	0.06%	\$31.72	\$2.34
2017	\$26,750,000	(b)	(c)	\$26,750,000	0.05%	\$29.89	\$2.44
2018	\$25,550,000	(b)	(c)	\$25,550,000	0.05%	\$28.33	\$2.40
2019	\$24,300,000	(b)	(c)	\$24,300,000	0.04%	\$26.80	\$2.34
2020	\$23,050,000	(b)	(c)	\$23,050,000	0.04%	\$25.55	\$2.78
2021	\$21,750,000	\$901,302	(c)	\$22,651,302	0.03%	\$25.23	\$5.08
2022	\$20,450,000	\$590,594	\$4,271,937	\$25,312,531	0.04%	\$28.46	\$4.27
2023	\$19,100,000	\$1,136,076	\$6,236,300	\$26,472,376	0.04%	\$29.86	\$3.71
2024	\$17,750,000	\$750,028	\$4,990,950	\$23,490,978	0.03%	\$26.49	\$3.05

(a) FY2024 calculated using personal income and population from the prior year.

(b) Lease liability data does not exist prior to the implementation of GASB 87 - Leases, effective July 1, 2020

(c) SBITA liability data does not exist prior to the implementation of GASB 96 - SBITAs, effective July 1, 2021

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 ^(a)	Personal Income (in thousands)	Per Capita Personal Income ^(b)	San Diego County Unemployment Rate ^(c)	State Unemployment Rate ^(c)	US Unemployment Rate ^(d)
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	897,647	\$65,603,633	\$73,084	6.5%	7.3%	5.3%
2022	889,257	\$66,228,304	\$74,476	3.5%	4.3%	3.6%
2023	886,655	\$70,153,917	\$79,122	3.9%	4.8%	3.6%

Sources: (a) 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.
 (b) U.S. Dept. of Commerce, Bureau of Economic Analysis, per capita personal income are the calendar year averages for San Diego Metropolitan Statistical Area.
 (c) State of California Employment Development Department calendar year averages.
 (d) US Bureau of Labor Statistics calendar year averages.

Demographic and Economic Statistics (continued)

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

2023				
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	4.38%	a
ViaSat	2	4,010	0.25%	e
San Marcos Unified School District	3	3,519	0.22%	d
Vista Unified School District	4	2,865	0.18%	b
Palomar Medical Center	5	2,906	0.18%	c
Thermo Fischer Scientific (Life Technologies)	6	2,332	0.15%	e
Legoland California LLC	7	2,300	0.14%	e
Tri City Medical Center	8	2,100	0.13%	f
Palomar Community College	9	2,014	0.13%	d
Escondido Union School District	10	2,077	0.13%	c
Total San Diego County Labor Force		1,596,400		g

Sources:

- a www.pendleton.marines.mil/Main-Menu/Introduction
b *City of Vista, Annual Consolidated Financial Report FY23*
c *City of Escondido, Annual Consolidated Financial Report FY23*
d *City of San Marcos, Annual Consolidated Financial Report FY23*
e *City of Carlsbad, Annual Consolidated Financial Report FY23*
f *Tri City Medical Center website*
g *State of California Employment Development Department:*
<https://www.labormarketinfo.edd.ca.gov/geography/msa/san-diego-carlsbad.html>

2014				
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	4.41%	a
Palomar Pomerado Health	2	3,045	0.19%	a
Palomar College	3	2,665	0.17%	a
Tri City Medical Center	4	2,279	0.14%	a
Naval Hospital Camp Pendleton	5	2,151	0.14%	a
Vista Unified School District	6	2,141	0.13%	a
Pala Casino Resort and Spa	7	2,010	0.13%	a
Oceanside Unified School District	8	2,000	0.13%	a
Escondido Union School District	9	1,900	0.12%	a
California State University San Marcos	10	1,900	0.12%	a
Total San Diego County Labor Force		1,588,500		a

Source:

- a *FY2015 NCTD Comprehensive Annual Financial Report*

Demographic and Economic Statistics (continued)

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

Division	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration	6.00	6.00	4.00	5.00	5.00	5.50	6.25	8.00	7.00	9.50
Bus Operations	6.00	7.00	6.00	5.00	7.00	6.00	6.00	6.00	7.00	8.00
Development Services	44.00	42.00	17.00	17.00	17.00	16.00	16.00	17.00	15.00	15.00
Finance	20.00	19.00	19.00	17.00	16.00	18.00	18.00	20.00	19.50	14.00
General Counsel	7.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00
Information Technology	21.00	21.00	14.00	14.00	14.00	15.00	14.00	12.00	12.00	15.00
Office of the Chief Executive Officer	3.25	3.25	4.25	3.25	7.00	4.50	3.00	1.00	2.00	2.00
Operations - Rail	129.00	123.25	110.00	9.00	4.00	4.00	6.00	5.00	3.00	3.00
Operations Support Services	51.25	45.25	39.00	30.00	20.00	20.00	20.00	51.00	45.00	54.00
Planning and Communications	29.50	26.75	24.25	25.25	24.25	23.25	23.00	25.50	26.00	11.00
Procurement and Contract Administration	10.50	9.00	8.00	7.00	7.00	8.00	8.00	7.00	8.00	13.00
Rail Right-of-Way	47.25	60.00	2.00	2.00	2.00	3.00	3.00	3.00	2.00	0.00
Safety and Risk Assessment	8.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Total	382.75	372.50	257.50	145.50	134.25	134.25	134.25	166.50	157.50	153.50

Note: 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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FARE REVENUES (thousands) ^(a)										
BREEZE	\$ 5,145	\$ 4,847	\$ 4,262	\$ 2,527	\$ 5,286	\$ 6,525	\$ 6,465	\$ 6,396	\$ 7,452	\$ 8,274
LIFT	808	575	622	620	681	715	743	788	776	687
FLEX	127	70	32	24	156	203	181	56	66	75
COASTER	3,575	3,489	2,743	1,086	4,334	5,674	5,453	6,453	6,878	7,401
SPRINTER	1,077	1,008	1,116	1,448	2,386	2,702	2,750	2,693	2,976	3,002
NCTD+ ^(d)	0	-	-	-	-	-	-	-	-	-
TOTAL	\$ 10,733	\$ 9,988	\$ 8,776	\$ 5,705	\$ 12,842	\$ 15,819	\$ 15,592	\$ 16,386	\$ 18,147	\$ 19,438
OPERATING COSTS (thousands) ^(b)										
BREEZE	\$ 60,997	\$ 55,427	\$ 49,564	\$ 45,221	\$ 44,550	\$ 43,247	\$ 48,251	\$ 49,327	\$ 45,614	\$ 42,582
LIFT	13,328	11,238	9,127	9,662	9,522	10,483	10,149	9,504	8,434	7,402
FLEX	3,823	4,087	3,515	2,369	2,246	1,985	1,265	735	637	605
COASTER	38,613	36,548	34,197	23,987	21,210	19,969	17,049	18,653	17,386	20,212
SPRINTER	33,455	30,958	28,655	22,488	22,985	21,562	19,789	15,423	16,309	16,175
NCTD+ ^(d)	126	-	-	-	-	-	-	-	-	-
TOTAL	\$ 150,342	\$ 138,258	\$ 125,059	\$ 103,727	\$ 100,513	\$ 97,246	\$ 96,503	\$ 93,643	\$ 88,380	\$ 86,976
FARE REVENUE TO OPERATING COSTS ^(c)										
BREEZE	8.4%	8.7%	8.6%	5.6%	11.9%	15.1%	13.4%	13.0%	16.3%	19.4%
LIFT	6.1%	5.1%	6.8%	6.4%	7.1%	6.8%	7.3%	8.3%	9.2%	9.3%
FLEX	3.3%	1.7%	0.9%	1.0%	6.9%	10.2%	14.3%	7.7%	10.4%	12.4%
COASTER	9.3%	9.5%	8.0%	4.5%	20.4%	28.4%	32.0%	34.6%	39.6%	36.6%
SPRINTER	3.2%	3.3%	3.9%	6.4%	10.4%	12.5%	13.9%	17.5%	18.2%	18.6%
NCTD+ ^(d)	0.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	7.1%	7.2%	7.0%	5.5%	12.8%	16.3%	16.2%	17.5%	20.5%	22.3%

(a) On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Fare revenues negatively impacted by the effects of COVID-19.

(b) Operating costs exclude interest, depreciation, GASB68/GASB75 actuarial and non-cash expenses, GASB 87/GASB 96 expenses, and gain/loss on disposal of assets.

(c) Fare revenues divided by operating costs.

(d) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Operating Information (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FAREBOX RECOVERY RATIO AS REPORTED TO THE CALIFORNIA STATE CONTROLLER'S OFFICE (WITH LOCAL SUPPORT) ^{(a) (c)}										
FIXED ROUTE (BREEZE, FLEX, COASTER, SPRINTER)	34.1%	32.8%	33.2%	25.4%	34.9%	38.9%	34.7%	*	*	*
LIFT/ADA PARATRANSIT	13.0%	16.7%	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)	8.6%	8.8%	7.6%	5.7%	13.5%	17.9%	17.6%	18.8%	22.3%	23.8%
LIFT/ADA PARATRANSIT	6.3%	5.4%	7.1%	6.6%	7.2%	6.8%	7.3%	8.3%	6.2%	9.3%

(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) Farebox recovery ratios 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PASSENGERS (thousands) ^(a)										
BREEZE	4,876	4,503	3,919	2,991	5,135	6,373	6,483	6,732	7,547	8,019
LIFT	105	93	72	57	116	169	186	202	200	185
FLEX	49	39	25	22	31	32	28	21	25	26
COASTER	853	813	588	163	944	1,409	1,433	1,455	1,556	1,642
SPRINTER	1,823	1,685	1,322	1,225	2,066	2,409	2,533	2,549	2,678	2,770
NCTD+ ^(b)	0	-	-	-	-	-	-	-	-	-
TOTAL	7,706	7,132	5,927	4,458	8,293	10,392	10,663	10,959	12,006	12,640
REVENUE PER PASSENGER										
BREEZE	\$ 1.06	\$ 1.08	\$ 1.09	\$ 0.84	\$ 1.03	\$ 1.02	\$ 1.00	\$ 0.95	\$ 0.99	\$ 1.03
LIFT	7.68	6.17	8.59	10.79	5.84	4.24	3.99	3.90	3.89	3.71
FLEX	2.61	1.81	1.28	1.13	5.05	6.25	6.55	2.72	2.66	2.91
COASTER	4.19	4.29	4.66	6.67	4.59	4.03	3.81	4.44	4.42	4.51
SPRINTER	0.59	0.60	0.84	1.18	1.15	1.12	1.09	1.06	1.11	1.08
NCTD+ ^(b)	1.32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 1.39	\$ 1.40	\$ 1.48	\$ 1.28	\$ 1.55	\$ 1.52	\$ 1.46	\$ 1.50	\$ 1.51	\$ 1.54
COST PER PASSENGER										
BREEZE	\$ 12.51	\$ 12.31	\$ 12.65	\$ 15.12	\$ 8.68	\$ 6.79	\$ 7.44	\$ 7.33	\$ 6.04	\$ 5.31
LIFT	126.64	120.67	126.11	168.25	81.77	62.10	54.53	47.01	42.24	40.04
FLEX	78.57	105.80	138.75	109.95	72.90	61.18	45.75	35.52	25.59	23.52
COASTER	45.27	44.94	58.12	147.42	22.47	14.18	11.90	12.82	11.17	12.31
SPRINTER	18.35	18.38	21.67	18.35	11.13	8.95	7.81	6.05	6.09	5.84
NCTD+ ^(b)	864.23	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 19.51	\$ 19.38	\$ 21.10	\$ 23.27	\$ 12.12	\$ 9.36	\$ 9.05	\$ 8.55	\$ 7.36	\$ 6.88

(a) On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Passenger boardings negatively impacted by the effects of COVID-19.

(b) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Operating Information (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE HOURS (thousands)										
BREEZE	411.9	376.8	404.8	420.4	424.7	424.0	448.7	478.1	462.0	462.7
LIFT	53.7	52.2	39.7	37.5	62.2	94.0	115.3	119.4	116.4	112.7
FLEX	17.4	17.0	16.9	17.3	17.0	16.5	16.5	7.6	8.5	8.3
COASTER ^(a)	10.0	10.0	9.2	3.8	6.0	6.9	6.9	6.9	6.9	7.0
SPRINTER	23.3	23.4	23.4	23.5	23.6	23.7	23.5	23.4	23.6	23.5
NCTD+ ^(b)	0.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	516.3	479.5	493.9	502.5	533.5	565.1	610.8	635.4	617.4	614.1
REVENUE PER REVENUE HOUR										
BREEZE	\$ 12.49	\$ 12.86	\$ 10.53	\$ 6.01	\$ 12.45	\$ 15.39	\$ 14.41	\$ 13.38	\$ 16.13	\$ 17.88
LIFT	15.07	11.01	15.68	16.53	10.93	7.61	6.44	6.60	6.67	6.09
FLEX	7.30	4.11	1.92	1.40	9.16	12.33	10.95	7.38	7.80	9.01
COASTER	358.80	348.86	298.69	284.36	722.92	818.10	795.25	940.53	994.87	1,057.98
SPRINTER	46.23	42.98	47.76	61.66	101.04	114.17	117.08	115.12	126.16	127.62
NCTD+ ^(b)	1.71	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 20.79	\$ 20.83	\$ 17.77	\$ 11.35	\$ 24.07	\$ 28.00	\$ 25.52	\$ 25.79	\$ 29.39	\$ 31.65
COST PER REVENUE HOUR										
BREEZE	\$ 148.10	\$ 147.09	\$ 122.45	\$ 107.56	\$ 104.90	\$ 102.00	\$ 107.55	\$ 103.17	\$ 98.74	\$ 92.04
LIFT	248.40	215.12	230.14	257.74	152.97	111.53	88.01	79.59	72.43	65.70
FLEX	219.55	240.67	208.06	137.02	132.14	120.62	76.54	96.35	75.14	72.89
COASTER	3,874.90	3,654.08	3,723.56	6,282.61	3,538.02	2,879.08	2,486.39	2,718.71	2,515.00	2,889.56
SPRINTER	1,436.08	1,320.22	1,225.90	957.38	973.42	911.04	842.48	659.40	691.48	687.55
NCTD+ ^(b)	1,115.62	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 291.20	\$ 288.34	\$ 253.22	\$ 206.42	\$ 188.39	\$ 172.10	\$ 157.98	\$ 147.37	\$ 143.15	\$ 141.62

(a) Based on running time; does not include layover. May differ from National Transit Database reports.

(b) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Operating Information (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE VEHICLE MILES (thousands)										
BREEZE	4,892	4,688	4,938	5,057	5,090	5,076	5,223	5,590	5,561	5,626
LIFT	904	912	735	685	1,078	1,593	1,814	1,995	2,028	1,979
FLEX	321	318	316	314	312	306	245	109	120	118
COASTER	400	401	363	146	230	270	272	271	274	277
SPRINTER	513	516	514	517	519	517	517	519	519	518
NCTD+ ^(a)	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	7,030	6,835	6,866	6,719	7,230	7,762	8,071	8,484	8,501	8,517
REVENUE PER REVENUE MILE										
BREEZE	\$ 1.05	\$ 1.03	\$ 0.86	\$ 0.50	\$ 1.04	\$ 1.29	\$ 1.24	\$ 1.14	\$ 1.34	\$ 1.47
LIFT	0.89	0.63	0.85	0.91	0.63	0.45	0.41	0.40	0.38	0.35
FLEX	0.40	0.22	0.10	0.08	0.50	0.66	0.74	0.52	0.55	0.63
COASTER	8.94	8.70	7.55	7.44	18.84	20.99	20.05	23.78	25.13	26.73
SPRINTER	2.10	1.95	2.17	2.80	4.60	5.23	5.32	5.19	5.74	5.80
NCTD+ ^(a)	0.34	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 1.53	\$ 1.46	\$ 1.28	\$ 0.85	\$ 1.78	\$ 2.04	\$ 1.93	\$ 1.93	\$ 2.13	\$ 2.28
COST PER REVENUE MILE										
BREEZE	\$ 12.47	\$ 11.82	\$ 10.04	\$ 8.94	\$ 8.75	\$ 8.52	\$ 9.24	\$ 8.82	\$ 8.20	\$ 7.57
LIFT	14.75	12.32	12.42	14.11	8.83	6.58	5.59	4.76	4.16	3.74
FLEX	11.91	12.87	11.13	7.54	7.19	6.49	5.16	6.77	5.31	5.13
COASTER	96.60	91.14	94.18	164.38	92.22	73.85	62.68	68.73	63.54	73.02
SPRINTER	65.24	60.00	55.70	43.51	44.28	41.73	38.28	29.72	31.43	31.23
NCTD+ ^(a)	224.67	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 21.39	\$ 20.23	\$ 18.21	\$ 15.44	\$ 13.90	\$ 12.53	\$ 11.96	\$ 11.04	\$ 10.40	\$ 10.21

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Operating Information (continued)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PASSENGER MILES (thousands) ^(a)										
BREEZE	30,595	28,246	16,894	12,970	22,100	27,431	27,892	28,939	37,794	38,535
LIFT	1,409	1,547	1,163	774	1,889	2,581	2,100	2,707	2,748	2,350
FLEX	293	243	105	93	120	161	123	242	290	302
COASTER	23,659	22,554	15,559	4,303	24,963	37,232	37,903	38,461	43,773	45,886
SPRINTER	13,140	13,035	9,849	8,939	15,992	20,677	21,730	21,868	23,329	24,355
NCTD+ ^(b)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	69,097	65,625	43,569	27,078	65,064	88,083	89,748	92,217	107,934	111,427
PASSENGERS PER REVENUE MILE										
BREEZE	1.00	0.96	0.79	0.59	1.01	1.26	1.24	1.20	1.36	1.43
LIFT	0.12	0.10	0.10	0.08	0.11	0.11	0.10	0.10	0.10	0.09
FLEX	0.15	0.12	0.08	0.07	0.10	0.11	0.11	0.19	0.21	0.22
COASTER	2.13	2.03	1.62	1.11	4.10	5.21	5.27	5.36	5.69	5.93
SPRINTER	3.55	3.26	2.57	2.37	3.98	4.66	4.90	4.91	5.16	5.35
NCTD+ ^(b)	0.26	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	1.10	1.04	0.86	0.66	1.15	1.34	1.32	1.29	1.41	1.48
SUBSIDY PER PASSENGER										
BREEZE	\$ 11.45	\$ 11.23	\$ 11.56	\$ 14.28	\$ 7.65	\$ 5.76	\$ 6.45	\$ 6.38	\$ 5.06	\$ 4.28
LIFT	118.96	114.49	117.52	157.46	75.93	57.86	50.54	43.11	38.35	36.33
FLEX	75.95	104.00	137.47	108.82	67.85	54.93	39.21	32.80	22.93	20.61
COASTER	41.08	40.65	53.46	140.75	17.88	10.15	8.09	8.39	6.75	7.80
SPRINTER	17.76	17.78	20.83	17.17	9.97	7.83	6.73	4.99	4.98	4.76
NCTD+ ^(b)	862.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 18.12	\$ 17.98	\$ 19.62	\$ 21.99	\$ 10.57	\$ 7.84	\$ 7.59	\$ 7.05	\$ 5.85	\$ 5.34

(a) On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Passenger miles negatively impacted by the effects of COVID-19.

(b) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE VEHICLES										
BREEZE										
Number of Buses	152	153	152	152	152	152	156	163	164	164
Total Miles	5,608,830	5,268,987	5,523,685	5,703,626	5,775,977	5,787,927	5,942,629	6,279,177	6,264,528	6,318,860
Number of Trips	389,849	368,935	397,786	412,981	413,240	411,198	422,756	457,517	462,571	468,513
LIFT										
Number of Vehicles	42	40	42	46	53	52	54	53	53	53
Total Miles	995,221	1,044,598	874,311	826,351	1,262,750	1,888,532	2,155,682	2,339,137	2,258,758	2,458,596
Number of Trips	99,629	87,013	65,707	52,287	108,468	154,403	172,285	184,937	180,207	170,843
FLEX^(a)										
Number of Vehicles	12	10	12	11	9	10	15	8	8	8
Total Miles	337,743	329,158	328,136	331,156	329,927	326,102	269,206	133,673	147,160	147,675
Number of Trips	15,726	14,917	14,806	15,354	14,834	14,227	12,565	12,736	15,178	14,981
COASTER										
Number of Vehicles	36	35	35	35	35	35	35	35	35	35
Total Miles	425,483	424,331	385,097	155,689	243,076	286,692	288,253	287,990	290,075	292,668
Number of Trips	9,756	9,772	8,855	3,580	5,633	6,616	6,635	6,647	6,662	6,737
SPRINTER										
Number of Vehicles	12	12	12	12	12	12	12	12	12	12
Total Miles	516,671	518,392	518,217	520,111	522,540	519,731	518,986	520,886	520,809	519,761
Number of Trips	23,452	23,653	23,606	23,673	23,779	23,612	23,590	23,667	23,933	23,603

Capital Asset Statistics (continued)

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

Function/Mode	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE VEHICLES										
NCTD+^(b)										
Number of Vehicles	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Miles	3,523	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Trips	128	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FACILITIES										
Administrative Offices	3	3	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

(a) FY2024 includes the COASTER Connection, which began service in June 2024.

(b) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Industry Comparative Statistics

Transportation Mode/Operator	Vehicle Revenue Miles (000's)	Vehicle Revenue Hours (000's)	Total Passengers (000's)	Passenger Miles (000's)	Passenger per Revenue Mile	Passenger per Revenue Hour	Total Operating Expenses (000's) (a)	Operating Expenses per Revenue Mile	Operating Expenses per Passenger	Total Fare Revenues (000's)	Fare Revenue per Passenger	Farebox Ratio
MOTOR BUS												
North County Transit District ^(b)	5,006	394	4,541	28,490	0.91	11.53	\$ 58,817	\$ 11.75	\$ 12.95	\$ 4,916	\$ 1.08	8.4%
City of Charlotte North Carolina	8,597	627	7,852	34,214	0.91	12.52	111,695	12.99	14.23	6,379	0.81	5.7%
Metropolitan Transit Authority of Harris County	7,991	618	10,086	54,318	1.26	16.32	86,335	10.80	8.56	4,763	0.47	5.5%
New Jersey Transit Corporation	6,146	504	6,948	30,019	1.13	13.79	61,010	9.93	8.78	5,906	0.85	9.7%
Orange County Transportation Authority	6,076	515	8,726	33,762	1.44	16.94	82,347	13.55	9.44	5,734	0.66	7.0%
Pioneer Valley Transit Authority	4,543	316	6,903	26,148	1.52	21.84	46,526	10.24	6.74	5,768	0.84	12.4%
DEMAND RESPONSE												
North County Transit District ^(c)	912	52	93	1,547	0.10	1.78	\$ 10,965	\$ 12.02	\$ 117.73	\$ 636	\$ 6.83	5.8%
Central Contra Costa Transit Authority	997	61	114	1,195	0.11	1.87	7,676	7.70	67.33	479	4.20	6.2%
Central County Transportation Authority	975	64	124	1,241	0.13	1.94	6,343	6.51	51.15	471	3.80	7.4%
Greater Peoria Mass Transit District	948	58	136	1,352	0.14	2.34	5,059	5.34	37.20	341	2.51	6.7%
San Francisco Municipal Transportation Agency	1,248	166	237	1,376	0.19	1.43	22,581	18.09	95.28	542	2.29	2.4%
Stanislaus Regional Transit Authority	912	62	140	1,300	0.15	2.26	6,801	7.46	48.58	358	2.56	5.3%
COMMUTER RAIL ^(d)												
North County Transit District	1,658	51	813	22,554	0.49	15.84	\$ 36,043	\$ 21.73	\$ 44.32	\$ 3,237	\$ 3.98	9.0%
Central Puget Sound Regional Transit Authority	1,650	54	1,756	43,432	1.06	32.52	76,112	46.13	43.34	5,005	2.85	6.6%
Dallas Area Rapid Transit	1,195	61	1,136	18,537	0.95	18.62	43,526	36.42	38.32	3,579	3.15	8.2%
Rio Metro Regional Transit District	1,438	40	546	26,779	0.38	13.65	44,384	30.87	81.29	936	1.71	2.1%
HYBRID RAIL ^(d)												
North County Transit District	627	29	1,685	13,035	2.69	59.10	\$ 29,883	\$ 47.65	\$ 17.74	\$ 1,008	\$ 0.60	3.4%
Capital MTA	666	28	477	7,331	0.72	17.04	34,843	52.32	73.05	1,311	2.75	3.8%
Denton County Transportation Authority	768	36	225	3,357	0.29	6.25	16,322	21.25	72.54	335	1.49	2.1%
New Jersey Transit Corporation	1,019	41	1,758	26,112	1.73	42.88	37,020	36.33	21.06	1,019	0.58	2.8%
San Francisco BART	1,192	35	1,264	9,190	1.06	36.11	19,617	16.46	15.52	3,685	2.92	18.8%

(a) Adjustments 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.

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

(c) Demand Response for NCTD is for ADA/Paratransit Service. MediCal Organization Paid Fares, which are included in Fare Revenues for NTD reporting, are excluded from this Comparative.

(d) 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: National Transit Database, Report Year 2023