

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, 2023, 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
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, 2023, 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, 2023, 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 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 does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Deloitte & Touche LLP

May 28, 2024

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

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 as of and for the year ended December 31, 2023. MD&A is designed to focus on current activities, resulting changes, and currently known facts. Please read it in conjunction with Metra's 2023 financial statements, which begin on page 17.

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. In addition, Metra collects rent from outside third parties to whom it leases properties.

Metra traditionally supports about half of its operating costs (excluding depreciation and amortization) from operating revenue and about half from state/local funding. Since the COVID pandemic in 2020, Metra has received federal COVID relief funding to replace the operating revenue lost as a result of reduced ridership. 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/Executive Director (CEO). Finance and Legal report to the CEO. External Affairs (Media/Government Relations), Strategic Planning, Project Management, Train Reporting and Customer Communication, DBE, Grants, and Capital Delivery report to the Deputy Executive Director of External Affairs/Chief of Staff who reports to the CEO. Certain other administrative departments, including HR, report to the Deputy Executive Director of Administration who reports to the CEO.

Strategy Overview

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

Metra's vision is to proactively address evolving transportation needs, Metra will provide regional rail service that supports sustainable connected communities.

Metra's strategic goals are to enhance service to grow ridership and provide mobility choices, ensure the Metra experience is safe, easy, and enjoyable for all customers, attract a diverse workforce and invest in our employees, innovate to become more efficient and effective, and to be a socially responsible organization committed to equity and sustainability.

Metra continued its Diversity, Equity, and Inclusion initiative launched in 2022. This is a two-year program developed by the American Public Transportation Association to advance racial equity within their organizations. Additionally, Metra continued the My Metra program introduced in 2020 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 the job title or department, is vital to Metra's success and rider satisfaction.

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 have 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 critical areas are found in the notes to the financial statements.

Financial Summary and Other Operating Highlights

- *Net position* increased \$114.2 million or 3.2% to \$3,655.1 million at December 31, 2023.
- *Net capital assets* increased \$114.8 million or 3.5% to \$3,415.3 million in 2023 reflecting capital additions less depreciation incurred in 2023.
- *Passenger revenue* increased \$23.1 million or 20.5% to \$136.0 million in 2023.
- *Other operating revenues* increased by \$17.8 million or 29.6% to \$78.0 million in 2023.
- *Total operating expenses before depreciation and amortization* increased \$67.1 million or 7.9% to \$911.7 million during 2023.
- *Nonoperating revenues* increased \$36.7 million or 5.4% to \$710.2 million in 2023.
- *Capital contributions* increased \$78.3 million or 29.6% to \$343.2 million in 2023.
- Metra's on-time performance in 2023 was 94.9%, compared to 95.4% in 2022.
- In 2020, 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. This purchase includes spare parts, as well as all other activities associated with the design, manufacturing, delivery, testing, and placing into service of these vehicles, of which \$187.4 million is included in Construction in Progress on December 31, 2023.

Financial Analysis

In 2023, Metra implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, effective June 15, 2023, which had an impact on assets and liabilities. This Statement defines a subscription-based information technology arrangement (SBITAs), establishes that an SBITA results in a right-to-use subscription asset—an intangible asset—and corresponding liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and requires note disclosures regarding a SBITA. It was adopted as of January 1, 2023. GASB 96 requires the net present value of the payment stream associated with the IT subscription asset be included in the Statement of Net Position.

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

2023 vs. 2022 Analysis

Statements of Net Position

Table 1a
Condensed Statements of Net Position

(Amounts in millions)

	December 31		Change	
	2023	2022	Increase (decrease) Dollars	Percent
Assets				
Current assets	\$ 537.4	\$ 525.2	\$ 12.2	2.3 %
Long-term assets	<u>3,554.6</u>	<u>3,350.4</u>	<u>204.2</u>	6.1 %
Total assets	<u>\$4,092.0</u>	<u>\$3,875.6</u>	<u>\$ 216.4</u>	5.6 %
Deferred outflows of resources	<u>\$ 93.6</u>	<u>\$ 55.2</u>	<u>\$ 38.4</u>	69.6 %
Liabilities				
Current liabilities	\$ 198.6	\$ 182.5	\$ 16.1	8.8 %
Long-term liabilities	<u>292.0</u>	<u>146.8</u>	<u>145.2</u>	98.9 %
Total liabilities	<u>\$ 490.6</u>	<u>\$ 329.3</u>	<u>\$ 161.3</u>	49.0 %
Deferred inflows of resources	<u>\$ 39.9</u>	<u>\$ 60.6</u>	<u>\$ (20.7)</u>	(34.2)%
Net Position				
Net investment in capital assets	\$ 3,362.3	\$ 3,271.8	\$ 90.5	2.8 %
Unrestricted net assets	<u>292.8</u>	<u>269.1</u>	<u>23.7</u>	8.8 %
Total net position	<u>\$3,655.1</u>	<u>\$3,540.9</u>	<u>\$ 114.2</u>	3.2 %

Current assets increased by \$12.2 million, or 2.3% to \$537.4 million. Current assets consist of cash and cash equivalents, short-term investments, various receivables, prepaid expenses, materials, and supplies. The increase in current assets is due to increases in grant projects by \$82.2 million, or 114.8%, material and supplies balances by \$7.7 million, or 26.6%, prepaid expense balances by \$6.5 million, or 73.0%, accrued accounts receivables by \$3.9 million, or 58.2%, RTA financial assistance by \$1.7 million, or 1.4%, other accounts receivables by \$0.8 million, or 4.7%, and lease receivables by \$0.1 million, or 16.7%, which were offset by decreases in cash and cash equivalents by \$6.5 million, or 9.8%, and short-term investments by \$84.0 million, or 41.3%.

- *Long-term assets* increased by \$204.2 million, or 6.1% from \$3,350.4 million to \$3,554.6 million due to increases in capital assets—net by \$114.8 million, or 3.5%, right to use lease asset—net by \$88.1 million, or 927.4%, right of use IT subscription asset—net by \$9.7 million, or 100.0%, and lease receivable by \$0.4 million, or 2.2%, which were offset by the decrease in long-term investments by \$8.7 million, or 38.7%

- *Deferred outflow of resources* increased by \$38.4 million, or 69.6% to \$93.6 million due to increases in pension related deferred outflows \$36.9 million, or 80.9% and OPEB related deferred outflows \$1.5 million, or 15.6%.
- *Current liabilities* increased by \$16.1 million, or 8.8% to \$198.6 million primarily due to increases in accrued expenses, benefits and wages payable by \$5.4 million, or 3.6%, lease payable \$6.0 million, or 500.0%, current accrued claims by \$4.5 million, or 23.3%, IT subscription liability by \$3.7 million, or 100.0%, which were partially offset by decreases in unearned revenue by \$2.1 million, or 21.6% and accounts payable by \$1.4 million, or 94.7%.
- *Long-term liabilities* increased by \$145.2 million, or 98.9% to \$292.0 million primarily due to increases in lease payable \$86.5 million, or 1,005.8%, net pension liability by \$47.5 million, or 106.3%, accrued post-retiree health benefits by \$7.0 million, or 16.9%, and IT subscription liability by \$6.2 million, or 100.0%, which were partially offset by a decrease of accrued claims \$2.0 million, or 3.8%.
- *Deferred inflows of resources* decreased by \$20.7 million, or 34.2% to \$39.9 million primary due to decreases in pension related deferred inflows \$12.4 million, or 77.0% and OPEB related deferred inflows \$4.4 million, or 19.9%.

Statements of Revenues, Expenses, and Changes in Net Position

Change in net position represents the difference between accumulation of operating loss, financial assistance, and capital contributions. As shown in Table 2a, Metra's change in net position for the year ended December 31, 2023, increased by \$75.1 million, or 192.1% from 2022. Total operating revenues increased by \$40.9 million, or 23.6% from 2022. Total operating expenses before depreciation and amortization increased by \$67.1 million, or 7.9% from 2022. Total nonoperating revenues increased \$36.8 million, or 5.5% from 2022, and capital contributions increased by \$78.3 million, or 29.6%.

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

(Amounts in millions)	December 31		Change	
	2023	2022	Increase (decrease)	
			Dollars	Percent
Operating revenue:				
Passenger revenue	\$ 136.0	\$ 112.9	\$ 23.1	20.5 %
Other	<u>78.0</u>	<u>60.2</u>	<u>17.8</u>	29.6 %
Total operating revenue	<u>214.0</u>	<u>173.1</u>	<u>40.9</u>	23.6 %
Operating expenses:				
Transportation	277.4	248.8	28.6	11.5 %
Fuel and motive power	60.8	63.1	(2.3)	(3.6)%
Engineering	206.5	188.0	18.5	9.8 %
Mechanical	212.5	193.6	18.9	9.8 %
Administration	103.0	93.8	9.2	9.8 %
Claims and insurance	40.3	42.2	(1.9)	(4.5)%
Downtown stations	<u>11.2</u>	<u>15.1</u>	<u>(3.9)</u>	(25.8)%
Total operating expenses before depreciation and amortization	<u>911.7</u>	<u>844.6</u>	<u>67.1</u>	7.9 %
Operating loss before depreciation and amortization	(697.7)	(671.5)	26.2	(3.9)%
Depreciation	228.4	226.4	2.0	0.9 %
Amortization expense—leases and IT subscriptions	<u>13.1</u>	<u>1.4</u>	<u>11.7</u>	835.7 %
Operating loss	(939.2)	(899.3)	39.9	(4.4)%
Nonoperating revenue	710.2	673.5	36.7	5.4 %
Capital contributions	<u>343.2</u>	<u>264.9</u>	<u>78.3</u>	29.6 %
Change in net position	<u>\$ 114.2</u>	<u>\$ 39.1</u>	<u>\$ 75.1</u>	192.1 %

Passenger revenue increased \$23.1 million, or 20.5%, in 2023, driven by an improvement in ridership partially offset by reduced average revenue per ride. As shown in Table 3a, Metra provided 32.0 million rides in 2023 compared to 23.7 million rides in 2022, an increase of approximately 8.3 million rides, or 34.8%. Ridership in 2023 was about 43.2% of the 74.0 million rides provided in 2019, the year prior to the COVID pandemic.

**Table 3a
Passenger Trips By Line**

(In thousands of passenger trips)

Rail line	2023*	2022*	Increase (Decrease)	Percent
BNSF	6,171	4,509	1,662	36.9 %
Metra Electric	3,888	3,140	748	23.8 %
Heritage Corridor	253	183	70	38.3 %
Milwaukee District North	2,847	1,908	939	49.2 %
Milwaukee District West	2,307	1,729	578	33.5 %
North Central Service	536	325	212	65.2 %
Rock Island	3,066	2,610	456	17.5 %
SouthWest Service	845	557	288	51.7 %
UP North	4,148	3,069	1,079	35.1 %
UP Northwest	4,633	3,287	1,346	40.9 %
UP West	<u>3,293</u>	<u>2,411</u>	<u>882</u>	36.6 %
Total passenger trips	<u>31,987</u>	<u>23,726</u>	<u>8,261</u>	34.8 %

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

Total operating expenses before depreciation and amortization were \$911.7 million, an increase of \$67.1 million, or 7.9%, from \$844.6 million in 2022 driven by labor costs which increased year over year, reflecting wage rate increases incorporated in ratified union contracts for both Metra and its PSA partners. Also, Metra costs were impacted by general inflationary and health care cost growth pressures.

Starting with Operations, Transportation function expenses increased \$28.6 million, or 11.5%, over 2022, mainly due to higher labor and fringe costs, driven by increased headcount due to increased service levels, contractual wage increases, inflationary growth in health care costs and increased pension costs. Engineering function expenses increased \$18.5 million, or 9.8%, over 2022, also largely due to higher fringe costs, related to pension plan costs, and inflationary health care costs. The remaining increase was largely due to higher utilities, material, and outside services costs, partially caused by inflation, but also related to increased maintenance and repair activities.

Mechanical function expenses went up \$18.9 million, or 9.8%, over 2022, mostly due to higher labor and fringe costs related to increased headcount and contractual wage increases and inflationary growth in health care costs. The remaining increase was largely due to higher materials costs, partially caused by inflation, but also related to increased service levels that resulted in more equipment being used and therefore more maintenance and repair activities being required. Downtown stations expenses decreased \$3.9 million, or 25.8%, over 2022, due to the favorable impact of the reduced rent expense due to a GASB 87 adjustment for a lease signed in 2023.

Fuel and Motive Power costs went down by \$2.3 million or 3.6%, over 2022. Diesel fuel costs decreased \$3.8 million compared to 2022, while spending for Motive Power (i.e., electricity to power Metra Electric Line trains) was \$1.6 million higher. In 2023, Metra used \$24.8 million gallons of diesel fuel with an average price of \$2.257 per gallon, compared to 22.8 million gallons in 2022 with an average price of \$2.621. In terms of Motive Power, the higher spending is mostly due to higher electricity rates.

Administration expenses increased \$9.2 million, or 9.8%, from 2022, mostly due to higher labor and fringe costs related to wage increases and increased headcount, inflationary growth in health care costs and higher pension costs.

Claims and Insurance expenses decreased \$1.9 million, or 4.5%, from 2022 driven by lower claims expense, partially offset by increases of insurance premiums.

Nonoperating revenue and capital contributions increased by \$115.0 million, or 12.3%, driven by Capital Contributions of \$78.3 million, or 29.6%, more than 2022, RTA sales taxes of \$20.4 million, or 3.8%, more than 2022, and federal COVID relief operating assistance that was \$15.2 million, or 11.0%, more than 2022.

Additional federal COVID relief operating assistance was needed in 2023 because the increase in operating expenses was larger than the combined increases in operating revenue and sales taxes. In 2023, Metra requisitioned \$152.9 million in federal COVID relief funding: \$132.5 million from its ARP Act allocation (includes \$39.6 million accrued, but not requisitioned until 2024) and \$20.4 million of its CARES Act allocation. In 2022, Metra requisitioned \$137.2 million in federal COVID relief funding: \$128.3 million from its ARP Act allocation and \$8.9 million from its CRRSA Act allocation.

Capital Assets

Since its creation in 1984, Metra has had a capital program primarily geared toward rebuilding, modernizing, and improving worn assets; this policy continues. The purpose of the capital investment policy is to maintain safe, reliable, and quality services and facilities for its customers and workers, while improving the efficiency and cost-effectiveness of its operations. Metra has always given a high priority to preservation and modernization of the existing system. Every year Metra undertakes a multitude of projects to preserve and improve Metra's capital assets. These projects help provide continued on-time and reliable public transportation services in an efficient and cost-effective manner.

As of December 31, 2023, and 2022, Metra had invested approximately \$9.3 billion and \$8.9 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. Net of accumulated depreciation, Metra's net capital assets on December 31, 2023, and 2022 totaled approximately \$3.415 billion and \$3.301 billion, respectively (see Table 4a). This amount represents a net increase (including additions and disposals, net of depreciation) of \$114.8 million or 3.5% over the December 31, 2022, balance.

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

(Amounts in millions of dollars)

Funding source	December 31		Change	
	2023	2022	Increase (decrease) Dollars	Percent
Federal Transit Administration	\$ 4,801.8	\$ 4,579.1	\$ 222.7	4.9 %
Illinois Department of Transportation	669.2	669.3	(0.1)	0.0 %
Regional Transportation Authority	2,660.0	2,555.7	104.3	4.1 %
NICTD	6.4	6.4	0.0	0.0 %
Metra and other	<u>1,143.4</u>	<u>1,132.5</u>	<u>10.9</u>	1.0 %
Total capital assets	9,280.8	8,943.0	337.8	3.8 %
Accumulated depreciation	<u>(5,865.5)</u>	<u>(5,642.5)</u>	<u>(223.0)</u>	4.0 %
Total capital assets—net	<u>\$ 3,415.3</u>	<u>\$ 3,300.5</u>	<u>\$ 114.8</u>	3.5 %

Major capital asset expenses during 2023 and 2022 included 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 and purchase of new Rolling Stock. Metra expended \$56.6 million and \$44.0 million for 2023 and 2022, 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. 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. Metra has developed a cyclical program of track rehabilitation, which includes all commuter rail lines within the region. Project priorities are decided based on train volumes, speed restrictions, age and condition of the roadbed, and track speeds essential to maintaining on-time performance. Structure projects serve objectives that are similar to those of the track program. Since 1990, when Metra’s comprehensive plan for bridge rehabilitation and replacement began, the structure program has focused on the commuter rail bridges identified as high priorities for action. The Capital Program continued the implementation of these programs in 2023 and 2022 by expending \$71.2 million and \$34.6 million, respectively, in funding for the rehabilitation, replacement, and upgrade of bridges, track, and structures.
- *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 systems and switches control usage of track. Much of this equipment is concentrated at “interlockings,” which are control systems where two railroads cross each other or where many trains change tracks. The smooth, dependable operation of these interlockings is critical for maintaining on-time performance. Metra also continues its program to improve communication systems, allowing for the provision of timely information to its customers. Signaling, electrical, and communications expenditures in 2023 and 2022 were \$39.1 million and \$26.9 million, respectively.

- *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 2023 and 2022 were \$19.2 million and \$17.3 million, respectively.
- *Commuter Stations* are portals to the Metra system and very often to the 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 2023 and 2022 were \$32.6 million and \$20.2 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 2023 and 2022 were \$0.60 million and \$1.27 million respectively.

RTA Sales Tax and Public Transportation Funds

RTA Sales Tax and Public Transportation Funds have been the primary sources of funding for the RTA and the three Service Boards of 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 monthly, 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 Funds are 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 2023 as follows.

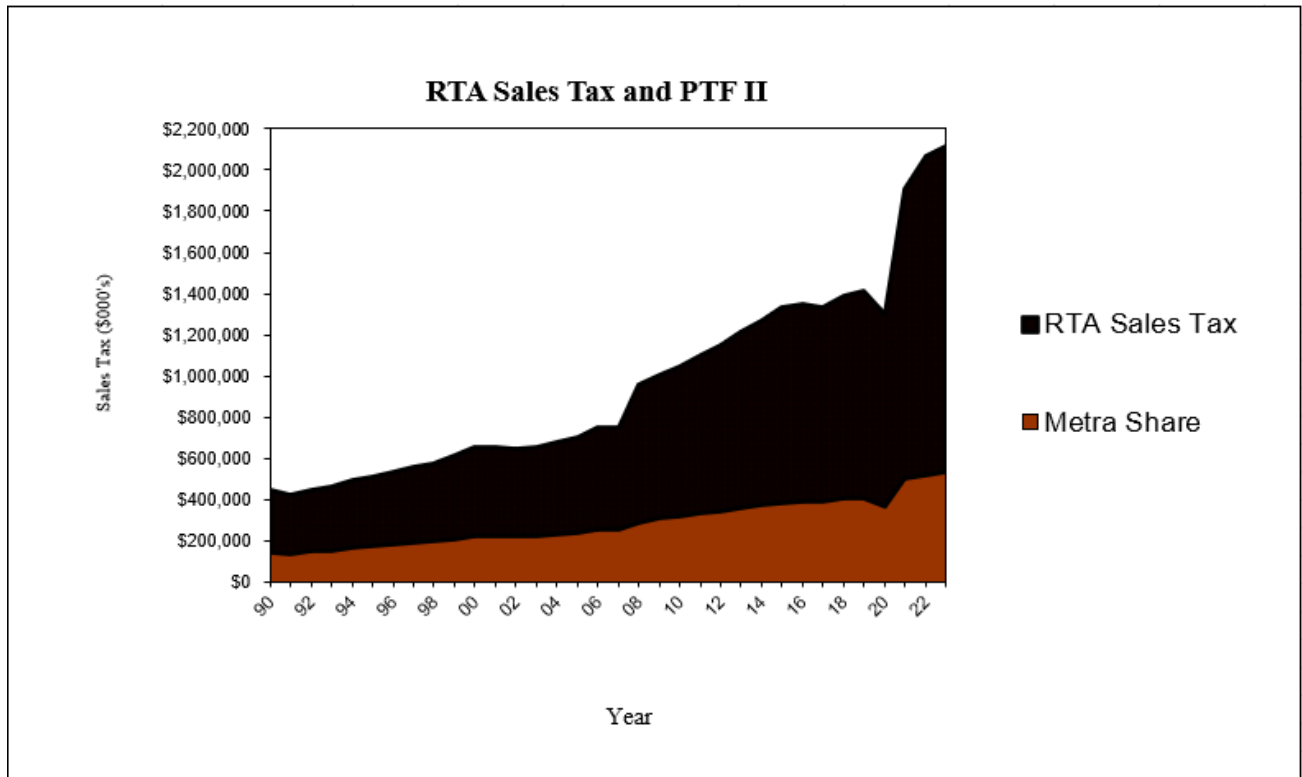
- \$217.5 million to Pace ADA Paratransit Service
- \$33.2 million to Pace Suburban Community Mobility Fund (SCMF)
- \$16.6 million to the RTA Innovation, Coordination, and Enhancement (ICE) Fund

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 2023 Sales Tax I and combined Sales Tax II/PTF II totaled \$1,206.6 million and \$939.4 million, respectively. Metra’s statutory shares

\$400.2 million and \$136.8 million, respectively, together represent 25.4% of total RTA Sales Tax and PTF II revenue sources.

Figure 1: Sales Tax and Metra Statutory Share



Federal COVID Relief Funding

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 2023, Metra requisitioned \$20.4 million of CARES Act funding from the FTA, leaving \$173.5 million available.

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 2023, Metra did not requisition CRRSAA funding from the FTA, leaving \$66.9 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. In 2023, Metra received an additional award of \$.2 million and requisitioned \$132.5 million of ARPA from the

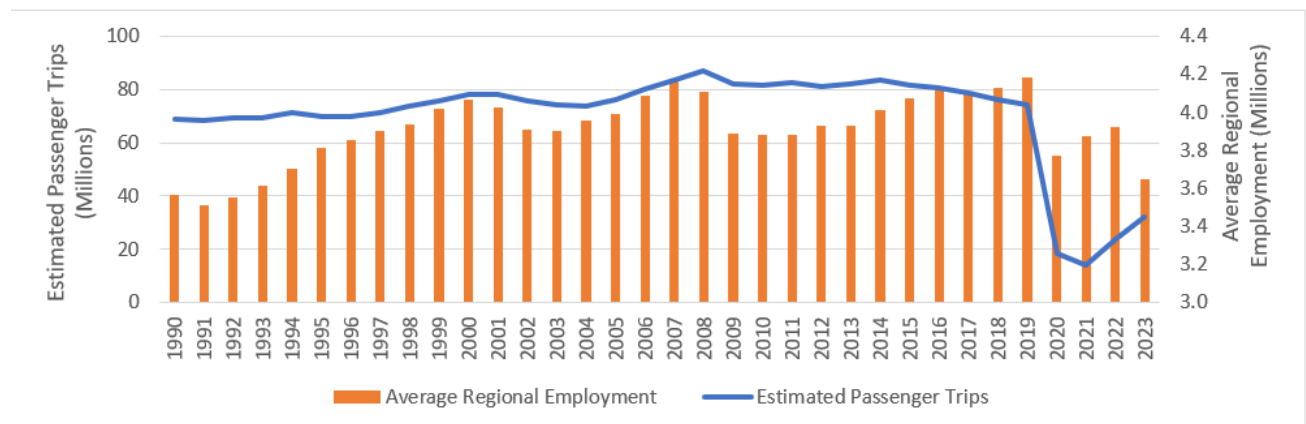
FTA, leaving \$253.0 million remaining. Included in the \$132.5 million is \$39.6 million which Metra has accrued and will be requisitioned in 2024.

In total, there is \$493.4 million Federal COVID relief funding available.

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. Regional employment has generally grown since 1990. The economic downturn following the September 11th attacks and the 2007 to 2009 economic recession (affecting 2008 through 2010 employment averages), and the COVID-19 pandemic are exceptions. Regional employment averaged 3.6 million for the year, a 7.1% decrease compared to 2022.

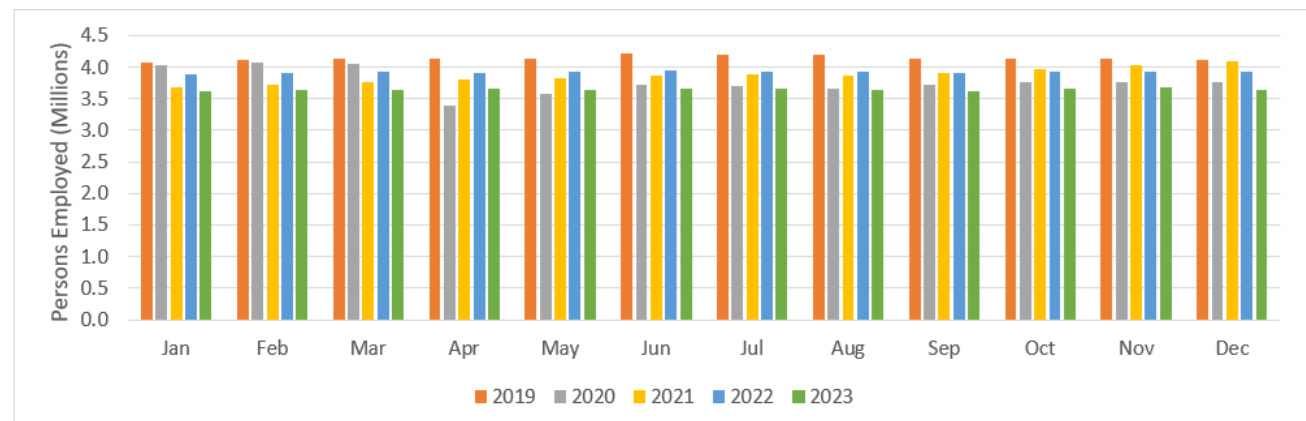
Figure 2: Annual Average Regional Employment



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 2019 through 2023. Throughout 2023, the number of employed people was consistent month by month at about 3.6 million people.

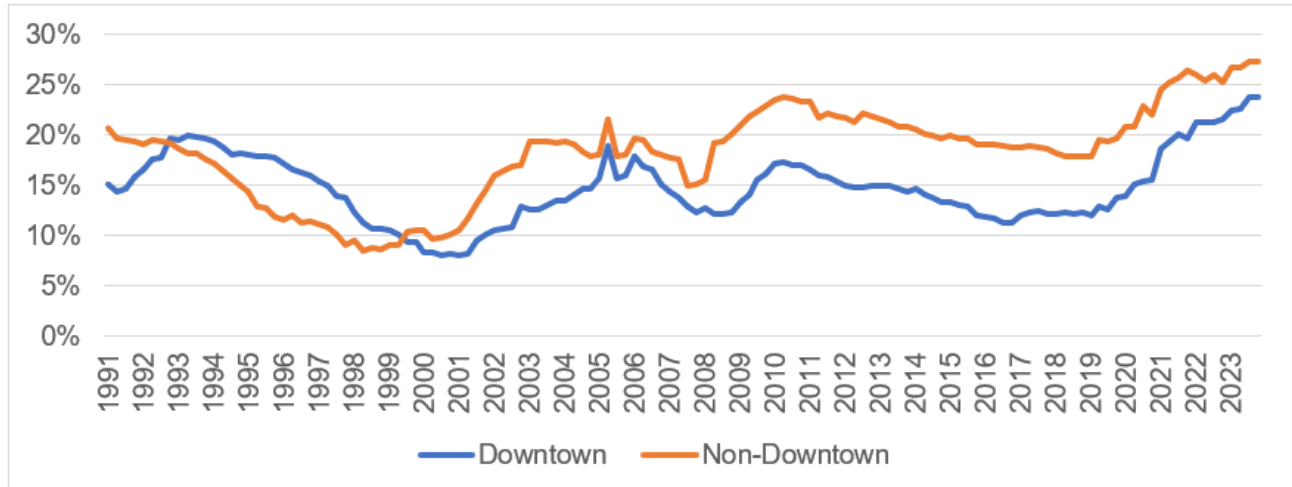
Figure 3: Regional Employment by Month



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 ended 2023 at 23.8%, which was an increase of 2.3% compared to the end of 2022. Suburban unoccupied office space ended 2023 at 27.3%, which was an increase of 2.1% compared to the end of 2022.

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 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, 2023**

ASSETS

CURRENT ASSETS:

Cash, cash equivalents, and short term investments:

Cash and cash equivalents	\$ 59,882,413
Short-term investments	<u>119,460,350</u>

Total cash, cash equivalents, and short term investments	<u>179,342,763</u>
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Accounts receivable:

Grant projects	153,841,080
Financial assistance—RTA	123,141,793
Lease receivable	713,066
Other accounts receivable	17,914,138
Accrued accounts receivable	<u>10,544,535</u>

Total accounts receivable	<u>306,154,612</u>
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Materials and supplies

36,554,928

Prepaid expense

15,404,222

Total current assets	<u>537,456,525</u>
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LONG-TERM ASSETS:

Long-term investments	13,788,100
Lease receivable	18,129,558
Right of use lease asset—net	97,626,476
Right of use IT subscription asset—net	9,730,043

Capital assets:

Capital projects in progress	338,123,481
Land	156,238,308
Rolling stock	2,984,255,179
Roadways and passenger stations	4,712,155,292
Support equipment and infrastructure	1,090,075,881
Less accumulated depreciation	<u>(5,865,528,748)</u>

Total capital assets—net	<u>3,415,319,393</u>
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Total long-term assets	<u>3,554,593,570</u>
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TOTAL ASSETS	<u>\$ 4,092,050,095</u>
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DEFERRED OUTFLOW OF RESOURCES

PENSION RELATED	\$ 82,503,808
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OPEB RELATED	<u>11,069,061</u>
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TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 93,572,869</u>
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(Continued)

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023**

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 80,081
Accrued expenses, benefits and wages payable	155,128,896
Accrued claims—current	23,839,675
Accrued post-retiree health benefits (OPEB)—current	1,078,679
Unearned revenue	7,602,476
Lease payable-current	7,236,929
IT subscription liability—current	<u>3,700,342</u>

Total current liabilities	<u>198,667,078</u>
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LONG-TERM LIABILITIES:

Accrued claims	50,309,308
Lease payable	95,060,231
IT subscription liability	6,154,967
Net pension liability	92,228,472
Accrued post-retiree health benefits (OPEB)	<u>48,254,061</u>

Total long-term liabilities	<u>292,007,039</u>
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TOTAL LIABILITIES	<u>\$ 490,674,117</u>
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DEFERRED INFLOW OF RESOURCES

LEASE RELATED	\$ 18,477,654
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PENSION RELATED	3,709,870
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OPEB RELATED	<u>17,671,183</u>
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TOTAL DEFERRED INFLOW OF RESOURCES	<u>\$ 39,858,707</u>
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NET POSITION

NET INVESTMENT IN CAPITAL ASSETS	\$3,362,295,064
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UNRESTRICTED NET ASSETS	<u>292,795,076</u>
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TOTAL NET POSITION	<u>\$3,655,090,140</u>
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See accompanying notes to basic 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, 2023**

OPERATING REVENUE:	
Passenger revenue	\$ 136,016,566
Other	<u>78,026,871</u>
Total operating revenue	<u>214,043,437</u>
OPERATING EXPENSES:	
Transportation	277,421,607
Fuel and motive power	60,849,387
Engineering	206,453,420
Mechanical	212,526,105
Administration	102,999,058
Claims and insurance	40,264,833
Downtown stations	<u>11,241,029</u>
Total operating expenses before depreciation and amortization	911,755,439
Depreciation	228,376,624
Amortization expense—leases and SBITA	<u>13,151,658</u>
Total operating expenses	<u>1,153,283,721</u>
OPERATING LOSS	<u>(939,240,284)</u>
NONOPERATING REVENUE:	
Federal operating—Covid relief funding	152,894,823
Federal operating funds	867,900
TSA operating assistance	517,496
RTA financial assistance	<u>555,962,921</u>
Total nonoperating revenue	<u>710,243,140</u>
CAPITAL CONTRIBUTIONS	<u>343,210,671</u>
CHANGE IN NET POSITION	114,213,527
NET POSITION AT BEGINNING OF YEAR	<u>3,540,876,613</u>
NET POSITION AT END OF YEAR	<u><u>\$3,655,090,140</u></u>

See accompanying notes to basic financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from fares	\$ 150,645,744
Cash received from other operating revenue items	55,396,576
Cash paid to and on behalf of employees for services	(629,685,427)
Cash paid for claims	(25,585,779)
Cash paid to contractual service providers and suppliers	<u>(288,053,556)</u>
Net cash used in operating activities	<u>(737,282,442)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash received from RTA sales tax and other local noncapital assistance	554,290,999
Cash received from noncapital state assistance	809,005
Cash received from noncapital federal assistance	<u>153,412,318</u>
Net cash provided by noncapital and related financing activities	<u>708,512,322</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash received from capital grants	344,078,569
Cash paid to acquire and construct capital assets	<u>(414,545,844)</u>
Net cash used in capital and related financing activities	<u>(70,467,275)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash received from the sale of investment securities	467,048,656
Cash paid for the purchase of investment securities	<u>(374,377,956)</u>
Net cash provided in investing activities	<u>92,670,700</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,566,695)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>66,449,108</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 59,882,413</u>

(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, 2023**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	<u>\$(939,240,284)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	228,376,625
Amortized expense—leases and SBITA	13,151,658
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	(5,924,398)
Materials and supplies	(7,594,258)
Prepaid expense	(6,466,011)
Deferred outflow of resources	(38,342,523)
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	(7,014,094)
Accrued wages and benefits payable	(8,508,650)
Claims reserves	2,706,678
Net pension liability	47,530,973
Accrued post-retiree health benefits (OPEB)	6,883,737
Deferred inflow of resources	(20,765,175)
Unearned revenue	<u>(2,076,720)</u>
Total adjustments	<u>201,957,842</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$(737,282,442)</u>
NONCASH CAPITAL FINANCING ACTIVITIES—Purchases of capital assets in accounts payable at year-end	<u>\$ 48,228,466</u>
See accompanying notes to basic financial statements.	(Concluded)

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

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

1. ORGANIZATION

The Commuter Rail Division (CRD) of the Regional Transportation Authority (RTA) and the Northeast Illinois Regional Commuter Railroad Corporation (NIRCRC) were established in 1984 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 BNSF 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 amortization 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 purchasing services and approving contracts relating to its operations.

Based on these factors and applying the 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. Except for 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.

Non-exchange 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 represent 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 receivable 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)	3–10

Leases—Metra is both the lessee and lessor in several contracts. As a lessee, Metra recognizes a lease liability and a right of use lease asset. As a lessor, Metra recognizes a lease receivable and a deferred inflow of resources. Right of use leased facilities, equipment, and storage spaces are amortized in a systematic and rational manner over the lease term.

Subscription-Based Information Technology Arrangements (SBITA)—Metra is the lessee in several contracts. As a lessee, Metra recognizes a right of use IT subscription asset and liability. Right of use subscription assets are amortized in a systematic and rational manner over the subscription term.

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

Accrued Expenses, Benefits, and Wages Payable—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 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 the 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, right of use lease assets, right of use IT subscription asset, net of accumulated depreciation and amortization, less the outstanding balances of any bonds, notes, accounts payable related to leases,

SBITAs, capital acquisitions, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Metra has no restricted net 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 non-operating, as well as capital contributions. Operating revenue includes activities that have the characteristics of exchange transactions, including passenger revenue and other non-passenger operating revenue. Non-passenger operating revenue includes joint facility revenue, interest income, lease and rental income, advertising income, and other miscellaneous non-fare generated income. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as sales tax subsidies, and certain federal grants for operating assistance. Capital contributions also have characteristics of non-exchange 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 personnel, 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 is 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.

Non-operating Revenue—Metra’s non-operating 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 \$555.9 million for the year ended December 31, 2023, Metra requisitioned \$132.5 million of ARPA Act funding (includes \$39.6 million accrued, but not requisitioned until 2024) and \$20.4 million of CARES Act funding in 2023. Other federal and local operating assistance totaled \$1.4 million in 2023.

Capital Contributions—Metra’s capital contributions include federal, state, and local grant reimbursements for capital activities. For the year ended December 31, 2023, federal funding from the FTA was \$228.2 million, RTA capital funding was \$108.4 million and all other funding was \$6.6 million. Separately, in 2023 Metra received an advance of \$1.7 million in innovation, coordination, and enhancement (ICE) funding from the RTA.

New Accounting Pronouncements—

Effective This Year

On January 1, 2023, Metra implemented GASB statement No. 96, Subscription-Based Information Technology Arrangements. This change in accounting principle requires recognition of certain subscription assets and liabilities for subscriptions that previously were classified as operating subscriptions and recognized as outflows of resources based on the payment provisions of the contract. Under this statement, a borrower is required to recognize subscription liability and an intangible subscription asset.

Metra adopted this Statement for the year ended December 31, 2023. As a result, all the requirements under GASB Statement No. 96 have been evaluated and the lease assets and liabilities were recognized and measured at the beginning of the year, which was January 1, 2023.

The following schedule summarizes the net effect of adopting GASB Statement No. 96 in the consolidated statement of net position (in millions):

	Balance as of January 1, 2023
Subscription assets	\$ 3.8
Subscription liability	3.8

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in exchange or exchange-like transaction. This Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. Metra has determined this statement is not applicable and has no impact on its basic financial statements or disclosures.

GASB Statement No. 99—Omnibus 2022. The objective of this Statement is to enhance comparability in account and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statement, and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenue by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. Metra has determined that this statement is not applicable and has no impact on its basic financial statements or disclosures.

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	Effective Fiscal Year
100	Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62	2024
101	Compensated Absences	2024
102	Certain Risk Disclosures	2025

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, 2023, as follows.

Bank deposits, working cash, certificates of deposit, and cash equivalents	\$ 59,882,413
Short-term Investments	<u>119,460,350</u>
Total cash, cash equivalents, and investments	<u>\$ 179,342,763</u>
Long-term investments	<u>\$ 13,788,100</u>

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 \$2,908,749 at December 31, 2023, and was covered by FDIC insurance or by collateral held by third party at December 31, 2023.

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 follows in place of 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, considering 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, 2023:

Investment Type	Investment Maturities (in Years)		
	Less than 1	1-5	Total
Commercial paper	\$ 70,000,000	\$ -	\$ 70,000,000
U.S. Agencies	14,626,550	13,788,100	28,414,650
U.S. Treasury securities	<u>34,833,800</u>	<u> </u>	<u>34,833,800</u>
Total	<u>\$ 119,460,350</u>	<u>\$ 13,788,100</u>	<u>\$ 133,248,450</u>

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, 2023, are as follows:

Credit Ratings of Investments Held as of December 31, 2023 (S&P) (as a Percentage of Total Fair Value for Investment Securities)			
Investment Type	Fair Value	Percent	S&P
Commercial paper	\$ 70,000,000	52.6 %	A1, A2
U.S. Agencies	28,414,650	21.3	AA+
U.S. Treasury securities	<u>34,833,800</u>	<u>26.1</u>	A1+, AAA
Total investments at fair value	<u>\$ 133,248,450</u>	<u>100.00 %</u>	

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, 2023:

Issuer	Fair Value	Percent
U.S. Treasury securities	\$ 34,833,800	35.3 %
U.S Agencies—Federal Home Loan Bank	23,722,250	24.1
Commercial paper—Atlantic Asset	10,000,000	10.1
Commercial paper—Banco De Credito	10,000,000	10.1
Commercial paper—General Motors	10,000,000	10.1
Commercial paper—Industrial Commercial Bank	10,000,000	10.1

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, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Assets (Level 3)
Commercial paper	\$ 70,000,000	\$ -	\$ 70,000,000	\$ -
U.S. agencies	28,414,650	14,626,550	13,788,100	
U.S. Treasury securities	<u>34,833,800</u>	<u>34,833,800</u>	<u> </u>	<u> </u>
Investments measured by fair value level	<u>\$ 133,248,450</u>	<u>\$ 49,460,350</u>	<u>\$ 83,788,100</u>	<u>\$ -</u>

4. CAPITAL ASSETS

The following schedule summarizes the capital asset activity of Metra for the year ended December 31, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 156,238,308	\$ -	\$ -	\$ 156,238,308
Capital projects in progress	<u>239,548,965</u>	<u>98,574,516</u>		<u>338,123,481</u>
Total capital assets, not being depreciated	<u>395,787,273</u>	<u>98,574,516</u>	<u>-</u>	<u>494,361,789</u>
Capital assets being depreciated:				
Rolling stock	2,932,238,998	56,560,715	(4,544,534)	2,984,255,179
Roadways and passenger stations	4,589,620,494	122,534,798		4,712,155,292
Support equipment and infrastructure	<u>1,025,325,439</u>	<u>65,633,940</u>	<u>(883,498)</u>	<u>1,090,075,881</u>
Total capital assets being depreciated	<u>8,547,184,931</u>	<u>244,729,453</u>	<u>(5,428,032)</u>	<u>8,786,486,352</u>
Less accumulated depreciation:				
Rolling stock	(1,706,200,504)	(72,129,600)	4,445,887	(1,773,884,217)
Roadways and passenger stations	(3,174,571,327)	(113,559,773)		(3,288,131,100)
Support equipment and infrastructure	<u>(761,691,163)</u>	<u>(42,687,251)</u>	<u>864,983</u>	<u>(803,513,431)</u>
Total accumulated depreciation	<u>(5,642,462,994)</u>	<u>(228,376,624)</u>	<u>5,310,870</u>	<u>(5,865,528,748)</u>
Total capital assets being depreciated—net	<u>2,904,721,937</u>	<u>16,352,829</u>	<u>(117,162)</u>	<u>2,920,957,604</u>
Total capital assets—net	<u>\$ 3,300,509,210</u>	<u>\$ 114,927,345</u>	<u>\$ (117,162)</u>	<u>\$ 3,415,319,393</u>

In 2023, Metra continued 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. This purchase includes spare parts, as well as all other activities associated with the design, manufacturing, delivery, testing, and placing into service of these vehicles. Major activities in 2023 related to progress towards intermediate design phase for the rail cars.

In 2023, Metra continued its in-house Rail Car Rehabilitation program. Metra has completed rehabilitation of 158 Nippon Sharyo rail cars as of year-end 2023.

In 2023, Metra continued the multi-year effort to install Positive Train Control (PTC). Highlights from 2023 include continuing PTC Revenue Service on all of Metra's lines at a high success rate. Installation of Fiber on Metra's RID and SWS line was completed in 2022. Metra force work related to final connections at stations was delayed due to a delay in necessary materials. Purchase orders are now in place and final connection work will begin in the spring of 2024. Rondout Interlocker activities are progressing. All 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.

In 2023, Metra substantially completed 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 for the project has completed. Initial training has completed. All of the equipment installations at stations has been completed. Installation of on-board signage on rail cars is progressing. Project is expected to be complete in 2024.

In 2023, Metra continued to utilize PMO (Program Management Oversight) services to support Metra’s Infrastructure Capital Program. Metra needed to contract with a PMO firm to support the increased size of the Metra’s Capital Program. PMO is assisting Metra in many aspects of capital program delivery, including but not limited to providing support at the project level such as design review, project phasing, budgeting and scheduling, coordination within Metra and external to Metra activities that are necessary to support the delivery of Metra’s Capital Program.

In 2023, Metra continued reconstruction of Bridge A-32 located on Metra’s Milwaukee District North Line over Milwaukee Avenue. The project consists of the following components: bridge reconstruction and Grayland Station rehabilitation which includes but is not limited to platforms, stairs, ramps, and shelters. The Bridge and Station Project was approximately 57% complete as of December 31, 2023

In 2023, manufacturer of Re-Manufactured Locomotives continued supplying Metra with Re-Manufactured Locomotives. Metra entered a contract in 2019, which allows the purchase of up to 42 Re-Manufactured Locomotives, 15 Locomotives in Base Order and three options of nine additional locomotives each, to purchase an additional 27 Tier II Remanufactured Locomotives, for a total of 42 Re-Manufactured Locomotives. As of the end of 2023, Metra has executed the first option. Thirteen of the Re-Manufactured Locomotives were in revenue service as of end of 2023.

5. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended December 31, 2023, was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accrued claims	\$ 71,442,305	\$ 28,292,457	\$(25,585,779)	\$ 74,148,983	\$23,839,675
Net pension liability	44,697,499	83,047,660	(35,516,687)	92,228,472	
Accrued post-retiree health benefits	42,449,003	7,962,416	(1,078,679)	49,332,740	1,078,679
Lease liability	9,810,162	98,774,047	(6,287,049)	102,297,160	7,236,929
Subscription liability	<u>3,752,361</u>	<u>8,433,683</u>	<u>(2,330,736)</u>	<u>9,855,308</u>	<u>3,700,342</u>
Total	<u>\$172,151,330</u>	<u>\$226,510,263</u>	<u>\$(70,798,930)</u>	<u>\$327,862,663</u>	<u>\$35,855,625</u>

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, 2022	\$ 71,442,305
2023 provision	28,292,457
2023 payments	<u>25,585,779</u>
Balance—December 31, 2023	<u>\$ 74,148,983</u>

7. PURCHASE OF SERVICE CARRIERS' EXPENSES

The following details the revenue and expense activity of Metra's Purchase of Service Carrier Agreements (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.

	<u>Year Ended December 31, 2023</u>		
	Union Pacific	BNSF	Total
Operating revenues:			
Passenger revenue	\$ 55,981,090	\$ 29,370,724	\$ 85,351,814
Other revenue	<u>1,109,556</u>	<u>496,433</u>	<u>1,605,989</u>
Total operating revenues	<u>57,090,646</u>	<u>29,867,157</u>	<u>86,957,803</u>
Operating expenses:			
Carrier-level expenses paid by carrier:			
Transportation	83,026,526	33,868,470	116,894,996
Engineering	68,387,032	6,606,722	74,993,754
Mechanical	70,514,935	34,910,328	105,425,263
Administration	<u>4,994,288</u>	<u>(39,686)</u>	<u>4,954,602</u>
Total carrier-level expenses	<u>226,922,781</u>	<u>75,345,834</u>	<u>302,268,615</u>
Deficit (excess) funding	<u>(169,832,135)</u>	<u>(45,478,677)</u>	<u>(215,310,812)</u>
Centralized expenses paid by Metra:			
Diesel fuel	24,057,798	11,987,359	36,045,157
Claims and insurance	11,149,898	3,485,607	14,635,505
Downtown stations	<u>827,541</u>	<u>4,144,065</u>	<u>4,971,606</u>
Total in-kind expenses	<u>36,035,237</u>	<u>19,617,031</u>	<u>55,652,268</u>
Total operating expenses	<u>262,958,018</u>	<u>94,962,865</u>	<u>357,920,883</u>
Purchase of service carriers' operating loss	<u>\$ (205,867,372)</u>	<u>\$ (65,095,708)</u>	<u>\$ (270,963,080)</u>

8. LEASES

On January 1, 2022, Metra implemented GASB statement No. 87, Leases. This change in accounting principle requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize lease liability and an intangible right of use lease assets, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As Lessor—Metra leases space in its 547 building and locations throughout the Milwaukee, Metra Electric, Rock Island, and Southwest Service districts, which are managed by the Real Estate department. These leases have terms between 1 and 89 years with payments required monthly, quarterly, semi-annually, and annually. In addition to these payments, Metra also received variable payments for common area maintenance associated with the spaces of \$21.1 thousand, as of December 31, 2023, that are not included in the measurement of lease receivable. Metra records lease receivables and deferred inflows of resources based on the present value of the expected payments over the lease term. The expected payments are discounted using an estimated incremental borrowing rate. The incremental borrowing rate is an estimate of the rate charged for borrowing the lease payment amounts during the lease term.

The total amount of inflows of resources recognized for the year ended December 31, 2023, were as follows:

	Inflows
Lease revenue	\$ 1,171,425
Interest income	258,632
Other variable	21,122

As Lessee—Metra leases facilities, equipment, storage spaces from others, and Chicago Union Station from Amtrak. These leases have terms between 5 years and 40 years. Metra records a right-of-use lease asset and lease liability based on the present value of the expected payments over the lease term. The expected payments are discounted using an estimated incremental borrowing rate. The incremental borrowing rate is simply an estimate of the rate charged for borrowing the lease payment amounts during the lease term.

As of December 31, 2023, the total amount of right of use lease asset by major class, and the related accumulated amortization, disclosed separately from other capital assets is as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Lease assets being amortized:				
Lease—real estate	\$ 9,830	\$ 98,684	\$ -	\$ 108,514
Lease—equipment (license)	977	81		1,058
Lease—storage	<u>159</u>	<u>9</u>		<u>168</u>
 Total leased assets being amortized	 <u>10,966</u>	 <u>98,774</u>	 <u>-</u>	 <u>109,740</u>
Lease accumulated amortization:				
Lease—real estate	(1,254)	(10,507)		(11,761)
Lease—equipment (license)	(132)	(153)		(285)
Lease—storage	<u>(32)</u>	<u>(36)</u>		<u>(68)</u>
 Total leased assets being amortized	 <u>(1,418)</u>	 <u>(10,696)</u>	 <u>-</u>	 <u>(12,114)</u>
 Total, net of accumulated amortization	 <u>\$ 9,548</u>	 <u>\$ 88,078</u>	 <u>\$ -</u>	 <u>\$ 97,626</u>

The real estate right of use assets above are leased from various lessors in Chicago, Arlington Heights, Homewood and Hayford, IL.

As of December 31, 2023, the principal and interest requirements to maturity for the lease liability are as follows (in thousands):

	Principal	Interest	Total
2024	\$ 7,279	\$ 3,572	\$ 10,851
2025	8,036	3,318	11,354
2026	8,748	3,031	11,779
2027	8,703	1,227	9,930
2028	9,416	1,065	10,481
2029–2033	57,627	2,434	60,061
2034–2038	1,396	190	1,586
2039–2043	<u>1,235</u>	<u>36</u>	<u>1,271</u>
 Total	 <u>\$ 102,440</u>	 <u>\$ 14,873</u>	 <u>\$ 117,313</u>

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA'S)

On January 1, 2023, Metra implemented GASB statement No. 96, Subscription-Based Information Technology Arrangements. This change in accounting principle requires recognition of certain subscription assets and liabilities for subscriptions that previously were classified as operating subscriptions and recognized as outflows of resources based on the payment provisions of the contract. Under this statement, a borrower is required to recognize subscription liability and an intangible subscription asset.

Metra borrows Subscription-Based Information Technology Arrangements (SBITAs) from others. These SBITA's have terms between 2 years and 10 years. Metra records a subscription asset and subscription liability based on the present value of the expected payments over the subscription term. The expected payments are discounted using an estimated incremental borrowing rate. The incremental borrowing rate is simply an estimate of the rate charged for borrowing the subscription payment amounts during the subscription term.

As of December 31, 2023, the total amount of Subscriptions assets, and the related accumulated amortization, disclosed separately from other capital assets is as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Subscription assets being amortized: Subscriptions	<u>\$ 3,752</u>	<u>\$ 8,434</u>	<u>\$ -</u>	<u>\$ 12,186</u>
Total subscription assets being amortized	<u>3,752</u>	<u>8,434</u>	<u>-</u>	<u>12,186</u>
Lease accumulated amortization: Subscriptions	<u> </u>	<u>(2,456)</u>	<u> </u>	<u>(2,456)</u>
Total subscription assets being amortized	<u>-</u>	<u>(2,456)</u>	<u>-</u>	<u>(2,456)</u>
Total, net of accumulated amortization	<u><u>\$ 3,752</u></u>	<u><u>\$ 5,978</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,730</u></u>

As of December 31, 2023, the principal and interest requirements to maturity for the SBITA liability are as follows (in thousands):

	Principal	Interest	Total
2024	\$ 3,700	\$ 339	\$ 4,039
2025	3,166	216	3,382
2026	2,576	39	2,615
2027	259	10	269
2028	<u>154</u>	<u> </u>	<u>154</u>
Total	<u><u>\$ 9,855</u></u>	<u><u>\$ 604</u></u>	<u><u>\$ 10,459</u></u>

10. COMMITMENTS

Grants—On December 31, 2023, Metra had \$465,162,124 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 2023, Metra spent \$2.7 million for the CREATE capital project.

11. 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, 2023. Employee contributions were \$2.2 million for the year ended December 31, 2023.

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 \$9.0 million for the year ended December 31, 2023.

Metra is required to contribute to various defined contribution plans in accordance with union agreements. Employer contributions to the 401(k) plan were \$3.6 million for the year ended December 31, 2023. These defined contribution plans and assets are administered and controlled directly by the unions and Metra does not have any financial or administrative involvement.

12. 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 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 vested 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 vested 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 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 2023 was \$35.5 million.

Net Pension Liability—For Metra’s fiscal year ended December 31, 2023, measurement as of the reporting date is based on fair value of assets as of December 31, 2022, and the total pension liability is based on an actuarial valuation performed as of January 1, 2022, with liabilities rolled forward to the measurement date of December 31, 2022. Metra’s proportionate share of net pension liability was \$92.2 million as of December 31, 2023.

Metra’s proportion of the collective net pension liability is consistent with the way 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, 2023, for purposes of allocating the beginning net pension liability for 2023, the Plan utilized contributions reported during fiscal year 2022.

	2023	
	Actuarially Determined Contribution	Metra Proportionate Share
Metra	<u>\$ 14,441,455</u>	<u>58.40 %</u>

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 2023 was \$29.8 million.

Deferred Outflow and Inflow—In 2023, 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 2022, this average is 4.5086 years. Contributions made during fiscal year 2023, after the measurement date of December 31,

2022, totaled \$35.5 million. 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, 2023.

2023	Net Deferred Outflow/(Inflow) of Resources
Contributions made subsequent to measurement date	\$ 35,516,687
Changes in assumption	18,046,430
Net difference between expected and actual economic experience	6,297,433
Differences between projected and actual investment earnings	17,880,367
Change in employer proportionate share	<u>1,053,021</u>
 Total	 <u><u>\$ 78,793,938</u></u>

The \$35.5 million 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, 2024.

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

Year Ended December 31	
2023	\$ 13,435,190
2024	13,957,095
2025	6,846,108
2026	9,038,858
2027	
Thereafter	
	<u><u>\$ 43,277,251</u></u>

Assumptions—The total pension liability for the measurement date of December 31, 2022 was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions applied to all periods included in the measurement.

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal
Asset valuation method	Fair market value
Amortization method	Level dollar closed
Remaining amortization period	22
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 actuarial assumptions used in the January 1, 2022, valuation was based on the results on the actuarial experience study for the period January 1, 2013, to January 1, 2018.

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.

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
Balances at December 31, 2022	<u>\$ 266,444,176</u>	<u>\$ 219,069,693</u>	<u>\$ 47,374,483</u>
Changes for the year:			
Service cost	7,732,602		7,732,602
Interest	15,993,866		15,993,866
Differences between expected and actual experience	8,894,770		8,894,770
Contributions—employer		14,441,455	(14,441,455)
Net investment income		(26,538,438)	26,538,438
Change in benefits terms	(242,886)		(242,886)
Benefit payments, including refunds of employee contributions	(15,449,741)	(15,449,741)	
Administrative expense		(378,654)	378,654
Net changes	<u>16,928,611</u>	<u>(27,925,378)</u>	<u>44,853,989</u>
Balances at December 31, 2023	<u>\$ 283,372,787</u>	<u>\$ 191,144,315</u>	<u>\$ 92,228,472</u>

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	<u>\$ 126,377,844</u>	<u>\$ 92,228,472</u>	<u>\$ 63,327,787</u>

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, 2022.

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 weighing 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, 2022, 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 %	8.7 %
Developed foreign equity	16.0	9.8
Emerging markets equity	15.0	10.0
Private equity	4.0	11.0
Investment grade bonus	11.0	4.7
Long-term government bonds	3.0	5.0
TIPS	3.0	4.5
High-yield bonds	3.0	7.3
Emerging market bonds (local)	2.0	6.0
Emerging market bonds (major)	2.0	6.4
Real estate	8.0	7.8
Real assets	5.0	8.0

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 2023 for accrual of benefits under the RTA Pension Plan.

Changes of Assumptions—The amounts reported in 2023 are based on the expectation of retired life mortality Pub-2010 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.

13. 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 to 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, 2022, the following employees were covered by the benefit terms:

Active non-contract employees	610
Active senior executive employees	4
Active board members	
Non-contract retirees with METRA sponsored insurance	213
Non-contract retirees receiving a subsidy	158
Contract police retirees	1
Senior executive retirees	<u>22</u>
Total	<u>1,008</u>

Total OPEB Liability—Metra’s total OPEB liability of \$49,332,740 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the December 31, 2022, 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, 2022
Measurement date	December 31, 2023
Discount rate	3.77%
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, 2023, 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, 2023, 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 2024 trend rate is 9.9% for non-Medicare costs and 9.9% for Medicare cost. For plan years after 2023, 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 single 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, 2022	<u>\$ 42,449,003</u>
Changes for the year:	
Service cost	1,596,442
Interest on total OPEB liability	1,758,253
Differences between expected and actual experience	2,600,554
Changes in assumptions	2,244,211
Benefit payments	<u>(1,315,723)</u>
Net changes	<u>6,883,737</u>
Balance at December 31, 2023	<u>\$ 49,332,740</u>

Changes in assumptions reflect a change in the discount rate from 4.05% to 3.77%.

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 3.77%, and sensitivity discount rates that are either one percentage point higher or lower.

1% Decrease 2.77%	Current Single Discount Rate Assumption 3.77%	1% Increase 4.77%
<u>\$ 58,829,753</u>	<u>\$ 49,332,470</u>	<u>\$ 41,984,054</u>

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 9.90% in 2024, and 6.25% in 2025, decreasing to an ultimate trend rate of 4.25% in 2033. The key current trend rates for Medicare coverage are 9.90% in 2024, and 7.25% in 2025 decreasing to an ultimate trend rate of 4.25% in 2037 for Medicare coverage.

1% Decrease ^(a)	Current Healthcare Cost Trend Rate Assumption	1% Increase ^(b)
<u>\$ 41,304,833</u>	<u>\$ 49,332,740</u>	<u>\$ 59,891,948</u>

^(a) One percentage point decrease in healthcare trend rates for non-Medicare coverage are 9.90% in 2024, and 5.25% in 2025, decreasing to an ultimate trend rate of 3.25% in 2033. One percentage point decrease in healthcare trend rates for Medicare coverage are 9.90% in 2024, and 6.25% in 2025, decreasing to an ultimate trend rate of 3.25% in 2037.

(b) One percentage point increase in healthcare trend rates for non-Medicare coverage are 9.90% in 2024, and 7.25% in 2025, decreasing to an ultimate trend rate of 5.25% in 2033. One percentage point increase in healthcare rates for Medicare coverage are 10.90% in 2024, and 8.25% in 2025, decreasing to an ultimate trend rate of 5.25% in 2037.

OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to

OPEB—For the year ended December 31, 2023, Metra recognized OPEB expense of \$2,215,075. At December 31, 2023, 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
2023		
Difference between expected and actual experience	\$ 3,392,801	\$ (2,455,146)
Changes in assumptions	<u>7,676,260</u>	<u>(15,216,037)</u>
Total	<u>\$11,069,061</u>	<u>\$(17,671,183)</u>

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
2024	\$(1,101,172)
2025	(852,094)
2026	(1,453,958)
2027	(2,043,946)
2028	(1,763,251)
Thereafter	<u>612,299</u>
	<u>\$(6,602,122)</u>

14. 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 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.

Union Pacific (UP) Litigation—The legal actions between the UP and Metra related to UP’s obligation to provide commuter rail service have concluded. 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 negotiations is currently unknown along with any potential financial impacts.

Grants—Metra receives money 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.

15. SUBSEQUENT EVENTS

Metra has evaluated subsequent events through May 28, 2024, the date the financial statements are available for issuance.

Through May 28, 2024, Metra has requisitioned \$91.9 million of operating assistance under the ARP Act from the FTA for the 2024 fiscal year. Additionally, Metra has not yet requisitioned the \$39.6 million under the ARP Act that was accrued for fiscal 2023. As of this date, there is \$401.5 million in federal relief funding available: \$177.3 million remaining under ARPA; \$162.3 million under the CARES Act; and \$61.9 million under CRRSAA.

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**REQUIRED SUPPLEMENTARY INFORMATION AS OF AND
FOR THE YEAR ENDED DECEMBER 31, 2023**

**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**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	58.4 %	55.10 %	55.70 %	54.70 %	54.80 %	54.30 %	53.10 %	49.90 %	47.25 %
Proportionate share of net pension liability	92,228,472	44,697,499	62,730,929	27,849,711	33,086,350	9,706,064	20,073,805	17,255,480	33,062,726
Covered-employee payroll	57,192,707	53,714,006	55,909,768	56,612,351	56,653,562	54,032,766	49,388,696	43,086,132	40,833,326
Proportionate share of net pension liability as a percentage of its covered-employee payroll	161 %	83.21 %	112.20 %	49.19 %	58.40 %	17.96 %	40.64 %	40.05 %	80.97 %
Plan fiduciary net position as a percentage of the total pension liability	67 %	82.22 %	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
2023	\$ 15,516,687	\$ 35,516,687	\$(20,000,000)	\$ 57,192,707	62.10 %
2022	14,441,455	14,441,455		54,647,019	26.43
2021	13,106,467	13,106,467		53,714,006	24.00
2020	9,536,326	9,536,326		55,909,768	17.00
2019	6,883,779	6,883,779		56,612,351	12.00
2018	6,352,468	6,352,468		56,653,562	11.00
2017	5,745,866	5,745,866		54,032,766	11.00
2016	5,062,642	5,062,642		49,388,696	10.00
2015	6,785,849	39,848,577	(33,062,728)	43,086,132	92.00
2014	6,466,096	13,357,146	(6,891,050)	40,833,326	33.00
2013	6,615,046	10,060,571	(3,445,525)	35,170,174	29.00

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**

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY:						
Service cost	\$ 1,596,442	\$ 2,759,099	\$ 2,571,409	\$ 1,939,546	\$ 1,677,711	\$ 1,700,908
Interest	1,758,253	1,173,282	1,138,399	1,385,959	1,608,799	1,467,760
Changes of benefits terms						
Difference between expected and actual experience	(2,600,554)	(744,366)	2,097,542	(2,284,769)	(3,680,128)	11,189
Changes of assumptions	2,244,211	(21,061,072)	2,017,753	5,881,950	8,204,016	(2,895,269)
Benefit payments	<u>(1,315,723)</u>	<u>(1,308,720)</u>	<u>(1,088,221)</u>	<u>(1,084,688)</u>	<u>(1,089,067)</u>	<u>(1,164,025)</u>
Net change in total OPEB liability	1,682,629	(19,181,777)	6,736,882	5,837,998	6,721,331	(879,437)
TOTAL OPEB LIABILITY— Beginning	<u>42,449,003</u>	<u>61,630,780</u>	<u>54,893,898</u>	<u>49,055,900</u>	<u>42,334,569</u>	<u>43,214,006</u>
TOTAL OPEB LIABILITY—Ending	<u>\$ 49,332,740</u>	<u>\$ 42,449,003</u>	<u>\$ 61,630,780</u>	<u>\$ 54,893,898</u>	<u>\$ 49,055,900</u>	<u>\$ 42,334,569</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 64,508,495</u>	<u>\$ 61,152,536</u>	<u>\$ 63,022,551</u>	<u>\$ 55,909,768</u>	<u>\$ 56,612,351</u>	<u>\$ 56,653,562</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED- EMPLOYEE PAYROLL	<u>76.47 %</u>	<u>69.41 %</u>	<u>97.79 %</u>	<u>98.18 %</u>	<u>86.65 %</u>	<u>74.73 %</u>

* 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, 2023**

	Budget	Actual	Favorable (Unfavorable)
REVENUE:			
Passenger revenue	\$ 164,650,000	\$ 136,016,566	\$(28,633,434)
Reduced fare reimbursement	<u>1,618,000</u>	<u>1,687,067</u>	<u>69,067</u>
Total operating passenger revenue	166,268,000	137,703,633	(28,564,367)
Other revenue	<u>49,750,000</u>	<u>76,339,804</u>	<u>26,589,804</u>
Total revenue	<u>216,018,000</u>	<u>214,043,437</u>	<u>(1,974,563)</u>
OPERATING EXPENSES:			
Transportation	294,405,018	277,421,607	16,983,411
Fuel and motive power	70,556,713	60,849,387	9,707,326
Engineering	206,694,681	206,453,420	241,261
Mechanical	222,219,935	212,526,105	9,693,830
Administration	<u>135,739,055</u>	<u>102,999,059</u>	<u>32,739,996</u>
Total administration and regional services	929,615,402	860,249,578	69,365,824
Claims and insurance	32,722,229	40,264,832	(7,542,603)
Downtown stations	<u>17,662,369</u>	<u>11,241,029</u>	<u>6,421,340</u>
Total operating expenses	<u>980,000,000</u>	<u>911,755,439</u>	<u>68,244,561</u>
LOSS BEFORE DEPRECIATION, FINANCIAL ASSISTANCE, AND LEASEHOLD-RELATED INTEREST INCOME AND EXPENSE	<u><u>\$(763,982,000)</u></u>	<u><u>\$(697,712,002)</u></u>	<u><u>\$ 66,269,998</u></u>
NOTE—			
Amounts excluded from the operating budget-basis expenses for recovery ratio calculations:			
Security expense	\$ 36,870,000	\$ 39,232,672	\$ 2,362,672
Funded depreciation included in operating expenses	4,607,000	4,447,026	(159,974)
Lease of transportation facilities	23,965,000	17,587,469	(6,377,531)
Bond service and fees	<u> </u>	<u> </u>	<u> </u>
TOTAL DEDUCTIONS	<u><u>\$ 65,442,000</u></u>	<u><u>\$ 61,267,167</u></u>	<u><u>\$ (4,174,833)</u></u>

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, 2023**

	NIRCRC	Union Pacific	BNSF	Total
OPERATING REVENUE:				
Passenger revenue	\$ 50,664,752	\$ 55,981,090	\$ 29,370,724	\$ 136,016,566
Other revenue	75,791,770	416,906	131,128	76,339,804
Reduced fare reimbursement	<u>629,112</u>	<u>692,650</u>	<u>365,305</u>	<u>1,687,067</u>
Total operating revenue	<u>127,085,634</u>	<u>57,090,646</u>	<u>29,867,157</u>	<u>214,043,437</u>
OPERATING EXPENSES:				
Carrier-level expenses paid by carrier:				
Transportation	160,526,611	83,026,526	33,868,470	277,421,607
Engineering	131,459,666	68,387,032	6,606,722	206,453,420
Mechanical	107,100,842	70,514,935	34,910,328	212,526,105
Administration	<u>98,044,457</u>	<u>4,994,288</u>	<u>(39,686)</u>	<u>102,999,059</u>
Total carrier-level expenses	<u>497,131,576</u>	<u>226,922,781</u>	<u>75,345,834</u>	<u>799,400,191</u>
Centralized expenses paid by Metra:				
Diesel fuel	19,976,046	24,057,798	11,987,359	56,021,203
Motive electricity	4,828,184			4,828,184
Claims and insurance	25,629,327	11,149,898	3,485,607	40,264,832
Downtown stations	<u>6,269,423</u>	<u>827,541</u>	<u>4,144,065</u>	<u>11,241,029</u>
Total centralized expenses	<u>56,702,980</u>	<u>36,035,237</u>	<u>19,617,031</u>	<u>112,355,248</u>
Total operating expenses	<u>553,834,556</u>	<u>262,958,018</u>	<u>94,962,865</u>	<u>911,755,439</u>
OPERATING LOSS	<u>\$(426,748,922)</u>	<u>\$(205,867,372)</u>	<u>\$(65,095,708)</u>	<u>\$(697,712,002)</u>
CALCULATION OF REVENUE RECOVERY RATIO (UNAUDITED):				
Amounts excluded from the operating budget-basis expenses:				
Security expense				\$ 39,232,672
Funded depreciation included in expenses				4,447,026
Lease of transportation facilities				<u>17,587,469</u>
Total exclusions				<u>\$ 61,267,167</u>
Amounts added to the operating budget-basis revenues				
CARES Act funding—fare revenue replacement				20,353,543
CRRSA Act funding—fare revenue replacement				
ARP Act funding—fare revenue replacement				132,541,280
Senior free ride allowance				<u>1,612,265</u>
Total additions				<u>\$ 154,507,088</u>
REVENUE RECOVERY RATIO (\$214,043,437+\$154,507,088)/(\$911,755,439-\$61,267,176)				<u>43.3 %</u>

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

**COMMUTER RAIL DIVISION OF THE REGIONAL TRANSPORTATION
AUTHORITY AND THE NORTHEAST ILLINOIS REGIONAL
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**NOTES TO SUPPLEMENTARY INFORMATION—(UNAUDITED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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. 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 and amortization. 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. In past years, Metra’s budgeted farebox recovery ratio was 52.5%. 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. In 2023, Metra’s actual farebox recovery ratio on an operating budget basis was 43.3%.

As allowed under the RTA Act, funded depreciation and amortization 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. Additionally, CARES Act, CRRSAA and ARPA funding requisitioned for fare revenue replacement has been authorized to be considered operating revenue for use to determine the Farebox Recovery Ratio. In 2023, Metra characterized the entire \$132.5 million requisition of ARP Act fundings (includes \$39.6 million accrued, but not requisitioned until 2024) and the \$20.4 million of CRRSA funding as fare revenue replacement and included as an adjustment to Operating Revenues in calculating the Farebox Revenue Recovery Ratio.

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