Commuter Rail Division of The Regional Transportation Authority and The Northeast Illinois Regional Commuter Railroad Corporation

(doing business as Metra)

Financial Statements and Supplementary Information as of and for the Year Ended December 31, 2021, and Independent Auditor's Report

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Commuter Rail Division of the Regional Transportation Authority and
The Northeast Illinois Regional Commuter Railroad Corporation
(doing business as Metra):

Opinion

We have audited the financial statements of the Commuter Rail Division of the Regional Transportation Authority and the Northeast Illinois Regional Commuter Railroad Corporation, both doing business as Metra, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Metra'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 Metra as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Metra, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Metra'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 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, 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 Metra'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 Metra'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, Schedule of Proportionate Share of Net Pension Liability and Related Ratios, Schedule of Pension Contributions, and Schedule of Changes in Metra's Total OPEB Liability and Related Ratios 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 Schedule of Revenues and Expenses – Budget to Actual (Budgetary Basis), the Schedule of Revenue and Expenses—Amended Budget to Actual (Budgetary Basis), the Budgetary Basis Schedule of Operations, and Notes to Supplementary Information (collectively "Other Information") but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Deloitte & Touche LLP

May 19, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) relates to the financial position and results of operations of the Commuter Rail Division of the RTA (Regional Transportation Authority) and the NIRCRC (Northeast Illinois Regional Commuter Railroad Corporation—doing business as Metra).

Railroad operations performed directly by the NIRCRC as well as the results of operations of PSA (Purchase of Service Agreement—operations contracted to third parties) carriers are collectively known as "Metra." MD&A offers an analysis of Metra's financial position and results of operations during the years ended December 31, 2021 and 2020. MD&A is designed to focus on current activities, resulting changes, and currently known facts. Please read it in conjunction with Metra's 2021 financial statements, which begin on page 19.

Business Profile

Metra is engaged in the commuter rail business. Metra's hub-and-spoke network of 11 lines comprising approximately 1,200 miles of track spans the six-county area of Northeast Illinois and extends slightly into Kenosha County, Wisconsin. Metra's network provides Metra passengers access to and from downtown Chicago. Metra operates out of four major terminals in downtown Chicago. Most of Metra's business occurs during the morning rush serving people commuting from outlying areas to downtown Chicago, and the evening rush, serving people returning to the outlying areas from downtown Chicago. In addition, Metra also serves people riding the "reverse commute" who travel from downtown Chicago to outlying areas during the morning rush and then return to downtown Chicago during the evening rush.

Metra's operating revenue is largely derived from passenger fares. Smaller amounts of revenue come from advertising, trackage fees, maintenance fees charged to railroads who operate upon Metra's operating tracks and the sale of construction and related services to various entities.

Metra supports about half of its operating costs (excluding depreciation) from operating revenue and about half from state/local funding. State/local funding is partly from PTF (Public Transportation Funds) from the State of Illinois General Fund and partly from dedicated sales taxes. PTF and applicable sales tax revenue are remitted by the State of Illinois to the RTA who disburses these funds to itself, Pace (Suburban Bus), CTA (Chicago bus/subway/elevated train), and Metra according to legislated formulas. The RTA has some discretion over how these funds are distributed.

Corporate Organization

Railroad operations performed directly by the NIRCRC are managed directly by Metra personnel. PSA providers (BNSF Railway and Union Pacific Railroad) run their operations with some guidance from Metra staff. Metra has a PSA with Northern Indiana Commuter Transportation District (NICTD) to provide commuter service to passengers in southeast Chicago that Metra does not directly access.

Metra runs its operations by function. The Mechanical (maintain rolling stock), Transportation (operate rolling stock), and Engineering (maintain track, right of way and structures) functions report to the Deputy Director of Operations, who reports to the Chief Executive Officer (CEO). Finance and Legal report to the CEO. Certain other administrative departments, including HR, report to the Deputy Director of Administration who reports to the CEO.

Strategy Overview

Metra is committed to creating value for the taxpayers of Illinois by delivering operational excellence.

Metra's mission is to provide safe, reliable, efficient commuter rail service that enhances the economic and environmental health of Northeast Illinois.

Metra's vision is to be a world-class commuter rail agency linking communities throughout the region by providing the safest, most efficient and most reliable service to our customers, sustaining our infrastructure for future generations, leading the industry in achieving continuous improvement, innovation and transparency, and facilitating economic vitality throughout Northeast Illinois.

Metra's strategic goals are to prioritize safety and security awareness, invest in workforce, ensure financial stability, deliver quality customer service, and optimize capital assets.

With the aim of realizing Metra's vision, Metra introduced in 2020 the My Metra program with the slogan "My Metra is about taking personal responsibility for our riders and each other." Metra empowers employees to do more, achieve more, take greater responsibility, and play an even more significant role in Metra's success. Every employee at Metra, no matter job title or department, is vital to Metra's success and rider satisfaction.

Basic Financial Statements

The *Statement of Net Position* presents current assets, noncurrent assets, deferred outflow and inflow of resources, and liabilities on a full accrual basis. Assets are recognized when acquired and liabilities are recognized when goods and services are provided to Metra.

The *Statement of Revenue, Expenses, and Changes in Net Position* presents Metra's revenue, expenses, and the net impact these activities has on its fiscal well-being, identified as "Change in net position." The timing of the recognition of revenue and expenses is often different from the related cash transactions, because under the accrual method, revenues are recognized when earned and expenses are recognized when incurred, not when the cash is received or disbursed.

The *Statement of Cash Flows* presents information relating to when cash is received or dispersed for operating activities, noncapital and related financing activities, capital and related financing activities, and investing activities. The net change in cash and cash equivalents provides a view of Metra's ability to meet financial obligations as they mature.

Notes to the financial statements are an integral component of the financial statements because important background information that may not be reflected on the face of the statements is disclosed. Details on Metra's accounting policies, cash holdings, capital assets, and other important areas are found in the notes to the financial statements.

Financial Summary and Other Operating Highlights

- *Net position* increased $151.9 million or 4.5% to $3,501.8 million at December 31, 2021.
- *Net capital assets* increased $148.2 million or 4.8% to $3,257.6 million in 2021 reflecting capital additions less depreciation incurred in 2021.
- *Passenger revenue* decreased $35.0 million or 34.2% to $67.4 million in 2021.
- *Other operating revenues* increased by $23.9 million or 57.3% to $65.6 million in 2021.
- *Nonoperating revenues* increased $136.5 million or 28.1% to $622.1 million in 2021.
- *Capital contributions* decreased $17.1 million or 4.6% to $351.1 million in 2021.
- *Total operating expenses before depreciation* increased $46.1 million or 6.7% to $730.5 million during 2021.
- Metra's on-time performance in 2021 was 95.5%, compared to 96.5% in 2020 which was the highest level since 2004.
- In 2021, the board of directors approved the purchase of up to 500 state-of-the-art railcars from Alstom Transportation Inc. placing an initial order of 200 cars. Funding for this project is provided by federal and state funding. As of December 31, 2021, Metra has paid $134 million in progress payments.

Financial Analysis

Following are condensed comparative financial statements, which highlight key financial data. Certain significant year-to-year variances are discussed following each respective statement.

2021 vs. 2020 Analysis

Statements of Net Position

Table 1a
Condensed Statements of Net Position

(Amounts in millions)	December 31		Change Increase (decrease)	
	2021	**2020**	**Dollars**	**Percent**
Assets				
Current assets	$ 567.7	$ 571.5	$ (3.8)	(0.7)%
Long-term investments	29.5	20.0	9.5	47.5 %
Capital Assets—net	3,257.6	3,109.4	148.2	4.8 %
Total assets	$3,854.8	$3,700.9	$ 153.9	4.2 %
Deferred outflows of resources	$ 68.4	$ 32.8	$ 35.6	108.5 %
Liabilities				
Current liabilities	$ 220.6	$ 229.4	$ (8.8)	(3.8)%
Long-term liabilities	185.9	141.6	44.3	31.3 %
Total liabilities	$ 406.5	$ 371.0	$ 35.5	9.6 %
Deferred inflows of resources	$ 14.9	$ 12.2	$ 2.7	22.1 %
Net Position				
Net investment in capital assets	$3,257.6	$3,109.4	$ 148.2	4.8 %
Unrestricted net assets	244.2	240.5	3.7	1.5 %
Total net position	$3,501.8	$3,349.9	$ 151.9	4.5 %

- *Current assets* decreased by $3.8 million or 0.7% to $567.7 million. Current assets consist of cash and cash equivalents, various receivables, prepaid expenses and other short term asset accounts. The decrease in current assets relates to lower cash and cash equivalent balances mostly offset by increased receivable balances, largely reflecting the lag between spending and receiving reimbursement for capital projects.

- *Long-term investments* increased by $9.5 million or 47.5% from $20.0 million to $29.5 million as Metra has invested in long-term investments that yield a higher rate of return and does not foresee a near term need for cash.

- *Net capital assets* increased by $148.2 million or 4.8% to $3,257.6 million due to increases in capital projects in progress by $142.5 million or 100%, roadways and passenger stations of $104.7 million or 2.4%, support equipment and infrastructure of $74.0 million or 8.2%, rolling stock of $48.8 million or 1.7%, land of $1.0 million or 0.6%, partially offset by increased accumulated depreciation of $222.8 million or 4.3%.

- *Current liabilities* decreased by $8.8 million or 3.8% to $220.6 million primarily due to decreases in accrued payables of $12.7 million or 8.7% and accrued wages and benefits payable of $7.4 million or 12.4% which were partially offset by increases in unearned revenue of $5.3 million or 53.0%, current accrued claims by $3.8 million or 40.9%, and accounts payable of $2.1 million or 65.6%.

- *Long-term liabilities* increased by $44.3 million or 31.3% to $185.9 million primarily due to increases in: net pension liability by $34.9 million or 125.5% related to a decrease in the expected future return assumption used in the actuarial report; accrued post-retiree health benefits by $6.7 million or 12.4% due to a higher trend rate for future Medicare and non-Medicare costs in the actuarial report; and long-term portion of accrued claims by $2.7 million or 4.5%, due to an increase in the number of claims as well as in the average claim amount calculated in the actuarial report.

Statements of Revenues, Expenses, and Changes in Net Position

Change in net position represents the difference between operating loss, financial assistance and capital contributions. As shown in Table 2a, Metra's change in net position for the year ended December 31, 2021 was $151.9 million, a 43.8% increase from the change in net position of $105.6 million for the year ended December 31, 2020. Total operating revenues decreased by $11.1 million or 7.7% from $144.1 million. Total operating expenses before depreciation increased by $46.1 million or 6.7% from 2020. Total nonoperating revenues increased $119.4 million or 14.0% from 2020.

Table 2a
Statements of Revenues, Expenses, and Changes in Net Position

(Amounts in millions)	December 31		Change Increase (decrease)	
	2021	**2020**	**Dollars**	**Percent**
Operating revenue:				
Passenger revenue	$ 67.4	$102.4	$ (35.0)	(34.2)%
Other	65.6	41.7	23.9	57.3 %
Total operating revenue	133.0	144.1	(11.1)	(7.7)%
Operating expenses:				
Transportation	222.3	238.6	(16.3)	(6.8)%
Fuel and motive power	48.0	44.3	3.7	8.4 %
Engineering	169.4	122.1	47.3	38.7 %
Mechanical	175.1	167.3	7.8	4.7 %
Administration	86.4	66.4	20.0	30.1 %
Claims and insurance	19.2	26.5	(7.3)	(27.5)%
Downtown stations	10.1	19.2	(9.1)	(47.4)%
Total operating expenses before depreciation	730.5	684.4	46.1	6.7 %
Operating loss before depreciation	(597.5)	(540.3)	57.2	(10.6)%
Depreciation	223.9	207.9	16.0	7.7 %
Operating loss	(821.3)	(748.2)	73.1	(9.8)%
Nonoperating revenue	622.1	485.6	136.5	28.1 %
Capital contributions	351.1	368.2	(17.1)	(4.6)%
Change in net position	**$151.9**	**$105.6**	**$ 46.3**	**43.8 %**

Passenger revenue decreased $35.0 million or 34.2% in 2021. The main driver of the decrease was a decline in ridership. As shown in Table 3a, ridership declined approximately 4.5 million rides, or 24.3% in 2021 compared to 2020, as Metra provided 14.1 million rides in 2021 compared to 18.6 million rides in 2020. 2021 ridership reflects 12 full months of reduced ridership, as commuters worked from home to stay safe from the COVID-19 virus, while 2020 ridership includes two and a half months of pre-COVID ridership levels before ridership drastically reduced for the last nine and a half months. Compared to the approximate 74.0 million rides provided in 2019, a full, pre-COVID year, 2021 ridership was approximately 19% of the 2019 ridership level while 2020 ridership was approximately 25% of the 2019 level. During 2021, Metra introduced a $10 all-day pass product and extended expiration of 10 ride and single day tickets to December 31, 2021 to encourage previous riders and attract new riders to commute using Metra.

Also contributing to the decrease in passenger revenue between 2021 and 2020 was the impact of the new Fair Transit South Cook pilot program that reduced fares on two of Metra's lines serving the south Cook County region. On December 17, 2020, Metra entered into a three-year agreement with Cook County whereby all riders on the Metra Electric District and Rock Island lines are eligible for reduced fare rates – which are normally for seniors, K-12 students and other eligible groups – for all tickets. To facilitate this program, Cook County agreed to reimburse Metra for any fare revenue lost due to allowing riders on the Metra Electric District and Rock Island lines to use reduced-fare tickets. The program launched on January 4, 2021 and commuters saved approximately $9 million in reduced fares during 2021. Although Metra will be fully reimbursed for the $9 million in reduced fares, the reduced fare reimbursements are recorded in Other Operating Revenue and not in Passenger Revenue.

Table 3a
Passenger Trips By Line

(In thousands of passenger trips)

Rail line	2021*	2020*	Increase (decrease)	Percent
Burlington Northern/Santa Fe	2,484	3,660	(1,176)	(32.1)%
Metra Electric	1,837	2,019	(182)	(9.0)%
Heritage Corridor	82	177	(95)	(53.7)%
Milwaukee–North	1,094	1,557	(463)	(29.7)%
Milwaukee–West	1,060	1,481	(421)	(28.4)%
North Central Service	147	341	(194)	(56.9)%
Rock Island	1,669	1,953	(284)	(14.5)%
SouthWest Service	305	575	(270)	(47.0)%
Union Pacific–North	1,954	2,300	(346)	(15.0)%
Union Pacific–Northwest	1,962	2,602	(640)	(24.6)%
Union Pacific–West	1,487	1,946	(459)	(23.6)%
Total passenger trips	14,081	18,611	(4,530)	(24.3)%

* Includes free senior rides; does not include Northern Indiana Commuter Transportation District (NICTD)

Other operating revenue increased by $23.9 million or 57.3%. The increase is driven by income from selling usage and access rights on Metra property for $16 million (described below), the reimbursement from the Fair Transit South Cook pilot program of $9 million and increases in trackage fees of $1.3 million or 6.8%. These increases were partially offset by decreases in interest income of $3.4 million or 98.9%, advertising income of $2.8 million or 69.7%, lease revenue of $0.7 million or 13.5%, and parking revenue of $0.1 million or 12.3%. The decreases in advertising income and parking revenue were related to lower ridership while the decreases in interest income and lease revenue were related to the economic impacts of the COVID pandemic.

In 2021, for allowing NICTD to operate additional trains over Metra trackage, NICTD agreed to pay Metra a onetime payment of $16 million for selling and access usage rights, $8 million for the Double Track Northwest Indiana Project and $8 million for the West Lake Corridor Project.

Nonoperating revenue increased by $119.4 million or 14.0% driven by increases in RTA grants of $123.8 million or 252.4%, RTA sales tax of $103.2 million or 25.9% which were partially offset by decreases in Federal Transit Administration (FTA) CARES Act operating assistance of $26.8 million or 16.7%, federal grants of $50.9 million or 24.4%, IDOT grants of $9.1 million or 103.5%, and local grants of $1.1 million or 11.3%.

The increase in RTA sales tax is particularly notable. Supported by Federal Government stimulus provided to individuals and families, consumer spending remained strong throughout 2021 which was reflected in robust sales tax receipts. In 2020, consumer spending and related sales tax receipts were reduced in the first months of the pandemic as consumers adjusted to the uncertainty caused by government stay at home mandates and regulations associated with the COVID-19 pandemic. Also contributing to the increase in RTA Sales Taxes was the impact of Illinois State legislation, called "Leveling the Playing Field for Illinois Retail Act", that went into effect as of January 1, 2021. This legislation required "remote retailers" (i.e., retailers without a physical presence in the state of Illinois) to collect and remit State and local retailers' occupation taxes, which previously weren't required to be collected and remitted by remote retailers. Metra estimates that approximately $40 million of the increase is due to this new legislation.

Total operating expenses before depreciation of $730.5 million increased by $46.1 million or 6.7% from $684.4 million in 2020. Compared to 2019, a full pre-COVID pandemic year in which operating expenses before depreciation were $802.1 million, 2021 operating expenses before depreciation were approximately 9% lower, reflecting reduced service levels in response to decreased ridership, lower maintenance costs due to utilizing less equipment in providing reduced service and lower labor and fringes costs due to a lower average headcount. Throughout 2021, Metra strategically increased service in response to improving ridership, social distancing concerns and other schedule adjustments.

The $46.1 million increase is comprised of Engineering function expenses increasing $47.3 million or 38.7%, Administration function expenses increasing by $20.0 million or 30.1%, Mechanical function expenses increasing by $7.8 million or 4.7%, fuel and motive power expenses increasing by $3.7 million or 8.4%, which were partially offset by decreasing Transportation function expenses of $16.3 million or 6.8%, decreasing Downtown Stations expenses of $9.1 million or 47.4% and decreasing Claims and insurance expenses of $7.3 million or 27.5%.

The 2020 Engineering and Administration function expenses include $43.4 million ($28.1 million in Engineering and $15.3 million in Administration) of contra expenses representing the reversal of previously accrued reserves and other expenses. Excluding these reversals, 2020 Engineering expenses would have been $150.2 million and Administration expenses would have been $81.7 million. Engineering would then have reported a $19.2 million or 12.8% increase in expenses between 2021 and 2020, and Administration would have reported a $4.7 million or 5.8% increase in expenses between 2021 and 2020. Lower overhead expense reimbursement received from grants and other capital funding sources in 2021, due to lower reimbursement rates and lower capital work performed by Metra forces, contributed most of the remaining expense increase for both the Engineering and Administration functions. The decrease in year over year Transportation function expenses is attributed to running an abbreviated schedule for the full year in 2021 compared to nine months in 2020, as well as reduced labor and fringe expenses due to reduced headcount. The decrease in year over year Downtown Station expenses was mostly due to reversing a reserve related to Chicago Union Station (CUS) rental expense, as a ruling by the Surface Transportation Board (STB) set compensation for usage and access rights of CUS by Metra at a lower amount than anticipated.

Fuel and Motive Power increased $3.7 million or 7.% in total, largely driven by higher spending for fuel in 2021 compared to 2020. Metra consumed 19.4 million of gallons of diesel fuel with an average price $2.279 per gallon in 2021 compared to 18.8 million of gallons of diesel fuel with an average price $2.187 per gallon in 2020. Spending for motive power in 2021 was also higher than 2020. Metra consumed 60.3 million KWH of electricity to provide motive power to Electric District trains in 2021 at an average price of $0.0642 per KWH compared to 56.7 million KWH of electricity in 2020 at an average price of $0.0574 per KWH.

Capital Assets

Metra continues its capital program primarily geared toward rebuilding, modernizing, and improving worn assets. Metra's capital investment policy is to maintain safe, reliable, and quality services and facilities for its passengers and workers, while improving the efficiency and cost-effectiveness of its operations. Metra's priority is to preserve and modernize the existing system. To do so requires projects that help provide continued on-time and reliable public transportation services in an efficient and cost-effective manner.

As of December 31, 2021 and 2020, Metra had invested approximately $8.7 billion and $8.3 billion, respectively, in capital assets including land, stations, maintenance facilities, rolling stock, track, structures, and signal and communication equipment as well as other support equipment. Metra's net capital assets at December 31, 2021 and 2020 totaled approximately $3,257.6 million and $3,109.4 million, respectively (see Table 4a). This amount represents a net increase (including additions and disposals, net of depreciation) of $148.2 million or 4.8% over the December 31, 2020 balance.

Table 4a
Capital Assets by Funding Source
Current Year to Prior Year Analysis

(Amounts in millions of dollars)

	December 31		Change Increase (decrease)	
Funding source	**2021**	**2020**	**Dollars**	**Percent**
Federal Transit Administration	$ 4,443.5	$ 4,273.0	$ 170.5	4.0 %
Illinoise Department of Transportation	669.3	669.6	(0.3)	0.0 %
Regional Transportation Authority	2,444.0	2,273.8	170.2	7.5 %
NICTD	6.4	6.4	0.0	0.0 %
Metra and other	1,117.1	1,086.6	30.5	2.8 %
Total capital assets	8,680.3	8,309.4	370.9	4.5 %
Accumulate depreciation	(5,442.7)	(5,200.0)	(242.7)	4.3 %
Total capital assets—net	$ 3,237.6	$ 3,109.4	$ 128.2	4.1 %

Major capital asset expenditures during 2021 and 2020 include the following.

- Metra's Rolling Stock program seeks to ensure that an adequate number of locomotives and commuter railcars are available to meet the current and future service needs of the system. This program includes rehabilitation of, and improvements to, existing vehicles. Metra expended $48.9 million and $100.9 million for 2021 and 2020, respectively, to upgrade and maintain its existing fleet through remanufacturing, rehabilitations, and replacement of major subassemblies.

- The *Track and Structure* program provides for the continued rehabilitation and upgrading of Metra's commuter railroad rights-of-way and structures. In addition to maintaining operational safety, the rehabilitation of track and structures results in reduced train running times, fewer interruptions in service, greater passenger comfort, and efficient use of plant and equipment. Under this program Metra expended $59.5 million and $41.0 million in 2021 and 2020, respectively.

- *Signaling, Electrical, and Communications* systems and equipment improvements are designed to maximize commuter operating efficiencies, maintain reliability of rail service, and provide a safe system of dispatching and centrally controlled train movements. Signaling, electrical, and communications expenditures in 2021 and 2020 were $48.7 million and $71.5 million, respectively. The largest component of the expenditures in this category for 2021 has been for Positive Train Control (PTC). PTC is a communication-based train control safety system intended to prevent train collisions. PTC has been installed in all Metra locomotives. PTC expenditures in 2021 and 2020 were $20.7 million and $45.2 million.

- *Support Facilities and Equipment* includes maintenance yards, layover and storage facilities, and support vehicles and equipment that are essential to maintaining reliable and efficient commuter services. Support facilities and equipment expenditures in 2021 and 2020 were $35.7 million and $43.0 million, respectively.

- *Commuter Stations* are portals between the Metra system and communities in which they are located. Stations must be functional and compliant with the Americans with Disabilities Act, as well as inviting to Metra customers. Commuter stations expenditures in 2021 and 2020 were $8.4 million and $18.0 million, respectively.

- The *Commuter Parking* program is designed to expand parking capacity to relieve overcrowding at existing facilities and to accommodate future ridership growth. Parking improvements are constructed in a manner to ensure conformance with the requirements of the Americans with Disabilities Act. Commuter parking expenditures in 2021 and 2020 were $0.7 million and $0.4 million respectively.

RTA Sales Tax and Public Transportation Funds

RTA Sales Tax and PTF have been the primary sources of funding for the RTA and the three Service Boards Metra, CTA and Pace for over three decades. The RTA Sales Tax is authorized by Illinois statute and imposed by the RTA in the six-county northeastern Illinois region. The RTA Sales Tax is collected by the Illinois Department of Revenue, paid to the Treasurer of the State of Illinois, and held in trust for the RTA outside the State Treasury. Proceeds from the RTA Sales Tax are paid directly to the RTA on a monthly basis, without appropriation, by the State Treasury or on the order of the State Comptroller. Since 2016, the state holds back a percentage of sales tax as collection fees.

The original RTA sales tax (Sales Tax I) is levied at 1.0% in Cook County and 0.25% in the collar counties of DuPage, Kane, Lake, McHenry, and Will. The RTA distributes 85% of Sales Tax I receipts to the Service Boards according to a statutory formula. The remaining 15% of Sales Tax I is retained by the RTA to fund regional and agency expenses before being allocated at the discretion of the RTA Board. Metra receives 55% of the Service Board statutory share of Sales Tax I collected in Suburban Cook County and 70% of the share collected in the collar counties.

The Public Transportation Fund is State-provided funding initially comprising of a 25% match of Sales Tax I receipts (PTF I). RTA retains 100% of PTF I, and then distributes it as "discretionary" (i.e., not allocated by statute) funding, traditionally 98% to CTA and 2% to Pace. RTA retains 15% of Sales Tax I for its own use. PTF revenues are payable to the RTA upon State appropriation. None of the PTF revenues are actually paid to the RTA until the RTA certifies to the Governor, the State Comptroller, and the Mayor of the City of Chicago that it has adopted a budget and two-year financial plan as called for by the RTA Act.

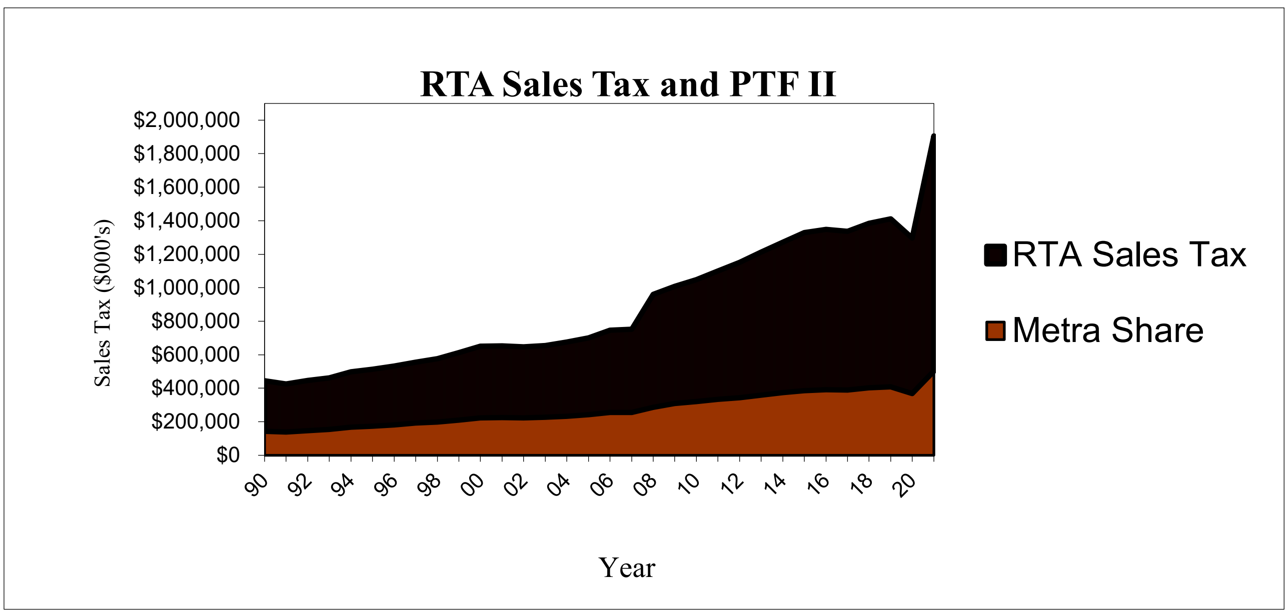
The RTA Act, as amended in 2008, increased the RTA sales tax by an additional 0.25% in all six counties of the RTA region (Sales Tax II), increased the Real Estate Transfer Tax (RETT) in the City of Chicago by 0.3%, and provided additional Public Transportation Funds equal to a 5% match of Sales Tax I receipts and a 30% match of Sales Tax II receipts and RETT receipts (PTF II). By statute, CTA receives all revenue from the RETT increase and 25% PTF match on the RETT. Sales Tax II and remaining PTF II (i.e., 5% match on Sales Tax I, 30% match on Sales Tax II, and 5% match on the RETT) were distributed to the three Service Boards and the RTA in 2021 as follows.

- $157.3 million to Pace ADA Paratransit Service
- $29.9 million to Pace Suburban Community Mobility Fund (SCMF)
- $14.9 million to the RTA Innovation, Coordination, and Enhancement (ICE) Fund

After these deductions, all remaining Sales Tax II and PTF II proceeds are distributed as follows: 48% CTA; 39% Metra; and 13% Pace Suburban Service.

The following graph shows the annual Sales Tax I collected in the six-county region since 1990, together with the Sales Tax II and PTF II collected beginning in 2008. Year 2021 Sales Tax I and combined Sales Tax II/PTF II totaled $1,085.6 million and $820.4 million, respectively. Metra's statutory shares $368.2 million and $134.9 million, respectively, together represent 26.4% of total RTA Sales Tax and PTF II revenue sources.

Figure 1: Sales Tax and Metra Statutory Share



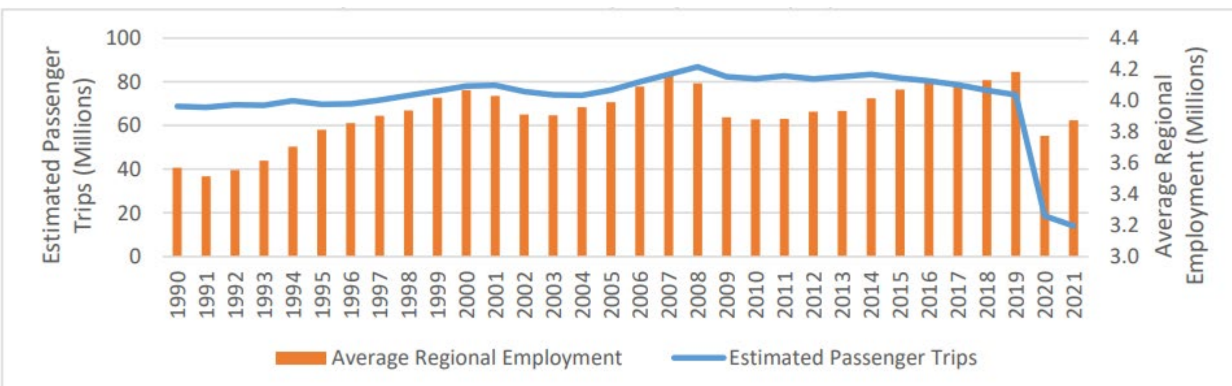
Federal COVID Relief Funding

During 2020 and 2021, the federal government passed three separate pieces of legislation designed to reimburse transit-related costs that are not funded by fare revenues and public funding. On May 21, 2020, the RTA's Board of Directors approved Ordinance 2020-20 to apportion *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)* funding among the transit agencies, of which Metra was allotted $479.2 million. In 2020, Metra requisitioned $177.0 million of CARES Act funding from the FTA. In 2021, Metra requisitioned $108.3 million of CARES Act funding from the FTA, leaving $193.9 million remaining. On March 18, 2021 , the RTA's Board of Directors approved Ordinance 2021-08 to apportion *Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)* funding among the transit agencies, of which Metra was allotted $83.4 million. In 2021, Metra requisitioned $7.6 million of CRSAA funding from the FTA, leaving $75.8 million remaining. On November 5, 2021, the RTA's Board of Directors approved Ordinance 2021-60 to apportion *American Rescue Plan Act (ARPA)* funding amount the transit agencies, of which Metra was allotted $513.6 million. As of December 31, 2021, Metra has not requisitioned any amount of the ARPA funding from the FTA, leaving the entire $513.6 million remaining. In total, there is $783.3 million of available Federal COVID relief funding which will be used to cover funding deficits that may occur in 2022 and thereafter.

Employment

Prior to COVID-19, approximately 90% of passenger trips taken on Metra were for work. The health of the regional economy, especially in terms of employment levels, greatly influences Metra ridership (see Figure 2). Regional employment has generally grown since 1990. The economic downturn following the September 11th attacks in 2001, the 2007 to 2009 economic recession (affecting 2008 through 2010 employment averages), and the COVID-19 pandemic in 2020 and 2021 are exceptions. Regional employment averaged 3.9 million for 2021, a 3.9 percent increase compared to 2020. Workers returned to downtown offices throughout 2021 as vaccinations became available and office occupancy restrictions were relaxed, but many remained on hybrid and full-time work from home schedules.

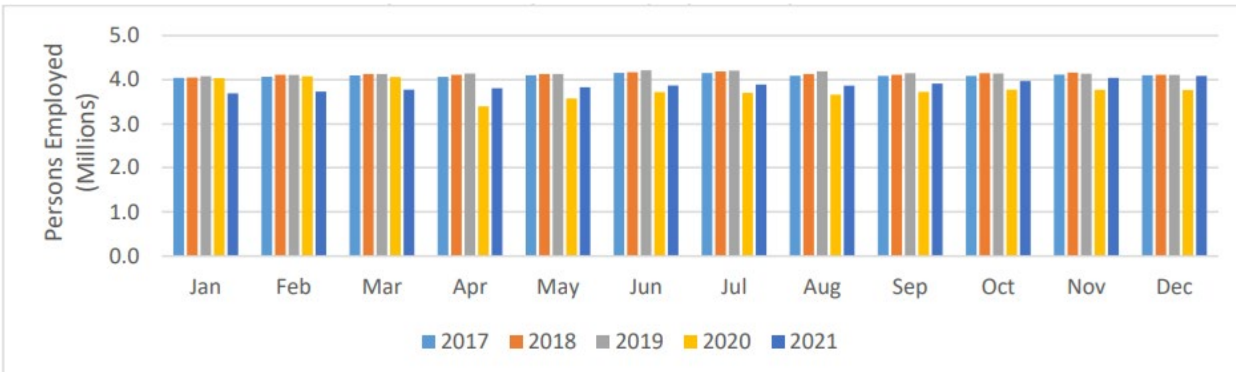
Figure 2: Annual Average Regional Employment



Source: Illinois Department of Economic Security. Includes employees covered under the State's Unemployment Insurance Act. Includes employment figures for Cook, DuPage, Kane, Lake, McHenry, and Will Counties. Government workers are not included in these estimates.

Figure 3 shows regional employment by month for 2016 through 2021. Approximately 4 million people were employed in the Metra region at the start of 2020, falling to 3.4 million in April 2020 during initial COVID-19 restrictions. Employment has continued to grow in 2021, starting the year at 3.7 million people employed in January and rising to 4.1 million in December. Increased vaccinations caused COVID-19 cases to drop through the first half of 2021. While the Restore Illinois Plan had previously limited imposed capacity limits on offices, these restrictions were lifted in June. While employment has returned at the regional level, full and hybrid work from home arrangements tampered with any increased need for transportation throughout the year.

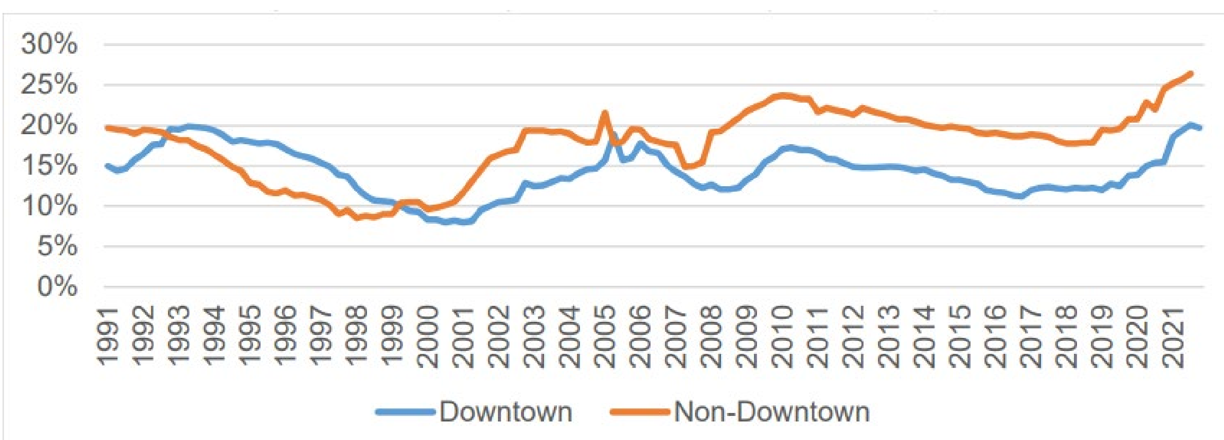
Figure 3: Regional Employment by Month



Source: Illinois Department of Economic Security. Includes employees covered under the State's Unemployment Insurance Act. Government workers are not included.

Unoccupied office space downtown at the beginning of the year was 15.5%. During the first three quarters of 2021, unoccupied office space increased to 20.1%, its highest level since the start of the COVID-19 pandemic. It decreased 0.4 percent in the fourth quarter to 19.7 percent, the first decrease since 2019. The increase in the first quarter significantly shaped the remainder of the year. The increase of 3.1 percent ranked as only the second worst quarter of the last 20 years, behind a 3.2 percent increase in the second quarter of 2005, a loss that was reversed the following quarter as new employers moved into the area. Suburban unoccupied office space increased throughout 2021, ending the year at 26.4 percent.

Figure 4: Quarterly Percent of Unoccupied Office Space



Source: CB Richard Ellis

Debt Administration

Metra has no debt. The RTA Act, as amended by the Illinois legislature in January 2008, authorizes Metra to issue up to $1.0 billion in bonds for capital projects.

Contacting Metra's Financial Management

This report is designed to provide the general public with an overview of Metra's finances and to show Metra's accountability for the money it receives. If you have questions about this report or need additional information, contact the Office of the Controller at 547 W. Jackson, Chicago, IL 60661, or www.metra.com.

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

ASSETS	
CURRENT ASSETS:	
Cash, cash equivalents, and short term investments:	
Cash and cash equivalents	$ 47,014,871
Short-term investments	229,894,685
Total cash, cash equivalents, and short term investments	276,909,556
Accounts receivable:	
Grant projects	120,925,859
Financial assistance—RTA	115,279,859
Other accounts receivable	7,953,909
Other accrued accounts receivable	7,874,824
Total accounts receivable	252,034,451
Materials and supplies	27,589,461
Prepaid expense	11,148,290
Total current assets	567,681,758
LONG-TERM ASSETS:	
Long-term investments	29,528,650
Capital assets:	
Capital projects in progress	142,491,181
Land	157,082,718
Rolling stock	2,892,371,104
Roadways and passenger stations	4,511,525,317
Support equipment and infrastructure	976,827,576
Less accumulated depreciation	(5,422,715,232)
Total capital assets—net	3,257,582,664
Total long-term assets	3,287,111,314
TOTAL ASSETS	$ 3,854,793,072
DEFERRED OUTFLOW OF RESOURCES	
PENSION RELATED	$ 56,089,609
OPEB RELATED	12,270,109
TOTAL DEFERRED OUTFLOW OF RESOURCES	$ 68,359,718

(Continued)

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	$ 5,332,854
Other accrued expenses	133,513,968
Accrued wages and benefits payable	52,342,892
Accrued claims—current	13,139,160
Accrued post-retiree health benefits (OPEB)—current	982,903
Unearned revenue	15,284,110
Total current liabilities	220,595,887
LONG-TERM LIABILITIES:	
Accrued claims	62,494,971
Net pension liability	62,730,929
Accrued post-retiree health benefits (OPEB)	60,647,877
Total long-term liabilities	185,873,777
TOTAL LIABILITIES	$ 406,469,664
DEFERRED INFLOW OF RESOURCES	
PENSION RELATED	$ 10,004,362
OPEB RELATED	4,896,209
TOTAL DEFERRED INFLOW OF RESOURCES	$ 14,900,571
NET POSITION:	
Net investment in capital assets	$ 3,257,582,664
Unrestricted net assets	244,199,891
TOTAL NET POSITION	$ 3,501,782,555

See accompanying notes to financial statements. (Concluded)

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUE:	
Passenger revenue	$ 67,448,313
Other	65,578,183
Total operating revenue	133,026,496
OPERATING EXPENSES:	
Transportation	222,318,631
Fuel and motive power	48,030,370
Engineering	169,348,163
Mechanical	175,089,448
Administration	86,422,352
Claims and insurance	19,130,491
Downtown stations	10,127,499
Total operating expenses before depreciation	730,466,954
Depreciation	223,894,722
Total operating expenses	954,361,676
OPERATING LOSS	(821,335,180)
NONOPERATING REVENUE:	
FTA Operating Assistance - CARES & CRRSAA	115,882,737
Federal Operating Funds	781,407
TSA Operating Assistance	92,177
RTA Financial Assistance	502,230,413
RTA Operating Assistance	3,069,703
Total nonoperating revenue	622,056,437
CAPITAL CONTRIBUTIONS	351,179,930
CHANGE IN NET POSITION	151,901,187
NET POSITION AT BEGINNING OF YEAR	3,349,881,368
NET POSITION AT END OF YEAR	$ 3,501,782,555

See accompanying notes to financial statements.

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from fares	$ 78,421,950
Cash received from other operating revenue items	53,141,046
Cash paid to and on behalf of employees for services	(502,031,703)
Cash paid for claims	(3,401,120)
Cash paid to contractual service providers and suppliers	(239,452,908)
Net cash used in operating activities	(613,322,735)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash received from RTA sales tax and other local noncapital assistance	471,406,113
Cash received from noncapital state assistance	8,291
Cash received from noncapital federal assistance	133,132,941
Net cash provided by noncapital and related financing activities	604,547,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash received from capital grants	334,717,735
Cash paid to acquire and construct capital assets	(399,919,503)
Net cash used in capital and related financing activities	(65,201,768)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash received from the sale of investment securities	886,394,301
Cash paid for the purchase of investment securities	(855,834,510)
Net cash provided in investing activities	30,559,791
NET DECREASE IN CASH AND CASH EQUIVALENTS	(43,417,367)
CASH AND CASH EQUIVALENTS—Beginning of year	90,432,238
CASH AND CASH EQUIVALENTS—End of year	$ 47,014,871

(Continued)

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$ (821,335,180)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	223,894,722
Impairment loss	
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(6,796,037)
Materials and supplies	(1,610,689)
Prepaid expense	(3,715,975)
Deferred outflow of resources	(36,049,741)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	(16,323,230)
Accrued wages and benefits payable	(7,466,612)
Claims reserves	6,465,911
Net pension liability	34,881,218
Accrued post-retiree health benefits (OPEB)	6,736,882
Deferred inflow of resources	2,663,459
Unearned revenue	5,332,537
Total adjustments	208,012,445
NET CASH USED IN OPERATING ACTIVITIES	$ (613,322,735)
NONCASH CAPITAL FINANCING ACTIVITIES—Purchases of capital assets in accounts payable at year-end	$ 42,585,238

See accompanying notes to financial statements. (Concluded)

1. ORGANIZATION

The Commuter Rail Division (CRD) of the Regional Transportation Authority (RTA) and the Northeast Illinois Regional Commuter Railroad Corporation (NIRCRC) were established by the Regional Transportation Authority Act (the RTA Act) to operate commuter rail service in the six-county region of Northeast Illinois. The CRD and NIRCRC are governed by the Commuter Rail Board (CRB) and collectively do business using the trademark name of "Metra." The CRB is responsible for establishing policy for the day-to-day operations, capital investments, finances, fare levels, and service and facilities planning for Metra.

Metra operates and manages the Rock Island, Milwaukee Road, Metra Electric, Heritage Corridor, North Central Service, and Southwest Service commuter lines. Metra also contracts for commuter rail service on other lines through purchase of service agreements (PSA's) executed with the Union Pacific Railroad (UP) and the NSF Railway (BNSF). Employees of these railroads operate Metra owned trains and represent as Metra employees. Metra has a limited PSA with Northern Indiana Commuter Transportation District (NICTD). Employees of NICTD operate NICTD owned trains representing as NICTD employees.

Metra also has trackage rights agreements with NICTD, Amtrak, CSX Corporation, Canadian Pacific Railway, Chicago Rail Link, Union Pacific Railroad, Norfolk Southern Railway, Wisconsin and Southern Railroad, Wisconsin Central Ltd. (Canadian National), and Iowa Interstate Railroad.

The RTA Act provides for funding of public transportation in the six-county region of Northeast Illinois. The RTA Act requires that at least 50% of system wide operating costs, excluding depreciation and certain other items, are financed through passenger fares and other revenues. In November of 2021, the state of Illinois legislature approved an amendment to the RTA Act suspending financial consequences if the required 50% of system wide adjusted operating costs are not financed through passenger fares and other revenue. The RTA serves as the oversight, funding and regional planning agency for the bus and rail services provided by Metra, Chicago Transit Authority (CTA), and the Suburban Bus Division (Pace). The RTA distributes funding for public transportation in the six-county area and establishes funding marks and recovery ratios for each service board on a budgetary basis.

Reporting Entity—As defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—An Amendment of GASB Statement No. 14*, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

- Fiscal dependency on the primary government.

The RTA Board does not control the selection of any members of the Metra Board. Members of the Metra Board cannot serve on the RTA Board. The Metra Board approves the level of service, passenger fares, and operating policies and is accountable for fiscal matters, including ownership of assets, relationships with federal and state transportation funding agencies that provide financial assistance, and the preparation of operating budgets. The Metra Board is also responsible for the purchase of services and approval of contracts relating to its operations.

Based on these factors and applying the aforementioned criteria used to determine financial accountability, strictly for technical financial reporting purposes, management does not consider Metra to be a component unit of the RTA.

As described above, Metra has contracts with certain rail carriers. With the exception of deficit funding and "in-kind assistance" specifically defined in these agreements, Metra is not financially accountable for these carriers, and they are not considered to be a part of the Metra financial reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying financial statements of Metra are maintained in accordance with U.S. generally accepted accounting principles (U.S. GAAP) applicable to governmental entities. The accounts of Metra are organized as an enterprise fund type and are used to account for Metra's activities similar to a private business enterprise on the accrual basis of accounting. Therefore, revenue is recognized when earned, and expenses are recorded at the time liabilities are incurred.

Nonexchange transactions, in which Metra receives value without directly giving equal value in return, include grants from federal, state, and local governments. On an accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, and expense requirements, in which the resources are provided to Metra on a reimbursement basis.

Use of Estimates—The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful life of capital assets, allowances for doubtful accounts, reserves for employee-benefit obligations, and other contingencies.

Cash and Cash Equivalents—For purposes of the statement of cash flows, Metra considers all highly liquid investments with a maturity at the time of purchase of three months or less to be cash equivalents.

Investments—Metra categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on valuation inputs used to measure the fair value asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The investments that Metra may purchase are limited by the State of Illinois Public Investments Act, 30 ILCS 235, to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations, which are insured by a Federal corporation; (4) short-term discount obligations of the Federal National Mortgage Association; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois Funds; and (8) money market mutual funds and certain other instruments.

The Illinois Funds is an external investment pool administered by the State Treasurer. The fair value of Metra's share in the fund is the same as the value in the pool shares. Although not subject to direct oversight, the Illinois Funds is administered in accordance with the provisions of the Illinois Public Investment Act, 30 ILCS 235.

Accounts Receivable and Accrued Receivables—This group represents known receivable amounts due to Metra. Accounts Receivable represents amounts due to Metra for which an invoice has been created. Accrued Receivables represent amounts due to Metra for which an invoice has not been generated. This category includes reimbursements due from grant projects, financial assistance from RTA, and other receivables. Grant projects reimbursements represent capital project receipts not yet collected for both completed and in progress projects from the Federal Transit Administration, Regional Transportation Authority, Illinois Department of Transportation and other government agencies. Financial assistance from RTA represents sales tax and public transportation funds due Metra. All receivables are recorded on an accrual method when the amounts are due to Metra.

Materials and Supplies—Materials and supplies are recorded at average cost.

Capital Assets—Capital assets are recorded at cost, less accumulated depreciation. The cost of maintenance and repairs is charged to operations as incurred. Metra capitalizes assets, which have a useful life of more than one year, a unit or group cost of more than $5,000, are purchased with grant funding and are not intentionally acquired for resale. Depreciation is calculated by class of assets using the straight-line method over the estimated useful lives of the respective assets, as follows:

	Years
Rolling stock, roadways, infrastructures, and passenger stations	10–35
Support equipment (including furniture, fixtures, and office equipment)	2–10

Accounts Payable—Accounts Payable represents invoices Metra has received but not yet paid.

Accrued Expenses—Accrued expenses include the value of goods and/or services that have been received by Metra but no invoice has been received.

Accrued Wages and Benefits Payable—Accrued wages and benefits payable include accruals for payroll, salary related employer obligations, and liabilities for compensated absences. All employees receive compensation for vacations, holidays, illness, and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. Sick leave is accrued as the benefits are earned, but only to the extent it is probable that Metra will compensate the employee through cash payments conditioned on the employee's termination or retirement. Compensation for holidays and other qualifying absences is not accrued in the accompanying financial statements because rights to such compensation amounts do not accumulate.

Metra accounts for compensated absences under GASB Statement No. 16, *Accounting for Compensated Absences*, whereby the applicable salary-related employer obligations are accrued in addition to the compensated absences liability. The amount is recorded as a portion of accrued wages and benefits payable on the statement of net position.

Claims Liabilities—Metra provides for retained risk programs for public liability, property damage, and Federal Employers Liability Act (FELA) claims. In 1993, the RTA, as authorized under the Joint Self-Insurance Fund, obtained liability insurance as part of the retained risk programs currently maintained by Metra. Claims are recorded in the year of occurrence (see Note 6). Metra directly administers the public liability, property damage, and FELA programs.

Pensions—Metra is a participant in the RTA Pension Plan (RTAPP), a cost-sharing multiple employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the RTAPP and additions to/deductions from RTAPP's fiduciary net position have been determined on the same basis as they are reported by RTAPP. Metra accounts for pension liabilities under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, whereby benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-Employment Benefits other Than Pensions (OPEB)—Metra maintains a Retiree Healthcare Program, a single employer defined benefit OPEB plan that provides healthcare benefits to eligible retired non-contract employees, executive and senior management employees, board members, and contract police officers. The OPEB plan is administered by Metra. Metra records OPEB liability for the retiree health plan in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. An actuarial valuation is done annually and the OPEB liability is adjusted at year end to reflect the liability reported in the valuation.

Net Position—Net position is displayed in two components, as follows.

- ***Net Investment in Capital Assets*** consists of all federal, state, and local grant funded capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- ***Unrestricted*** consists of the remaining components of net position that do not meet the definition of "net investment in capital assets."

Classification of Revenue—Metra has classified its revenue as either operating or nonoperating, as well as capital contributions. Operating revenue includes activities that have the characteristics of exchange transactions, including passenger revenue and other nonpassenger operating revenue. Nonpassenger operating revenue includes joint facility revenue, interest income, lease and rental income, advertising income, and other miscellaneous nonfare generated income. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as contracts, sales tax subsidies, and certain federal grants for operating assistance. Capital contributions also have characteristics of nonexchange transactions and include federal, state and local grants to fund capital activities.

Passenger Revenues—Metra sells full and reduced fare, one-way, 10-ride, monthly, weekend, and special event tickets through various distribution channels, including train stations, on-train personnel, Ventra mobile application, vending machines and group sales. Sales of one-way tickets, tickets sold by on-train personal, and weekend tickets are recorded as revenue when the tickets are sold. Passenger revenues for monthly tickets are recorded in the month for the ticket is valid. Revenue for tickets sold through Ventra mobile application are recognized when activated by passengers, including ten ride tickets where each ride is monitored. Unused rides are considered unearned revenue. This methodology is applied to record unearned revenue for tickets sold through other channels.

Nonoperating Revenue—Metra's nonoperating revenue includes federal, state, and local grant reimbursements, sales tax revenue, and other operating assistance distributed through appropriations from the RTA. Metra's statutory share of RTA sales tax proceeds was approximately $502.2 million for the year ended December 31, 2021 Metra requisitioned $108.3 million of CARES Act funding and $7.6 million of CRRSAA from the FTA in 2021. Other federal and local operating assistance totaled $4.0 million in 2021.

Capital Contributions–Metra's capital contributions include federal, state and local grant reimbursements for capital activities. For the year ended December 31, 2021, federal funding from the FTA was $171.0 million, RTA capital funding was $169.6 million and all other funding was $10.5 million. Separately, in 2021 Metra received an advance of $5.5 million in innovation, coordination, and enhancement (ICE) funding from the RTA.

New Accounting Pronouncements—GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of Metra upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Metra Required Year of Adoption
87	Leases	2022
91	Conduit Debt Obligations 2021	2022
92	Omnibus 2020	2022
93	Replacement of Interbank Offered Rates	2022
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
95	Postponement of the Effective Dates of Certain Authoritative Guidance	2022
96	Subscription-based Information Technology Arrangements	2023
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32	2022

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, Cash Equivalents, and Investments—Cash, cash equivalents, and investments are reported in the statement of net position as of December 31, 2021, as follows.

Bank deposits, working cash, certificates of deposit, and cash equivalents	$ 47,014,871
Short-term Investments	229,894,685
Total cash, cash equivalents, and investments	$ 276,909,556
Long-term investments	$ 29,528,650

Metra initially deposits cash in accounts maintained in Federal Deposit Insurance Corporation (FDIC) insured banks located in Illinois and earns interest as provided under Federal Reserve Bank regulations. Funds may be invested in registered time deposits and other interest-bearing accounts in FDIC-insured institutions. Funds can also be invested in U.S. government obligations, commercial paper, collateralized repurchase agreements arranged through various banks and brokerage firms, and other investments as permitted by Metra's investment policy.

Custodial Credit Risk—Deposits—Custodial credit risk, as it relates to deposits, is the risk that in the event of a financial institution failure, Metra's deposits may not be returned. Metra's investment policy requires deposits in excess of FDIC coverage be collateralized with securities or financial instruments permitted by the Public Funds Investment Act with maturities not exceeding five years. Metra's bank balances were $3,885,503 at December 31, 2021, and was covered by FDIC insurance or by collateral held by third party at December 31, 2021.

Custodial Credit Risk—Investments—Custodial credit risk, as it relates to investments, is the risk that, in the event of the failure of the counterparty, Metra will not be able to recover the value of its investments or collateral securities that are in the possession of a third party. Metra's investment policy requires that safekeeping and collateralization is in compliance with the requirements of the Public Funds Investment Act.

Interest Rate Risk—Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Metra's investment policy seeks to ascertain safety of principal and to attain a market average or better rate of return, taking into account risk, constraints, cash flow, and legal restrictions on investments. Metra routinely monitors the contents of the portfolio, the available markets, and the relative values of competing instruments to assess the effectiveness of the portfolio in meeting the safety, liquidity, rate of return, diversification, and general performance objectives, and to adjust the portfolio accordingly. The following schedule reports the fair values and maturities (using the segmented time distribution method) for Metra's investments as of December 31, 2021:

	Investment Maturities (in Years)		
Investment Type	**Less than 1**	**1–5**	**Total**
U.S. Treasury securities	$ 99,920,000	$ 4,973,250	$ 104,893,250
U.S. agencies	29,984,000	24,555,400	54,539,400
Commercial paper	99,990,685	-	99,990,685
Total	$ 229,894,685	$ 29,528,650	$ 259,423,335

Credit Risk—Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. Metra's investment policy is to apply the prudent-person rule, which states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of the capital as well as the probable income to be derived. Metra's investment policy limits investments in short-term obligations of corporations organized in the United States with assets exceeding $500 million if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase; (ii) such purchases do not exceed 10% of the corporation's outstanding obligations; and (iii) no more than one-third of Metra's funds may be invested in short-term obligations of corporations.

Credit ratings for Metra's investments as described by Standard & Poor's at December 31, 2021, are as follows:

Credit Ratings of Investments Held as of December 31, 2021 (S&P)
(as a Percentage of Total Fair Value for Investment Securities)

Investment Type	Fair Value	Percent	S&P
U.S. Treasury securities	$ 104,893,250	40.43 %	AA+
U.S. agencies	54,539,400	21.02	AAA, AA+
Commercial paper	99,990,685	38.54	A1, A2, F1, F2
Total investments at fair value	$ 259,423,335	100.00 %	

Concentration of Credit Risk—Concentration of credit risk occurs when investments in one issuer exceed 5% of the investment portfolio (lack of diversification). Metra's investment policy is in accordance with the Illinois Public Funds Investment Act and states that commercial paper purchases should not exceed 10% of the issuing corporation's outstanding obligations.

Following are the investments by issuer that exceeded 5% or more of the total investments, and the percent of the fair value to total investments, as of December 31, 2021:

Issuer	Fair Value	Percent
U.S. agencies—Federal Home Loan Bank	$ 39,642,850	15.3 %

Fair Value Measurement of Investments—Fair value is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date (i.e. the exit price). Fair value measurements are determined within a framework that utilizes a three-tier hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1—Unadjusted quoted prices in active markets for identical assets.

Level 2—Inputs other than quoted prices that are observable for the asset, either directly or indirectly.

These inputs include:

(a) quoted prices for similar assets in active markets
(b) quoted prices for identical or similar assets in markets that are not active

Investments by Fair Value Level	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Assets (Level 3)
Commercial paper	$ 99,990,685	$ -	$ 99,990,685	$ -
U.S. agencies	54,539,400	-	54,539,400	-
U.S. Treasury securities	104,893,250	104,893,250	-	-
Investments measured by fair value level	$ 259,423,335	$ 104,893,250	$ 154,530,085	$ -

4. CAPITAL ASSETS

In 2021, Metra entered a multi-year contract with Alstom Transportation Inc. to purchase new push-pull rail commuter cars. Per terms of the contract the base order will be 200 cars with options to purchase up to an additional 300 cars. These cars will be wheelchair accessible pursuant to the requirements of the Americans with Disabilities Act (ADA). Metra will retire the oldest cars in the fleet and replace them one for one with these new cars. In 2021, major activities related to preliminary design. During the year, Metra paid $134 million in progress payments. This amount is recorded as Capital Projects in Progress in the Statement of Net Position and represents most of the $142.5 million in the statement.

In 2020, Metra completed installation of Positive Train Control (PTC) to meet federal guidelines. Highlights from 2021 include: continuation of PTC Revenue Service on all of Metra's lines at a high success rate; installation of Fiber on Metra's RID and SWS line made significant progress throughout 2021; rondout interlocker and other major activities are at or near the close out stage. Metra will continue to invest in the maintenance, replacement, and enhancement of PTC related assets, similar to any other sub-class of assets.

During 2021, Metra continued rehabilitation of 11 bridges on Metra's UP north line, including necessary bridge and track construction ($5.4 million), and the Ravenswood station ($6.7 million). Track construction completed in 2021 ($1.2 million) and bridge construction ($4.2 million) was substantially completed in 2021.

In 2021, Metra continued the implementation of a GPS based train tracking and information system. The system is intended to obtain live train locations and then disburse the information amongst various channels, including but not limited to on-board visual and announcement systems, visual signage at stations and audio announcements at stations. Design and initial training is completed. Majority of the equipment installations at stations have been completed. Installation of on-board signage on rail cars is in progress.

The following schedule summarizes the capital asset activity of Metra for the year ended December 31, 2021.

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 156,127,102	$ 955,616	$ -	$ 157,082,718
Capital projects in progress	-	142,491,181	-	142,491,181
Total capital assets, not being depreciated	156,127,102	143,446,797	-	299,573,899
Capital assets being depreciated:				
Rolling stock	2,843,611,848	48,789,525	(30,269)	2,892,371,104
Roadways and passenger stations	4,406,764,486	104,760,831	-	4,511,525,317
Support equipment and infrastructure	902,810,349	75,149,442	(1,132,215)	976,827,576
Total capital assets being depreciated	8,153,186,683	228,699,798	(1,162,484)	8,380,723,997
Less accumulated depreciation:				
Rolling stock	(1,569,192,682)	(69,659,053)	-	(1,638,851,735)
Roadways and passenger stations	(2,951,640,099)	(113,158,828)	-	(3,064,798,927)
Support equipment and infrastructure	(679,090,032)	(41,076,841)	1,102,303	(719,064,570)
Total accumulated depreciation	(5,199,922,813)	(223,894,722)	1,102,303	(5,422,715,232)
Total capital assets being depreciated—net	2,953,263,870	4,805,076	(60,181)	2,958,008,765
Total capital assets—net	$ 3,109,390,972	$ 148,251,873	$ (60,181)	$ 3,257,582,664

5. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended December 31, 2021, was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accrued claims	$ 69,168,220	$ 9,867,031	$ (3,401,120)	$ 75,634,131	$ 13,139,160
Net pension liability	27,849,711	47,987,685	(13,106,467)	62,730,929	-
Accrued post-retiree health benefits	54,893,898	7,719,785	(982,903)	61,630,780	982,903
Total	$ 151,911,829	$ 65,574,501	$ (17,490,490)	$ 199,995,840	$ 14,122,063

6. RETAINED RISK PROGRAMS

A liability for each retained risk is provided based upon the estimated ultimate cost of settling claims using a case-by-case review and historical perspective. Changes in the retained risk portion of injury and damage, and Federal Employers Liability Act (FELA) accounts were as follows.

Balance—December 31, 2020	$ 69,168,220
2021 provision	9,867,031
2021 payments	(3,401,120)
Balance—December 31, 2021	$ 75,634,131

7. PURCHASE OF SERVICE CARRIERS' EXPENSES

The following details the revenue and expense activity of Metra's Purchase of Service Carriers (PSA) carriers, which are included in the financial statements of Metra. The in-kind expenses include expenses Metra has paid on behalf of the participating commuter rail carriers for assistance, such as fuel and insurance coverage.

	Year Ended December 31, 2021		
	Union Pacific	BNSF	Total
Operating revenues:			
Passenger revenue	$ 28,228,573	$ 13,990,200	$ 42,218,773
Other revenue	1,338,561	602,630	1,941,191
Total operating revenues	29,567,134	14,592,830	44,159,964
Operating expenses:			
Carrier-level expenses paid by carrier:			
Transportation	65,196,613	23,960,493	89,157,106
Engineering	60,029,136	6,630,911	66,660,047
Mechanical	57,914,597	28,147,953	86,062,550
Administration	7,231,596	8,120	7,239,716
Total carrier-level expenses	190,371,942	58,747,477	249,119,419
Deficit (excess) funding	(160,804,808)	(44,154,647)	(204,959,455)
Centralized expenses paid by Metra:			
Diesel fuel	19,061,653	8,433,950	27,495,603
Claims and insurance	5,771,993	3,148,834	8,920,827
Downtown stations	1,559,019	3,275,635	4,834,654
Total in-kind expenses	26,392,665	14,858,419	41,251,084
Total operating expenses	216,764,607	73,605,896	290,370,503
Purchase of service carriers' operating loss	$ (187,197,473)	$ (59,013,066)	$ (246,210,539)

8. COMMITMENTS

Leases—Metra has entered into several noncancelable operating leases, primarily for the use of passenger terminals, which expire on various dates through 2045. Future minimum rental payments under all noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2021, were as follows.

2022	$ 14,127,314
2023	14,470,668
2024	14,822,256
2025	13,668,205
2026	13,833,954
Thereafter	314,199,359
Total	$385,121,755

Total rent expense was $8,617,366 for the year ended December 31, 2021.

Grants—At December 31, 2021, Metra had $420,338,535 in contractual commitments to be funded through grant funding; this amount has not been spent.

Chicago Region Environmental and Transportation Efficiency Program (CREATE)—The CREATE program is a public-private partnership between the rail industry and all levels of government to increase and improve efficiency, capacity, and safety within Chicago's railroad network. In 2019, Metra has partnered with U.S. Department of Transportation, the State of Illinois, City of Chicago, Amtrak, and national freight railroads through CREATE and committed $23 million. In 2021, Metra spent $2.8 million for the CREATE capital project.

Chicago Union Station (CUS)—Metra entered into a project with Amtrak in 2019 to address the capacity limitations at CUS during peak travel times. Metra has committed to contribute $3.0 million in capital contributions, $10.0 million for station and rail infrastructure operations under this project.

9. DEFERRED COMPENSATION PLANS

Metra offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan, available to all qualified full-time Metra employees, permits deferral of a portion of compensation until future years. The deferred amount is not available to employees, other than participant loans, until termination, retirement, death, or unforeseeable emergency.

All assets of the deferred compensation plan are held in a separate trust in accordance with Section 1448 of the Small Business Jobs Protection Act of 1996. As a result, such amounts are not subject to the claims of Metra's general creditors, and deferred compensation plan assets are not presented on Metra's statement of net position as of December 31, 2021. Employee contributions were $2.2 million for the year ended December 31, 2021.

Metra also offers its employees a defined contribution plan in accordance with Internal Revenue Code Section 401(k). The plan, available to all qualified full-time Metra employees, permits the income tax deferral of a portion of compensation until future years. The amount deferred is generally not available to employees, other than through participant loans, until termination, retirement, or death. A third-party trustee forwards the participants' contributions to the investment companies selected by the individual participant. Employee contributions were $8.4 million for the year ended December 31, 2021.

Metra is required to contribute to various defined contribution plans in accordance with union agreements. Employer contributions to the 401(k) plan were $2.4 million for the year ended December 31, 2021. These defined contribution plans and assets are administered and controlled directly by the unions and Metra does not have any financial or administrative involvement.

10. THE REGIONAL TRANSPORTATION AUTHORITY PENSION PLAN

The Regional Transportation Authority Pension Plan (the "Plan") is a governmental cost sharing multiple-employer defined benefit pension plan. The Plan covers substantially all salaried employees of the RTA and its Commuter Rail and Suburban Bus Divisions (Metra and Pace, respectively), who are not otherwise covered by a union pension plan. The responsibilities for administering the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors (RTA Board). The Plan issues a separate financial report that includes financial statements and required supplementary information. More information regarding the elements of the Plan's basic financial statements can be obtained by writing to Metra, Office of the Controller, 547 West Jackson Blvd, Chicago, IL 60661 or by calling (312) 322-6346 to request a copy of the financial report.

Employees are eligible for participation on the first day of the month that coincides with or follows their date of employment. Participants are entitled to annual pension benefits upon normal retirement at age 65, generally a percentage of the average annual compensation in the highest three years of service, whether consecutive or not, multiplied by the number of years of credited service.

Pension Benefits—The Plan provides that, upon retirement, benefits will be reduced by a defined percentage for participants who received credit for prior service with an eligible employer. The Plan permits early retirement with reduced benefits at age 55 after completing 10 years of credited service. As a result of the August 1, 1999, amendment to the Plan, participants may receive their full vested benefits if they are at least 55 years of age and their combined age at retirement and credited years of service equals eighty-five or higher (known as Rule of Eighty-Five Early Retirement). The Plan provides for benefit payments to beneficiaries subject to the election of the participant. In addition, the lump sum payment form is no longer an optional form of payment for participants that have not earned credited service prior to January 1, 2011. This change did not affect the valuation results. An employee is eligible for a disability pension if he or she becomes disabled after the completion of ten years of credited service, and is no longer receiving long-term disability benefits under a separate RTA benefit plan, or after reaching age 65, whichever is later.

Contributions—The Plan is funded solely by employer contributions, which are actuarially determined under the entry age normal method. The pension plan document defines the employers' funding policy as contributions at least equal to an amount determined advisable by the Plan's actuary to maintain the Plan on a sound actuarial basis. For the purpose of determining contributions, the Plan uses an asset smoothing method which smooths asset gains and losses over a five-year period. The minimum contribution is the sum of the normal cost and the 30-year amortization of the unfunded liability. If participants terminate continuous service before rendering five years (ten years prior to January 1, 1987) of credited service, they forfeit the right to receive the portion of their accumulated benefits attributable to employer contributions. All forfeitures are applied to reduce the amount of contributions otherwise payable by the employer. Metra's pension contribution for 2021 was $13,106,467.

Net Pension Liability—For Metra's fiscal year ended December 31, 2021, measurement as of the reporting date is based on fair value of assets as of December 31, 2020, and the total pension liability is based on an actuarial valuation performed as of January 1, 2020, with liabilities rolled forward to the measurement date of December 31, 2020. Metra's proportionate share of net pension liability was $62,730,929 as of December 31, 2021.

Metra's proportion of the collective net pension liability is consistent with the manner in which contributions to the pension plan were determined. Shown below presents the actual fiscal year contributions made by Metra and used within the proportionate share calculation and the respective proportionate allocation percentage. For Metra's fiscal year ended December 31, 2021, for purposes of allocating the beginning net pension liability for 2021, the Plan utilized contributions reported during fiscal year 2020.

	2021	
	Actuarially Determined Contribution	**Metra Proportionate Share**
Metra	$ 9,536,326	55.70 %

Pension Expense—The annual pension expense recognized represents the changes in net pension liability, deferred outflow and deferred inflow plus the employer contributions. Metra's total pension expense for 2021 was $17,338,932.

Deferred Outflow and Inflow—In 2021, deferred outflow and inflow of resources can arise from differences between expected and actual experiences, changes in assumptions, differences between projected and actual earnings, changes in the employer's proportion and the difference between the employer's contributions and the employer's proportionate share of contributions as well as contributions made subsequent to the measurement date. The difference between projected and actual earnings on investments is recognized over a period of five years. The net effect of changes in assumptions and the change in the employer proportionate share of contributions are amortized over the average of the expected remaining service lives of all employees. For 2020, this average is 4.9422 years. Contributions made during fiscal year 2021, subsequent to the measurement date of December 31, 2020, totaled $13,106,467. The table below summarizes Metra's proportionate share of the deferred outflow and deferred inflow of resources that are to be recognized in future pension expense as of December 31, 2021.

	Deferred Outflow of Resources	**Deferred Inflow of Resources**
Contributions made subsequent to measurement date	$ 13,106,467	$ -
Changes in assumption	36,974,259	1,295
Net difference between expected and actual economic experience	5,642,435	-
Differences between projected and actual investment earnings	-	8,539,915
Change in employer proportionate share	366,448	1,463,152
Total	$ 56,089,609	$ 10,004,362

The $13,106,467 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022.

Other amounts reported as deferred outflows and deferred inflows of resources will be recognized as pension expense in the following periods.

Year Ended December 31	
2021	$ 9,021,888
2022	11,073,853
2023	6,206,503
2024	6,676,537
2025	-
Thereafter	-
	$ 32,978,780

Assumptions—The total pension liability for the measurement date of December 31, 2020, was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions applied to all periods included in the measurement.

Valuation date	January 1, 2020
Actuarial cost method	Entry age normal
Asset valuation method	Five-year smoothed market
Amortization method	Level dollar closed
Remaining amortization period	25
Life expectancy assumed	Pub-2010 Employee Mortality Table
Rate of return	6.00%
Salary increases	2.85% to 8.60% including inflation
Inflation	2.50%
Retirement age	Age based table of rates that are specific to the type of eligibility condition.

The actual assumptions used in the January 1, 2020, valuation were based on the results on the actuarial experience study for the period January 1, 2008 to January 1, 2013.

Discount Rate—A single discount rate of 6.00% was used to measure the total pension liability for the 2020 measurement date. This single discount rate was based on the future expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on these assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents Metra's proportionate share of the Plan's collective net pension liability, calculated using a single discount rate of 6.00%, as well as what the proportionate share would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Metra's proportionate share of net pension liability	$ 93,264,288	$ 62,730,929	$ 37,211,694

Long-Term Expected Rate of Return—The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary based on an experience study for the period January 1, 2013 through January 1, 2018. Additional information about the assumed rate of investment return and the experience study for the period January 1, 2013 through January 1, 2018 is included in the actuarial valuation report as of January 1, 2020.

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. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2020, these best estimates are summarized in the following table.

Asset Type and Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	28.0 %	6.8 %
Developed Foreign Equity	16.0	7.1
Emerging Markets Equity	15.0	0.8
Private Equity	4.0	9.1
Investment Grade Bonus	11.0	1.8
Long-Term Government Bonds	3.0	2.5
TIPS	3.0	1.8
High-Yield Bonds	3.0	3.8
Emerging Market Bonds (local)	2.0	3.9
Emerging Market Bonds (major)	2.0	3.7
Real Estate	8.0	5.5
Real Assets	5.0	7.0

Pension Plan Fiduciary Net Position—Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan's financial report.

Changes of Benefit Terms—No changes were made in 2021 for accrual of benefits under the RTA Pension Plan.

Changes of Assumptions—The amounts reported in 2021 are based on the expectation of retired life mortality RP-2014 Mortality Tables.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metra, Office of the Controller at 547 W. Jackson Blvd, Chicago IL 60661, or www.rtachicago.org.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description—The Metra Retiree Healthcare Program, a single employer defined benefit OPEB plan, provides healthcare benefits to retired non-contract employees, executive and senior management employees, board members, and contract police officers eligible for the Healthcare Reimbursement Program. The OPEB plan is administered by Metra. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided—Metra provides the premium for Supplemental Medical Coverage for the lifetime of the retired participant. Alternatively, the participant may elect Metra pay an amount not exceeding the premium otherwise payable toward the purchase of alternative coverage selected by the participant.

Employees Covered by Benefit Terms—At December 31, 2021, the following employees were covered by the benefit terms:

Active non-contract employees	612
Active senior executive employees	5
Active board members	2
Non-contract retirees with METRA sponsored insurance	188
Non-contract retirees receiving a subsidy	172
Contract police retirees	5
Senior executive retirees	20
Total	1,004

Total OPEB Liability—Metra's total OPEB liability of $61,630,780 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2020
Measurement date	December 31, 2021
Discount rate	1.84% at December 31, 2021
Actuarial cost method	Entry age normal
Contribution policy	Benefits are financed on a pay-as-you go basis
Inflation rate	2.50%
Wage inflation	2.85%
Salary increases	Based on the January 1, 2021, actuarial valuation of the RTA Pension Plan. Salary increases depend on age and decreases ratably from 8.60% at age 20, to 6.10% at age 30, to 4.85% at age 40, to 4.35% at age 50, and to 3.60% at age 65. Salary increase includes a 2.85% wage inflation assumption.
Retirement age	Based on the January 1, 2021, actuarial valuation of the RTA Pension Plan. Separate retirement rates are developed for members who are eligible for unreduced or reduced pension plan benefits which depend on age and service at retirement.
Healthcare cost trends rates	For plan year 2022 trend rate is 4.165% for Medicare costs and 8.072% for non-Medicare cost. For plan years after 2022, trend starts at 6.25% and 7.25% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.25%.
Mortality	Pre-retirement: Pub-2010 (General Employees) Employee Mortality Table. Post-retirement: Pub-2010 (General Employees) Healthy Retiree Mortality Table. Both pre-retirement and post-retirement use mortality improvement projected from 2010 using projection scale MP-2018.
Aging factors	Based on the 2013 SOA Study "Health Care Costs—From Birth to Death".
Expenses	Health administrative expenses are included in the premium rates and development of the per capita claims costs.

Because OPEB plan benefits are financed on a pay-as-you-go basis, the discount rate was based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

Changes in the Total OPEB Liability—

	Total OPEB Liability
Balance at December 31, 2020	$ 54,893,898
Changes for the year:	
Service cost	2,571,409
Interest on total OPEB liability	1,138,399
Differences between expected and actual experience	2,097,542
Changes in assumptions	2,017,753
Benefit payments	(1,088,221)
Net changes	6,736,882
Balance at December 31, 2021	$ 61,630,780

Changes in assumptions reflect a change in the discount rate from 2.00% to 1.84%.

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate—The following table presents the total OPEB liability of Metra, using the current single discount rate of 1.84%, and sensitivity discount rates that are either one percentage point higher or lower.

1% Decrease 0.84%	Current Single Discount Rate Assumption 1.84%	1% Increase 2.84%
$ 76,953,998	$ 61,630,780	$ 50,506,995

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents the total OPEB liability of Metra, as well as what Metra's total OPEB liability would be if it were calculated using healthcare cost trend rates that are either one percentage point higher or lower. The key trend rates for non-Medicare coverage are 4.165% in 2022, and 6.25% in 2023, decreasing to an ultimate trend rate of 4.25% in 2031. The key current trend rates for Medicare coverage are 8.072% in 2022, and 7.25% in 2023 decreasing to an ultimate trend rate of 4.25% in 2035 for Medicare coverage.

1% Decrease [a]	Current Healthcare Cost Trend Rate Assumption	1% Increase [b]
$ 49,623,897	$ 61,630,780	$ 78,284,945

[a] One percentage point decrease in healthcare trend rates for non-Medicare coverage are 4.17% in 2022, and 5.25% in 2023, decreasing to an ultimate trend rate of 3.25% in 2031. One percentage point decrease in healthcare trend rates for Medicare coverage are 8.072% in 2022, and 6.25% in 2023, decreasing to an ultimate trend rate of 3.25% in 2035.

[b] One percentage point increase in healthcare trend rates for non-Medicare coverage are 4.17% in 2022, and 7.25% in 2023, decreasing to an ultimate trend rate of 5.25% in 2031. One percentage point decrease in healthcare rates for Medicare coverage are 8.072% in 2022, and 8.25% in 2023, decreasing to an ultimate trend rate of 5.25% in 2035.

OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB—For the year ended December 31, 2021, Metra recognized OPEB expense of $5,087,573. At December 31, 2021, Metra reported deferred outflow of resources and deferred inflow of resources related to OPEB from the following sources.

	Deferred Outflow of resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,792,879	$(3,677,436)
Changes in assumptions	10,477,230	(1,218,773)
Total	$ 12,270,109	$(4,896,209)

Amounts reported as deferred outflow of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows.

Year Ending December 31	Net Outflows
2022	$ 1,377,765
2023	1,377,765
2024	1,416,213
2025	1,665,291
2026	1,063,427
Thereafter	473,439
	$ 7,373,900

12. CONTINGENCIES

Litigation—Metra is a defendant in a number of legal actions. These actions have been considered in estimating and funding Metra's retained risk liability program. The total of amounts claimed under these legal actions, including potential settlements, could exceed the amount of the accrued claims. In the opinion of Metra's management, the retained risk funding and Metra's limited excess indemnity insurance coverage from commercial carriers are deemed adequate to cover the ultimate liability of these legal actions, in all material respects.

Notable Proceedings

There are two actions of note.

- Union Pacific (UP) Litigation—Metra and the UP have filed legal actions against each other related to the UP's obligation to providing commuter rail service. While the filings are being litigated, negotiations continue regarding the transfer of commuter services, activities and assets that Metra currently contracts with the UP under the PSA. The outcome of the legal actions and the negotiations are currently unknown along with any potential financial impacts.

- Canadian Pacific (CP) Petition—In 2021, CP offered to acquire Kansas City Southern. Metra has responded to the proposed acquisitions with a petition to the Surface Transportation Board (STB) to deny the merger or seek certain mitigating concessions as it believes that the proposed merger will adversely impact affected Metra commuters. The financial and operational impacts of the merger and related legal actions are currently unknown.

Grants—Metra receives moneys from federal, state, and local government agencies under various grants. The costs, both direct and indirect, charged to these grants are subject to audits and disallowance by the granting agency. It is the opinion of management of Metra that any disallowances or adjustments would not have a material adverse effect on the financial position of Metra.

13. SUBSEQUENT EVENTS

Metra has evaluated subsequent events through May 19, 2022, the date the financial statements are available for issuance.

To date Metra has requisitioned $52 million of operating assistance under the CARES Act from the FTA; there is $167.9 million remaining.

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REQUIRED SUPPLEMENTARY INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS—(UNAUDITED)
AS OF DECEMBER 31

	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	55.70 %	54.70 %	54.80 %	54.30 %	53.10 %	49.90 %	47.25 %
Proportionate share of net pension liability	$ 62,730,929	$ 27,849,711	$ 33,086,350	$ 9,706,064	$ 20,073,805	$ 17,255,480	$ 33,062,726
Covered-employee payroll	$ 53,714,006	$ 55,909,768	$ 56,612,351	$ 56,653,562	$ 54,032,766	$ 49,388,696	$ 43,086,132
Proportionate share of net pension liability as a percentage of its covered-employee payroll	116.79 %	49.81 %	58.44 %	17.13 %	37.15 %	34.94 %	76.74 %
Plan fiduciary net position as a percentage of the total pension liability	74.91%	94.66%	81.73%	94.32%	67.38%	87.70%	73.28%

Note: This schedule is intended to show 10 years of information. For periods prior to 2014, data is not readily available. Additional years will be included as they become available.

See accompanying independent auditor’s report.

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF PENSION CONTRIBUTIONS—(UNAUDITED) AS OF DECEMBER 31

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a% of Covered Payroll
2021	$ 13,106,467	$ 13,106,467	$ -	$ 53,714,006	24.40 %
2020	9,536,326	9,536,326	-	55,909,768	17.06 %
2019	6,883,779	6,883,779	-	56,612,351	12.16 %
2018	6,352,468	6,352,468	-	56,653,562	11.21 %
2017	5,745,866	5,745,866	-	54,032,766	10.63 %
2016	5,062,642	5,062,642	-	49,388,696	10.25 %
2015	6,785,849	39,848,577	(33,062,728)	43,086,132	92.49 %
2014	6,466,096	13,357,146	(6,891,050)	40,833,326	32.71 %
2013	6,615,046	10,060,571	(3,445,525)	35,170,174	28.61 %
2012	6,462,000	9,767,882	(3,305,882)	30,970,263	31.54 %

See accompanying independent auditor’s report.

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CHANGES IN METRA'S TOTAL OPEB LIABILITY AND RELATED RATIOS—(UNAUDITED)
AS OF DECEMBER 31

	2021	2020	2019	2018
TOTAL OPEB LIABILITY:				
Service cost	$ 2,571,409	$ 1,939,546	$ 1,677,711	$ 1,700,908
Interest	1,138,399	1,385,959	1,608,799	1,467,760
Changes of benefits terms				
Difference between expected and actual experience	2,097,542	(2,284,769)	(3,680,128)	11,189
Changes of assumptions	2,017,753	5,881,950	8,204,016	(2,895,269)
Benefit payments	(1,088,221)	(1,084,688)	(1,089,067)	(1,164,025)
Net change in total OPEB liability	6,736,882	5,837,998	6,721,331	(879,437)
TOTAL OPEB LIABILITY—Beginning	54,893,898	49,055,900	42,334,569	43,214,006
TOTAL OPEB LIABILITY—Ending	$ 61,630,780	$ 54,893,898	$ 49,055,900	$ 42,334,569
COVERED-EMPLOYEE PAYROLL	$ 63,022,551	$ 55,909,768	$ 56,612,351	$ 56,653,562
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	97.79 %	98.18 %	86.65 %	74.73 %

* This schedule is intended to show 10 years of information. Since 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

See accompanying independent auditor's report.

OTHER INFORMATION

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

OTHER INFORMATION—SCHEDULE OF REVENUES AND EXPENSES—BUDGET TO ACTUAL (BUDGETARY BASIS)—(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Actual	Favorable (Unfavorable)
REVENUE:			
Passenger revenue	$ 123,372,000	$ 67,448,313	$ (55,923,687)
Reduced fare reimbursement	1,618,000	1,618,197	197
Total operating passenger revenue	124,990,000	69,066,510	(55,923,490)
Other revenue	32,500,000	63,959,986	31,459,986
Total revenue	157,490,000	133,026,496	(24,463,504)
OPERATING EXPENSES:			
Transportation	213,753,648	222,318,631	(8,564,983)
Fuel and motive power	38,624,420	48,030,370	(9,405,950)
Engineering	145,758,285	169,348,163	(23,589,878)
Mechanical	164,872,495	175,089,448	(10,216,953)
Administration	98,456,672	86,422,352	12,034,320
Total administration and regional services	661,465,520	701,208,964	(39,743,444)
Claims and insurance	18,344,025	19,130,491	(786,466)
Downtown stations	20,190,455	10,127,499	10,062,956
Total operating expenses	700,000,000	730,466,954	(30,466,954)
LOSS BEFORE DEPRECIATION, FINANCIAL ASSISTANCE, AND LEASEHOLD-RELATED INTEREST INCOME AND EXPENSE	$ (542,510,000)	$ (597,440,458)	$ (54,930,458)
NOTE—			
Amounts excluded from the operating budget-basis expenses for recovery ratio calculations:			
Security expense	$ 23,000,000	$ 32,581,561	$ (9,581,561)
Funded depreciation included in operating expenses	3,554,274	3,525,511	28,763
Lease of transportation facilities	25,700,000	15,424,178	10,275,822
Bond service and fees	-	-	-
TOTAL DEDUCTIONS	$ 52,254,274	$ 51,531,250	$ 723,024

See accompanying independent auditor’s report and notes to supplementary information.

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

OTHER INFORMATION—SCHEDULE OF REVENUES AND EXPENSES—AMENDED BUDGET TO ACTUAL (BUDGETARY BASIS)—(UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2021

	Amended Budget	Actual	Favorable (Unfavorable)
REVENUE:			
Passenger revenue	$ 76,182,000	$ 67,448,313	$ (8,733,687)
Reduced fare reimbursement	1,618,000	1,618,197	197
Total operating passenger revenue	77,800,000	69,066,510	(8,733,490)
Other revenue	32,500,000	63,959,986	31,459,986
Total revenue	110,300,000	133,026,496	22,726,496
OPERATING EXPENSES:			
Transportation	253,622,565	222,318,631	31,303,934
Fuel and motive power	57,153,791	48,030,370	9,123,421
Engineering	159,008,003	169,348,163	(10,340,160)
Mechanical	181,043,409	175,089,448	5,953,961
Administration	107,640,477	86,422,352	21,218,125
Total administration and regional services	758,468,245	701,208,964	57,259,281
Claims and insurance	21,341,300	19,130,491	2,210,809
Downtown stations	20,190,455	10,127,499	10,062,956
Total operating expenses	800,000,000	730,466,954	69,533,046
LOSS BEFORE DEPRECIATION, FINANCIAL ASSISTANCE, AND LEASEHOLD-RELATED INTEREST INCOME AND EXPENSE	$ (689,700,000)	$ (597,440,458)	$ 92,259,542
NOTE—			
Amounts excluded from the operating budget-basis expenses for recovery ratio calculations:			
Security expense	$ 30,200,000	$ 32,581,561	$ (2,381,561)
Funded depreciation included in operating expenses	3,554,274	3,525,511	28,763
Lease of transportation facilities	25,700,000	15,424,178	10,275,822
Bond service and fees	-	-	-
TOTAL DEDUCTIONS	$ 59,454,274	$ 51,531,250	$ 7,923,024

See accompanying independent auditor's report and notes to supplementary information.

COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL COMMUTER RAILROAD CORPORATION
(doing business as Metra)

OTHER INFORMATION—BUDGETARY BASIS
SCHEDULE OF OPERATIONS—(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	NIRCRC	Union Pacific	BNSF	Total
OPERATING REVENUE:				
Passenger revenue	$ 25,229,540	$ 28,228,573	$ 13,990,200	$ 67,448,313
Other revenue	62,961,790	754,367	243,829	63,959,986
Reduced fare reimbursement	675,202	584,194	358,801	1,618,197
Total operating revenue	88,866,532	29,567,134	14,592,830	133,026,496
OPERATING EXPENSES:				
Carrier-level expenses paid by carrier:				
Transportation	133,161,525	65,196,613	23,960,493	222,318,631
Engineering	102,688,116	60,029,136	6,630,911	169,348,163
Mechanical	89,026,897	57,914,597	28,147,953	175,089,448
Administration	79,182,636	7,231,596	8,120	86,422,352
Total carrier-level expenses	404,059,174	190,371,942	58,747,477	653,178,594
Centralized expenses paid by Metra:				
Diesel fuel	16,821,796	19,061,653	8,433,950	44,317,399
Motive electricity	3,712,971	-	-	3,712,971
Claims and insurance	10,209,665	5,771,993	3,148,834	19,130,492
Downtown stations	5,292,844	1,559,019	3,275,635	10,127,498
Total centralized expenses	36,037,276	26,392,665	14,858,419	77,288,360
Total operating expenses	440,096,450	216,764,607	73,605,896	730,466,954
OPERATING LOSS	$ (351,229,918)	$ (187,197,473)	$ (59,013,066)	$ (597,440,458)
CALCULATION OF REVENUE RECOVERY RATIO (UNAUDITED):				
Amounts excluded from the operating budget-basis expenses:				
Security expense				$ 32,581,561
Funded depreciation included in expenses				3,525,511
Lease of transportation facilities				15,424,178
Total exclusions				$ 51,531,250
Amounts added to the operating budget-basis revenues				
CARES Act funding—fare revenue replacement				$ 108,313,727
CRRSA Act funding—fare revenue replacement				7,569,010
Senior free ride allowance				-
Total additions				$ 115,882,737
REVENUE RECOVERY RATIO ($133,026,496+ $108,313,727+7,569,010)/($730,466,954–$51,531,250)				36.7 %

See accompanying independent auditor's report and notes to supplementary information.

1. BUDGET AND BUDGETARY BASIS OF ACCOUNTING

Metra is required under Section 3B.10 of the Regional Transportation Authority (RTA) Act to submit for RTA review and approval of a comprehensive annual budget ("Original Budget") to the RTA by November 15 prior to the commencement of each fiscal year. At its March 2021 Board Meeting, the RTA directed Metra and the other service boards to submit revised operating budgets ("Amended Budget") to reflect revised Sales Tax projections ("Marks"), updated ridership, fare revenue, service level and operation expense projections and the allocation of additional Federal COVID relief funds received under CRRSAA (Coronavirus Response and Relief Supplemental Appropriations Act). Budgets are prepared on an accrual basis of accounting consistent with U.S. generally accepted accounting principles.

The RTA allocates funding based on legislated formulas and percentages codified in the RTA Act. All annual operating appropriations lapse at fiscal year-end. Favorable variances from budget remain available to Metra and can be used for capital projects with RTA approval. The RTA monitors Metra's actual financial performance against the budget on a quarterly basis.

Operating Budget-Basis Farebox Recovery Ratio—The operating budget-basis farebox recovery ratio represents the ratio of total operating revenue to total operating expenses before depreciation. As allowed under the RTA Act, funded depreciation for both direct operations and commuter rail carriers participating through purchase of service agreements whereby the budgetary basis schedule of operations includes expenses, such as fuel and insurance coverage that Metra has incurred on behalf of the participating commuter rail carriers for such assistance, security expenses, the proceeds and related interest income and expense from the lease transactions, and certain payments with respect to transportation facilities are excluded from the calculation. In order to meet its statutory requirement of a system-wide farebox recovery ratio of at least 50% or more, the RTA establishes farebox recovery ratios for each of the Service Boards and the CTA. Metra's budgeted farebox recovery ratio was 52.5% in 2021. Metra's actual farebox recovery ratio on an operating budget-basis was 36.7% in 2021. In November 2021, the Illinois legislature passed legislation which waived the requirement of actual and projected fare revenues equaling or exceeding 50% of the costs of public transit for the years 2021, 2022 and 2023. In turn, the RTA has also waived any consequences for service boards not achieving their established farebox recovery ratio.

CARES Act, CRRSAA and ARPA funding requisitioned for fare revenue replacement is authorized to be considered operating revenue for use to determine the Farebox Recovery Ratio. In 2021, Metra characterized the entire $108.3 million requisition of CARES Act funding and the $7.6 million of CRRSA funding as fare revenue replacement and included as an adjustment to Operating Revenues in calculating the Farebox Revenue Recovery Ratio.