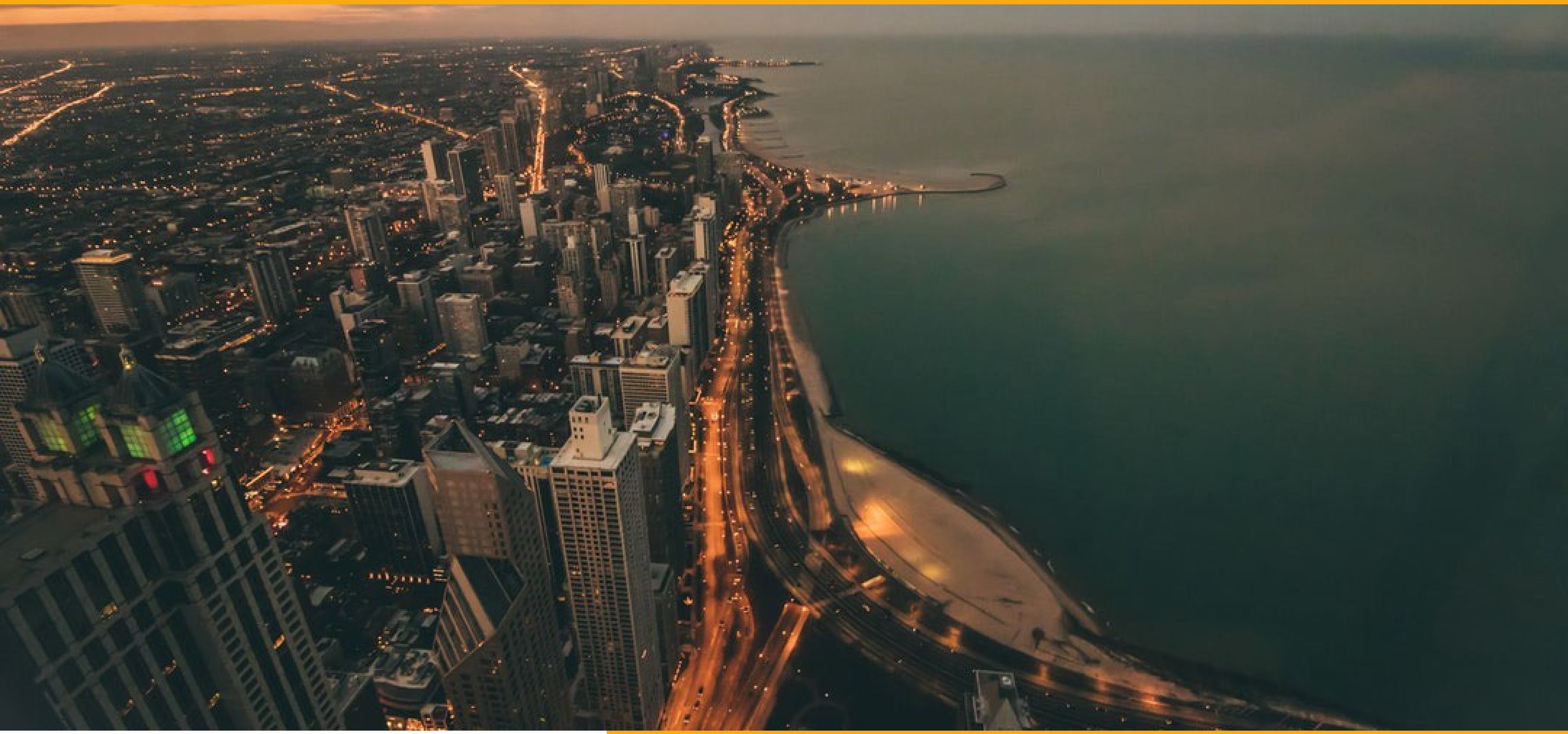
REGIONAL
TRANSPORTATION
AUTHORITY

NORTHEASTERN
ILLINOIS



Regional Transportation Authority Pension Plan

(A Pension Trust Fund of the Regional Transportation Authority)

Annual Financial Report

Fiscal Year Ended December 31, 2021

Regional Transportation Authority
Pension Plan

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Independent Auditor's Report

To the Plan Administrator, the Trustees, and Retirement
Committee of the Regional Transportation Authority
Pension Plan, and the Board of Directors of the
Regional Transportation Authority
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Statement of Fiduciary Net Position of the Regional Transportation Authority Pension Plan ("Plan"), a pension trust fund of the Regional Transportation Authority ("RTA"), as of and for the year ended December 31, 2021, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Regional Transportation Authority Pension Plan, Illinois, as of December 31, 2021, and the changes in fiduciary net position 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 the Plan 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Regional Transportation Authority Pension Plan and do not purport to, and do not, present fairly the financial position of the Regional Transportation Authority as of December 31, 2021, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 the Plan's ability to continue as a going concern for 12 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan'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 the Plan'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, the schedule of changes in net pension liability, schedule of net pension liability, schedule of investment returns and schedule of contributions 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.

RSM US LLP

Chicago, Illinois
July 13, 2022

Regional Transportation Authority
Pension Plan

Management's Discussion and Analysis
For the Year Ended December 31, 2021

This section provides an overview and analysis of the basic financial statements of the Regional Transportation Authority ("RTA") Pension Plan ("Plan") for the year ended December 31, 2021. We encourage readers to consider information in the financial statements and required supplementary information that follow this document.

Overview and Analysis of the Financial Statements

The RTA Pension Plan annual financial report consists of four parts – the independent auditor's report; management's discussion and analysis (this section); the financial statements, including notes to financial statements; and the required supplementary information. The basic financial statements of the Plan are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements provide information about the nature and amount of investments available to pay the pension benefits of the Plan. The Statement of Changes in Fiduciary Net Position accounts for all additions to and deductions from the net position restricted for pension benefits. These statements measure the success of the Plan in increasing the net position available for pension benefits during the year.

Financial Highlights

- The Plan's net position at December 31, 2021 was $375.1 million
- Employer contributions of $23.8 million increased by $5.3 million from the prior year
- Benefit payments were $24.8 million, resulting in a $4.0 million decrease from the prior year
- The total net investment gain was $40.4 million

2021

The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position measure the value of plan net position and the changes to it. As of December 31, 2021, the plan net position increased to $375.1 million. The increase in net position of $38.9 million resulted from investment gains of $40.4 million and an increase in employer contributions of $5.3 million offset by a decrease in benefit payments of $4.0 million.

2020

The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position measure the value of plan net position and the changes to it. As of December 31, 2020, the plan net position increased to $336.2 million. The increase in net position of $23.4 million resulted from investment gains of $34.3 million and an increase in employer contributions of $4.5 million offset by an increase in benefit payments of $9.9 million.

***PLAN NET POSITION* — THE FOLLOWING TABLE SUMMARIZES THE PLAN'S STATEMENTS OF FIDUCIARY NET POSITION:**

	2021	2020
Assets		
Cash and investments	$ 381,072,636	$ 336,612,263
Other receivables	15,900	127,382
Total assets	381,088,536	336,739,645
Liabilities		
Accrued expenses	536,309	143,169
Other liabilities	9,522	386,335
Unearned employer contributions	5,423,366	-
Total liabilities	5,969,197	143,169
Net position restricted for pensions	$ 375,119,339	$ 336,596,476

In 2021, the plan net position increased by 11.6% ($38.9 million). The increase is primarily due to a net investment gain of $40.4 million and an increase in employer contributions of $5.4 million offset by a decrease in benefits of $4.0 million. In 2020, the plan net position increased by 11.6% ($38.9 million). The increase is primarily due to a net investment gain of $40.4 million and an increase in employer contributions of $5.4 million and a decrease in benefits of $4.0 million.

Changes in Plan Net Position — The following table summarizes the Plan's Statements of Changes in Fiduciary Net Position:

	2021	2020
Additions:		
Employer contributions	$ 23,786,691	$ 18,420,873
Net investment income	40,406,137	34,307,917
Total net additions	64,192,828	52,728,790
Deductions:		
Benefit payments	24,792,447	28,754,157
Administrative expenses	491,183	597,240
Total deductions	25,283,630	29,351,397
Net increase (decrease) in net position restricted for pensions	$ 38,909,198	$ 23,377,393

In 2021, the Plan incurred a net investment gain of $40.4 million, compared to a gain of $34.3 million in 2020. In 2021, the net investment return increased by $6.1 million from 2020. The increase in net investment income in 2021 compared to 2020 was the result of upward improvement in the securities market. The increase in contributions was due to the actuary's implementation of new assumptions based on a new plan experience study performed in 2021 and updated as of January 1, 2021.

The decrease in benefit payments is due to the fact that there were several long-term employees who retired in 2021 and requested lump sum payouts from the plan.

Plan Funding and Future Outlook

The Plan is a pre-funded plan which invests assets in order to meet the future obligations to plan members. The funded ratio of the Plan measures the ratio of fiduciary net position against the total pension liability and is an indicator of fiscal strength of the pre-funded pension fund's ability to meet the obligations of its members. An annual actuarial valuation is performed and the most recent valuation showed the funded status of 82.2%, an increase of 7.3% from the previous year. The increase is mostly attributable to the changes in the Plan's long-term municipal bond rate from 2.0% to 1.84% which significantly decreased the total pension liability in 2021.

A total of $3.540 billion of federal relief funding was provided to the RTA Region by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act of 2020, the Coronavirus Response and Relief Supplemental Appropriations ("CRRSA") Act of 2021, and the American Rescue Plan ("ARP") Act of 2021. The RTA Board fully allocated these funding sources among the CTA, Metra, Pace Suburban Service, ADA Paratransit, and the RTA Agency to help offset the impact of COVID-19 related revenue losses. Through 2021, the Region had drawn down approximately 32% of the available relief funding. With respect to COVID-19 impacts, 2021 was a year of recovery. The unemployment rate in the RTA region improved from 7.5% at the beginning of the year to 5.4% in December. Due to the gradual easing of mitigation measures, RTA system ridership improved from about 30% of pre-COVID levels at the beginning of the year to about 47% by December. With a January 2021 change to State law which required collection of local sales taxes on more online transactions, RTA sales tax performance rebounded to record levels in 2021, growing by 27.6% to $1.469 billion, more than $200 million above the pre-COVID result for 2019. Looking forward, ridership recovery has continued in early 2022 as return-to-office plans solidify, passing 50% of pre-COVID levels in March. With the RTA funding outlook improved, the focus will be on judicious use of the remaining federal relief funding as the RTA system continues to recover from the COVID-19 pandemic. Staff continues to analyze the impact of COVID-19 on the RTA's position, the RTA Pension Plan's position and the position of each of the three Service Boards as the RTA's COVID Recovery Strategy is executed in 2021 and beyond.

Contacting the Financial Management of the RTA Pension Plan

This financial report provides a general overview of the net position of the Regional Transportation Authority Pension Plan. Users of this report should address questions concerning the information contained herein, or requests for additional financial information, to the Regional Transportation Authority, 175 West Jackson Blvd., Suite 1550, Chicago, Illinois 60604.

Regional Transportation Authority
Pension Plan

Statement of Fiduciary Net Position
December 31, 2021

Assets	
Cash and cash equivalents	$ 10,012,466
Investments, at fair value	
Corporate fixed income mutual fund	59,157,197
Common stocks	42,235,562
Real estate funds	28,588,596
Private equity funds	22,589,648
Commingled funds	218,489,167
Total investments	371,060,170
Receivables	
Accrued interest	15
Accrued dividends	11,761
Pending investment sales	4,124
Total receivables	15,900
Total assets	381,088,536
Liabilities	
Accrued expenses	536,309
Pending investment purchases	9,522
Unearned employer contributions	5,423,366
Total liabilities	5,969,197
Net position restricted for pensions	$ 375,119,339

See Notes to Financial Statements.

Regional Transportation Authority
Pension Plan

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021

Additions:	
Investment gain	
Net appreciation in fair value of investments	$ 37,846,787
Interest and dividends	3,436,594
Total investment income	41,283,381
Less investment expenses	(877,244)
Net investment income	40,406,137
Contributions:	
Employer contributions	23,786,691
Total additions	64,192,828
Deductions:	
Benefit payments	24,792,447
Administrative expenses	491,183
Total deductions	25,283,630
Change in net position	38,909,198
Net position - beginning of year	336,210,141
Net position - end of year	$ 375,119,339

See Notes to Financial Statements.

Note 1. Description of the Plan

The following description of the Regional Transportation Authority ("RTA") Pension Plan ("Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

***General*—**The Plan, which became effective July 1, 1976, is a governmental, cost-sharing multiple-employer, defined benefit pension plan. The Plan is considered a multiple-employer plan with regard to financial reporting requirements, but not under the Internal Revenue Code ("IRC"). The Plan has three participating employers and covers substantially all employees of the RTA and its Commuter Rail and Suburban Bus Divisions ("Metra" and "Pace", respectively), collectively referred to hereinafter as the Employers, 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's Board of Trustees consists of seven members, including three employee trustees, made up of one employee member from each of the three employer entities and four non-employee trustees, whom are appointed by the RTA Board.

The Plan is a pension trust fund sponsored by the RTA and has no component units.

The financial statements present only the Regional Transportation Authority Pension Plan and do not purport to, and do not, present fairly the financial position of the Regional Transportation Authority as of December 31, 2021, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Plan is classified as a "governmental plan" and is, therefore, exempt from the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is subject to certain qualified retirement plan provisions of the IRC.

***Participation*—**Employees are eligible for participation on the first day of the month coincident with or next following their date of employment. At January 1, 2021, the number of participants was:

Inactive plan members (or their beneficiaries) currently receiving benefits	931
Inactive plan members entitled to but not yet receiving benefits	513
Active plan members	1,156
Total	2,600

***Pension Benefits*—**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.

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 ten years of credited service. As a result of the August 1, 1999 amendment to the Plan, participants may receive their full vested benefits if they are at least 55 years of age and their combined age at retirement and credited years of service equals eighty-five or higher (known as "Rule of Eighty-Five Early Retirement").

Note 1. Description of the Plan (Continued)

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.

***Disability Benefits*—**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 and Vesting*—**The Plan is funded solely by employer contributions, which are actuarially determined under the entry age normal method.

For the purpose of determining contributions, the Plan uses an asset smoothing method which smooths asset gains and losses over a 5-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.

The 2021 required contributions were determined as part of the January 1, 2021 actuarial valuation, using the entry age actuarial cost method. The actuarial assumptions at January 1, 2021 included (a) 6.0% for 2021 investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases ranging from 2.85% to 8.60% per year depending on age and service, attributable to seniority/merit, and (c) PUB-2010 Public Retirement Plans Mortality Tables with rates projected from 2010 using projection scale MP-2018. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of total payroll on a closed basis over 30 years.

***Related-Party Transactions*—**There are no securities of the RTA, Metra, Pace or related parties included in the Plan's assets.

***Subsequent Events*—**The Plan has evaluated subsequent events for potential recognition and/or disclosure through the date of this report noting no significant items were identified for reporting purposes.

Note 2. Summary of Significant Accounting Policies

***Basis of Presentation*—**The accompanying financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

***Cash Equivalents*—**Cash equivalents consist of money market accounts with original maturities of three months or less.

Note 2. Summary of Significant Accounting Policies (Continued)

Investments—Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value for the majority of fixed income securities is determined by using quoted market prices by independent pricing services. Investments that do not have an established market are reported at net asset value; these include commingled funds, real estate funds, private equity funds and hedge funds. The alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Holdings are generally valued by a general partner or investment manager on a quarterly basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of judgment.

Purchases and sales of securities are accounted for on the trade dates. For purposes of determining realized gains or losses on the disposal of investments, the average cost of investments sold, determined at the time of sale, is used.

Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date.

Unearned Employer Contributions—Contributions received from employers prior to fiscal year-end related to the Plan's future funding policy.

Administrative Expenses—The RTA provides the Plan with certain administrative services, such as accounting and office facilities, at no cost to the Plan. Further detail relative to the Plan's administrative expenses is provided in Note 6.

Income Tax Status—The Internal Revenue Service ("IRS") has issued a letter of determination dated September 19, 2011, stating that the Plan was designed in compliance with Section 401(a) of the Internal Revenue Code ("Code"). The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes the Plan is currently designed and operated in compliance with the applicable requirements of the Code and is therefore exempt from federal income taxes under the provisions of Section 501(a) of the Code. As of December 31, 2021, an updated Determination Letter request is pending before the IRS.

Management's Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

Risks and Uncertainties—The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and those such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Note 3. Investments

***Investment Policy* –** The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the RTA Pension Plan Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the Trustee's adopted asset allocation policy as of December 31, 2021:

Asset Class	Target Allocation
Domestic Equity	28.0
Developed Foreign Equity	16.0
Emerging Markets Equity	15.0
Private Equity	4.0
Investment Grade Bonds	11.0
Long-Term Government Bonds	3.0
TIPS	3.0
High-Yield Bonds	3.0
Emerging Market Bonds (local)	2.0
Emerging Market Bonds (major)	2.0
Real Estate	8.0
Real Assets	5.0

***Risk Posture* –** The RTA evaluated the assets and liabilities of the Pension Plan in order to determine an asset allocation that provides a high likelihood of achieving the responsibilities noted above. The obligations of current and future beneficiaries were evaluated under various market scenarios to develop an allocation that can be expected to generate a solid rate of return without incurring undue risk. In general, the risk posture of the Pension Plan is such that the portfolio is structured to maintain funding requirements and modestly grow assets through a low to moderate level of risk.

***Custodial Credit Risk* –** Custodial credit risk, for deposits and investments, is the risk that in the event of the failure of the depository financial institution or counterparty to a securities transaction, the RTA Pension Plan will not be able to recover the deposits or value of the securities or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured or unregistered by the counterparty's trust department or agent, but not in the name of the customer.

As of December 31, 2021, the Plan's deposits are covered in full by federal depository insurance and the Plan's investments are exposed to custodial credit risk because they are held by the Plan's trust operations administrator in the name of the Plan.

Note 3. Investments (Continued)

Interest Rate Risk – Per the RTA's Pension Plan investment policy, the duration of the fixed income portfolio should be within 20% of the duration of the benchmark index.

As of December 31, 2021, the RTA's pension investments exposed to interest rate risk were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Mutual funds - fixed income	$ 59,157,197	107

Credit Risk — The RTA's pension policy for credit risk states at least 85% of the fixed income investments should be limited to securities with ratings of at least investment grade as defined by both Moody's and Standard & Poor's. Split rated bonds are to be governed by the lower rating. Unrated securities of the U.S. Treasury and government agencies are a permissible investment. No more than 15% of the portfolio may be invested in investment-grade securities of foreign entities domiciled in countries included in the Citigroup World Government Bond Index.

As of December 31, 2021, the credit ratings for RTA pension investments were as follows:

		Credit Rating (where available)		
Investment Type	Total Fair Value	Moody's	Standard & Poor's	Fitch
Mutual funds - fixed income	$ 59,157,197	NR	NR	NR

NR – Not rated

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The RTA's pension investment policy states that fixed income securities of a single issuer (excluding obligations of the United States Government and its agencies) should be limited to 5% of the fixed income portfolio, measured at market value. The RTA's pension policy states the asset allocation policy has been developed based on the objectives and characteristics of the pension liabilities, capital market expectations and asset-liability projections. This policy is long-term oriented and consistent with the risk posture. As of December 31, 2021, the pension fund did not have any investments in a single issuer which were greater than 5% of the Plan's investment portfolio.

Rate of Return – For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 3. Investments (Continued)

Fair Value Measurement

The Plan categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows:

Level 1 Inputs using unadjusted quoted prices in active markets or exchanges for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3 Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The Plan's assessment of significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Investments measured at fair value using net asset value per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are required.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for identical investments.

Fixed income investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

Fixed income investments classified in Level 3 (if any) include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data and securities valued with last trade date due to limited trading volume.

Alternative investments and commingled funds are measured at fair value using the Net Asset Value (NAV) per share as a practical expedient to fair value. Investments measured at NAV are not classified in the fair value hierarchy.

Note 3. Investments (Continued)

The following table summarizes the valuation of the Plan's investments by the fair value hierarchy levels as of December 31, 2021:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Fixed income investments				
Mutual funds - fixed income	$ 59,157,197	$ -	$ 59,157,197	$ -
Equity investments				
Common stock	42,235,562	42,235,562	-	-
Total investments by fair value level	**$ 101,392,759**	**$ 42,235,562**	**$ 59,157,197**	**$ -**
Investment Measured at the Net Asset Value (NAV)				
Commingled funds - equity	$ 200,124,510			
Commingled funds - fixed income	18,364,657			
Real estate funds	28,588,596			
Private equity funds	22,589,648			
Total Investments measured at the NAV	269,667,411			
Total investments measured by fair value	**$ 371,060,170**			

Note 3. Investments (Continued)

Investments measured at the NAV per share (or its equivalent) are as follows:

Investments Measured at the Net Asset Value (NAV)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Funds[1]	$ 218,489,167	$ -	Daily	1 day
Real Estate Funds[2]	28,588,596	-	Quarterly - Biannually	30 days
Private Equity[3]	22,589,648	8,973,000	N/A	N/A
Total	$ 269,667,411	$ 8,973,000		

(1) *Commingled Funds* – There are four equity funds and one fixed income fund, which are considered commingled in nature. Each is valued at net asset value of the units held at the end of the period based upon fair value of the underlying securities.

(2) *Real Estate Funds* – There are two real estate funds that invest primarily in office, industrial, retail and residential real estate in the United States with a focus on major cities on both coasts. The funds are classified as liquid real estate funds due to the open-end structure of the funds. Open-end funds generally offer periodic distributions of net cash flow, which can be reinvested, as well as quarterly redemption windows.

(3) *Private Equity Funds* – Consisting of two private equity funds investing in secondary private markets with asymmetric risk/reward profiles, offering enhanced downside protection and meaningful upside optionality. The underlying portfolio investments cannot be redeemed with each fund, but rather the fund will make distributions of capital as the fund liquidates the underlying portfolio investments over the life of the fund.

Note 4. Net Pension Liability

The components of the net pension liability at December 31, 2021, were as follows:

Fiscal Year Ending December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability
2021	$ 456,240,027	$ 375,119,339	$ 81,120,688	82.22%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation using member census information as of January 1, 2021 and rolled forward to December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	2.85% to 8.60% including inflation
Investment Rate of Return	6.00%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and the Pub-2010 (General Employees) Healthy Retiree Mortality table for post-retirement mortality, sex distinct, with mortality improvement projected from 2010 using projection scale MP-2018.
Other Information	The actuarial assumptions used to calculate the GASB 67 and 68 Net Pension Liability were updated according to the experience study covering the period from January 1, 2013 to January 1, 2018 and the assumptions adopted by the Plan's Retirement Committee. The actuarial assumptions and the actuarial cost method used to calculate the GASB 67 and 68 Net Pension Liability remain unchanged from the prior actuarial valuation as of December 31, 2020, except for the conversion factors used to calculate future projected lump sum benefits in the actuarial valuation.

Note 4. Net Pension Liability (Continued)

Long-term expected return on plan assets: The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2021 and experience study for the period January 1, 2013 through January 1, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real arithmetic rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real arithmetic rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	6.8%
Developed Foreign Equity	7.5%
Emerging Markets Equity	8.4%
Private Equity	10.0%
Investment Grade Bonds	2.4%
Long-Term Government Bonds	2.8%
TIPS	2.4%
High-Yield Bonds	4.4%
Emerging Market Bonds (local)	4.2%
Emerging Market Bonds (major)	4.6%
Real Estate	7.4%
Real Assets	7.1%

Single discount rate: - A single discount rate of 6.00% was used to measure the total pension liability. 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.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan's net pension liability, calculated using a single discount rate of 6.00%, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$ 135,603,619	$ 81,120,689	$ 35,004,822

Note 5. Plan Termination

While it is the intent to maintain the Plan permanently, in the event the Plan terminates, the rights of all participants affected by such termination and their beneficiaries become vested to the extent of the assets then remaining.

Note 6. Administrative Expenses

The Plan's administrative expenses for the year ended December 31, 2021, consist of the following:

	Amount
Plan administration	$ 416,794
Legal	27,000
Audit	34,300
Other	13,090
Total administrative expenses	$ 491,184

Note 7. Subsequent Events

In May 2022, the RTA approved an amendment to the Plan's provisions to reflect changes associated with purchasing service credit, permitting eligible employees to elect to waive participation in the Plan subject to procedures still being established, clarification of the effects of long-term disability following normal retirement, ceasing the recognition of service credit from service completed at the Chicago Transit Authority, and other administrative matters impacting the plan related to the Open Meetings Act and the appointment process for the Plan Committee. Most of these changes are retroactive to January 1, 2022 and are not expected to have a material impact on the net pension liability as of December 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Regional Transportation Authority
Pension Plan

Required Supplementary Information
Schedule of Changes in Net Pension Liability

Fiscal year ending December 31,	2021	2020	2019
Total pension liability			
Service cost	$ 12,671,954	$ 9,434,358	$ 7,897,855
Interest on the total pension liability	26,957,358	26,929,762	24,683,480
Changes of benefit terms	-	-	-
Difference in expected and actual total pension liability	(8,671,460)	8,724,366	2,045,630
Changes in assumptions	1,241,625	68,752,372	17,517,920
Benefit payments	(24,792,447)	(28,754,157)	(18,886,167)
Net change in total pension liability	7,407,030	85,086,701	33,258,718
Total pension liability—beginning	448,832,997	363,746,296	330,487,578
Total pension liability—ending (a)	$ 456,240,027	$ 448,832,997	$ 363,746,296
Plan fiduciary net position			
Contributions - METRA	$ 13,106,467	$ 9,536,326	$ 6,883,779
Contributions - PACE	8,586,995	6,095,031	4,530,458
Contributions - RTA	2,093,229	2,789,516	2,470,368
Pension plan net investment income	40,406,137	34,307,917	48,256,234
Benefit payments	(24,792,447)	(28,754,157)	(18,886,167)
Pension plan administrative expense	(491,184)	(597,240)	(532,946)
Net change in plan fiduciary net position	38,909,197	23,377,393	42,721,726
Plan fiduciary net position—beginning	336,210,141	312,832,748	270,111,022
Plan fiduciary net position—ending (b)	$ 375,119,338	$ 336,210,141	$ 312,832,748
Net pension liability - ending (a) - (b)	$ 81,120,689	$ 112,622,856	$ 50,913,548

Note to the Schedule of Changes in Net Pension Liability:
The Plan implemented GASB 67 in FY 2014. Information is not available prior to 2014. Additional years will be added to future reports as schedules are required to show 10 years of historical data.

2021 Changes in assumptions - The actuarial assumptions used to calculate the GASB 67 and 68 Net Pension Liability remain unchanged from the prior GASB 67 and 68 valuation as of December 31, 2020, except for the conversion factor used to calculate future projected lump sum benefits in the actuarial valuation.

2018	2017	2016	2015	2014
$ 7,672,619	$ 7,127,301	$ 6,692,541	$ 6,252,511	$ 6,284,525
23,403,016	22,372,353	21,028,519	19,738,906	19,632,252
-	-	655,607	-	-
3,592,890	2,105,957	5,508,647	6,131,683	-
2,238,247	645,767	(388,675)	-	(2,545,057)
(21,190,479)	(16,994,447)	(15,067,599)	(15,658,298)	(11,360,171)
15,716,293	15,256,931	18,429,040	16,464,802	12,011,549
314,771,285	299,514,354	281,085,314	264,620,512	252,608,963
$ 330,487,578	$ 314,771,285	$ 299,514,354	$ 281,085,314	$ 264,620,512
$ 6,352,468	$ 5,745,866	$ 5,062,642	$ 39,848,577	$ 6,466,096
4,173,155	3,788,251	3,479,971	33,844,343	5,579,076
2,366,473	2,347,589	2,291,553	3,402,174	1,644,024
(18,014,317)	40,769,006	19,970,262	(9,100,344)	3,377,443
(21,190,479)	(16,994,447)	(15,067,599)	(15,658,298)	(11,360,171)
(472,675)	(470,445)	(466,519)	(406,616)	(456,151)
(26,785,375)	35,185,820	15,270,310	51,929,836	5,250,317
296,896,397	261,710,577	246,440,267	194,510,431	189,260,114
$ 270,111,022	$ 296,896,397	$ 261,710,577	$ 246,440,267	$ 194,510,431
$ 60,376,556	$ 17,874,888	$ 37,803,777	$ 34,645,047	$ 70,110,081

Regional Transportation Authority
Pension Plan

Required Supplementary Information
Schedule of Net Pension Liability

Fiscal Year	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2021	$ 456,240,027	$ 375,119,338	$ 81,120,689	82.22%	$ 100,986,030	80.33%
2020	448,832,997	336,210,141	112,622,856	74.91%	107,441,009	104.82%
2019	363,746,296	312,832,748	50,913,548	86.00%	103,276,538	49.30%
2018	330,487,578	270,111,022	60,376,556	81.73%	100,053,769	60.34%
2017	314,771,285	296,896,397	17,874,888	94.32%	93,950,500	19.03%
2016	299,514,354	261,710,577	37,803,777	87.38%	88,663,051	42.64%
2015	281,085,314	246,440,267	34,645,047	87.67%	83,485,618	41.50%
2014	264,620,512	194,510,431	70,110,081	73.51%	74,809,822	93.72%

Note to the Schedule of Net Pension Liability as of Fiscal Year-End:
The Plan implemented GASB 67 in FY 2014. Information is not available prior to 2014. Additional years will be added to future reports as schedules are required to show 10 years of historical data.

Schedule of Investment Returns

Fiscal Year	Money Weighted Rate of Return
2021	12.2%
2020	11.3%
2019	18.0%
2018	-6.1%
2017	15.8%
2016	8.3%
2015	-4.8%
2014	1.8%

Note to the Schedule of Investment Returns:
The Plan implemented GASB 67 in FY 2014. Information is not available prior to 2014. Additional years will be added to future reports as schedules are required to show 10 years of historical data.

Regional Transportation Authority
Pension Plan

Required Supplementary Information
Schedule of Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2021	$ 23,786,691	$ 23,786,691	-	$ 100,986,030	23.55 %
2020*	17,121,000	18,421,000	(1,300,000)	107,441,009	17.15
2019*	12,585,000	13,885,000	(1,300,000)	103,276,538	13.44
2018*	11,592,000	12,892,096	(1,300,096)	100,053,769	12.89
2017*	10,582,000	11,881,706	(1,299,706)	93,950,500	12.65
2016*	9,534,000	10,834,166	(1,300,166)	88,663,051	12.22
2015*	13,599,000	77,095,000	(63,496,000)	83,486,000	92.34
2014	13,689,196	13,689,196	-	74,810,000	18.30
2013	14,795,180	14,795,180	-	70,634,459	20.95
2012	13,493,395	13,493,395	-	67,176,064	20.09

*The three participating employers of the RTA Pension Plan made voluntary supplemental contributions of about $1.3 million during plan fiscal year 2020, 2019, 2018, 2017 and 2016 as well as $63.5 million in 2015.

Notes to the Schedule of Contributions

Actuarial assumptions: The actuarially determined contribution for fiscal year 2021 was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	24 years, as of January 1, 2021
Asset Valuation Method	5 years smoothed market
Inflation	2.50%
Salary Increases	2.85% to 8.60% including inflation
Investment Rate of Return	6.00%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 (General Employees) Employee Mortality table for pre-retirement mortality and the Pub-2010 (General Employees) Healthy Retiree Mortality table for post-retirement mortality, sex distinct, with mortality improvement projected from 2010 using projection scale MP-2018.