Metro-North Commuter Railroad Company Cash Balance Plan

(A Fiduciary Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2021 and 2020,
Supplemental Schedules, and
Independent Auditor's Report

METRO-NORTH COMMUTER RAILROAD COMPANY
CASH BALANCE PLAN

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of Pensions of the
Metro-North Commuter Railroad Company Cash Balance Plan

Opinion

We have audited the accompanying statements of fiduciary net position of the Metro-North Commuter Railroad Company Cash Balance Plan (the "Plan") as of December 31, 2021 and 2020, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Plan's 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 as of December 31, 2021 and 2020, and the respective 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 audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 one year after the date that the financial statements are available to be issued

Auditor's Responsibility 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 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 on pages 3 through 7, Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Schedule I on page 22, Schedule of Employer Contributions - Schedule II on pages 23 through 25, and Schedule of Investment Returns - Schedule III on page 26 be presented to supplement the basic financial statements. Such information, 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.

Deloitte & Touche LLP

January 12, 2023

This narrative discussion and analysis of the Metro-North Commuter Railroad Company Cash Balance Plan (the "Plan") financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2021 and 2020. It is meant to assist the reader in understanding the Plan's financial statements by providing an overall review of the financial activities during the past two years and the effects of significant changes, as well as a comparison with the prior year's activity and results. This discussion and analysis are intended to be read in conjunction with the Plan's financial statements which begin on page 8.

Overview of Basic Financial Statements

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements. The basic financial statements are:

- **The Statements of Fiduciary Net Position** presents the financial position of the Plan at fiscal year-end. It provides information about the nature and amounts of resources with present service capacity that the Plan presently controls (assets), consumption of net assets by the Plan that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), and acquisition of net assets by the Plan that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position. Investments are shown at fair value. All other assets and liabilities are determined on an accrual basis.

- **The Statements of Changes in Fiduciary Net Position** present the results of activities during the year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in the year's activity as net appreciation (depreciation) in fair value of investments.

- **The Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

- **Required Supplementary Information,** as required by the Government Accounting Standards Board ("GASB") includes the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns.

Financial Highlights

The Plan is a single employer, defined benefit pension plan. The Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined Metro-North Commuter Railroad Company ("MNCR") as management employees between January 1 and June 30, 1983 and were still employed as of December 31, 1988. Effective January 1, 1989, these employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the Plan was closed to new participants. The assets of the Management Plan have been merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees as of the asset transfer date of July 14, 1995.

FINANCIAL ANALYSIS

Fiduciary Net Position
December 31, 2021, 2020, and 2019
(Dollars in thousands)

				Increase/(Decrease)	
	2021	**2020**	**2019**	**2021-2020**	**2020-2019**
Investments, at fair value	$ 359	$ 395	$ 455	$ (36)	$ (60)
Accrued interest	2	2	2	-	-
Other receivable	-	2	1	(2)	1
Total assets	361	399	458	(38)	(59)
Payable for investment securities purchased	10	5	3	5	2
Total liabilities	10	5	3	5	2
Net position - restricted for pensions	$ 351	$ 394	$ 455	$ (43)	$ (61)

December 31, 2021 versus December 31, 2020

Investments at December 31, 2021 were $359 thousand, a decrease of $36 thousand from 2020. The decrease is the result of investment activity and plan contributions net of benefit payments and expenses.

Receivables and accrued interest at December 31, 2021 were $2 thousand, a decrease of $2 thousand. The decrease was primarily due to decrease of other receivables by $2 thousand.

Payables at December 31, 2021 were $10 thousand, an increase of $5 thousand from 2020. The increase is the result of an increase in net securities purchased at the end of 2021.

Net position restricted for pensions at December 31, 2021 was $351 thousand, a decrease of $43 thousand from 2020 as a result of the changes noted above.

December 31, 2020 versus December 31, 2019

Investments at December 31, 2020 were $395 thousand, a decrease of $60 thousand from 2019. The decrease is the result of investment activity and plan contributions net of benefit payments and expenses.

Receivables and accrued interest at December 31, 2020 were $4 thousand, an increase of $1 thousand. The increase was primarily due to other receivables of $1 thousand for 2020.

Payables at December 31, 2020 were $5 thousand, an increase of $2 thousand from 2019. The increase is the result of an increase in net securities purchased at the end of 2020.

Net position restricted for pensions at December 31, 2020 was $394 thousand, a decrease of $61 thousand from 2019 as a result of the changes noted above.

Changes in Fiduciary Net Position
For the Years Ended December 31, 2021, 2020 and 2019
(Dollars in thousands)

				Increase/(Decrease)	
	2021	**2020**	**2019**	**2021-2020**	**2020-2019**
Additions:					
Net investment income/(loss)	$ (5)	$ 32	$ 40	$ (37)	$ (8)
Employer contributions	-	9	-	(9)	9
Other receipts	-	3	5	(3)	(2)
Total additions	(5)	44	45	(49)	(1)
Deductions:					
Benefits paid to participants	38	105	53	(67)	52
Other disbursements	-	-	8	-	(8)
Total deductions	38	105	61	(67)	44
Net decrease in net position	(43)	(61)	(16)	18	(45)
Net position-restricted for pensions:					
Beginning of year	394	455	471	(61)	(16)
End of year	$ 351	$ 394	$ 455	$ (43)	$ (61)

CHANGES IN FIDUCIARY NET POSITION

The Plan is a closed plan and does not have active members as of January 1, 2020. Investments are primarily in bonds and asset backed securities to minimize exposure to market fluctuations. The net position is held in trust for the payment of future benefits to members and beneficiaries.

December 31, 2021 versus December 31, 2020

Net investment income decreased by $37 thousand in 2021 due to net investment losses of $5 thousand in 2021 versus net investment gains of $32 thousand in 2020.

Contributions was zero in 2021 compared to $9 thousand in 2020 due to timing of payments. The Actuarial Determined Contributions ("ADC") of $9 thousand for 2020 was paid in 2021.

Benefit payments decreased by $67 thousand in 2021 compared to 2020. In 2021, there were less retirees taking lump sum distributions when compared to 2020.

There were no securities disbursed in-kind in 2021.

December 31, 2020 versus December 31, 2019

Net investment income decreased by $8 thousand in 2020 due to lower net investment gains of $32 thousand in 2020 versus net investment gains of $40 thousand in 2019.

Contributions increased by $9 thousand in 2020 compared to 2019 due to timing of payments. The Actuarial Determined Contributions ("ADC") of $9 thousand for 2019 was paid in 2020.

Other receipts decreased by $2 thousand in 2020 due to lower securities received in-kind in 2020 when compared to 2019. However, the plan was reimbursed for administrative expenses of $3 thousand when compared to 2019.

Benefit payments increased by $52 thousand in 2020 compared to 2019. In 2020, there were more retirees taking lump sum distributions when compared to 2019.

Other disbursements decreased by $8 thousand in 2020. There were no securities disbursed in-kind in 2020.

INVESTMENTS

The table below summarizes the Plan's investment allocations and investment returns.

Investment Summary
(Dollars in thousands)

Type of Investment	Fair Value	Allocation	Current Year Return
December 31, 2021			
U.S. government & agency securities	$ 167	46.4 %	2.3 %
Corporate bonds & asset backed securities	171	47.6 %	3.2 %
Short-term investments	15	4.2 %	0.1 %
Other bonds & fixed income securities	6	1.8 %	5.2 %
Total	$ 359	100.0 %	2.7 %
December 31, 2020			
U.S. government & agency securities	$ 174	44.1 %	2.3 %
Corporate bonds & asset backed securities	213	53.9 %	3.2 %
Short-term investments	2	0.5 %	0.1 %
Other bonds & fixed income securities	6	1.5 %	5.3 %
Total	$ 395	100.0 %	2.8 %
December 31, 2019			
U.S. government & agency securities	$ 229	50.4 %	3.1 %
Corporate bonds & asset backed securities	210	46.1 %	3.3 %
Short-term investments	5	1.0 %	0.1 %
Other bonds & fixed income securities	11	2.5 %	4.8 %
Total	$ 455	100.0 %	3.2 %

Contact Information

This financial report is designed to provide a general overview of the Metro-North Commuter Railroad Company Cash Balance Plan's finances. Questions concerning any data provided in this report or requests for additional information should be directed to the Comptroller, Metropolitan Transportation Authority, 2 Broadway, 16th Floor, New York, NY 10004.

METRO-NORTH COMMUTER RAILROAD COMPANY
CASH BALANCE PLAN

STATEMENTS OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS:		
Investments, at fair value:		
U.S. government & agency securities	$ 166,901	$ 174,126
Corporate bonds & asset backed securities	171,193	213,452
Other bonds & fixed income securities	6,352	6,157
Short-term investments	14,942	1,676
Total investments	359,388	395,411
Accrued interest	1,853	1,706
Other receivable	-	1,487
Total assets	361,241	398,604
LIABILITIES:		
Payable for investment securities purchased	(9,921)	(5,007)
Total liabilities	(9,921)	(5,007)
NET POSITION - restricted for pensions	$ 351,320	$ 393,597

See notes to financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
ADDITIONS:		
Investment income:		
Interest	$ 10,259	$ 12,790
Net appreciation in fair value of investments	(14,759)	19,599
Other receipts	-	2,714
Total investment income	(4,500)	35,103
Contributions:		
Employer	-	8,582
Total additions	(4,500)	43,685
DEDUCTIONS:		
Benefits paid to participants	(37,776)	(104,850)
Other disbursements	-	-
Total deductions	(37,776)	(104,850)
NET DECREASE IN NET POSITION	(42,277)	(61,165)
NET POSITION - restricted for pensions		
Beginning of year	393,597	454,762
End of year	$ 351,320	$ 393,597

See notes to financial statements.

1. PLAN DESCRIPTION

The following description of the Metro-North Commuter Railroad Company Cash Balance 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 is a single employer, defined benefit pension plan administered by Metro-North Commuter Railroad ("MNCR"). The Plan covers non-collectively bargained employees, formerly employed by Conrail, who joined MNCR as management employees between January 1 and June 30, 1983, and were still employed as of December 31, 1988. Effective January 1, 1989, these employees were covered under the Metro-North Commuter Railroad Defined Contribution Plan for Management Employees (the "Management Plan") and the Plan was closed to new participants. The assets of the Management Plan have been merged with the Metropolitan Transportation Authority Defined Benefit Plan for Non-Represented Employees as of the asset transfer date of July 14, 1995. The Plan is designed to satisfy the applicable requirements for governmental plans under Section 401(a) and 501(a) of the Internal Revenue Code. Accordingly, the Plan is tax-exempt and is not subject to the provisions of the Employee Retirement Income Security Act ("ERISA") of 1974.

Plan Administration

The MTA Board of Trustees shall appoint a Board of Managers of Pensions consisting of five individuals who may, but need not, be officers or employees of the company. The members of the Board of Managers shall hold office at discretion of the MTA Board, each to serve until his successor is appointed. The Board of Managers shall be the agent for the service of legal process with respect to the Plan. No bond or other security is required in any jurisdiction of the Board of Managers or any member thereof except as required by law.

The Board of Managers shall control and manage the operation and administration of the Plan. It shall have all the powers that within its judgment may be necessary or appropriate for that purpose, including, but not by way of limitation, power to adopt any rules consistent with the provisions of the Plan deemed necessary to effectuate the Plan, to conduct the affairs of the Board of Managers, to administer the Plan, to interpret the Plan, to determine the eligibility, status and rights of all persons under the Plan and, in general, to decide any dispute.

Benefits Provided

Pension Benefits - Participants of the Plan obtain a nonforfeitable right to their accrued benefit upon the earlier of (a) the completion of five years of service with the MTA Metro-North Railroad or (b) the attainment of age sixty-two. Vested participants are entitled to receive pension benefits commencing at age sixty-five. Vested participants may elect to receive early retirement benefits upon the attainment of age fifty-five through age sixty-four.

Participants may elect to receive the value of their accumulated plan benefits as a lump-sum distribution upon retirement or they may elect to receive their benefits as a life annuity payable monthly from retirement. Participants may also elect to receive their pension benefits in the form of a joint and survivor annuity.

Prior to a participant's annuity commencement date, each Participant's account balance shall be increased each month by a factor, which when compounded monthly for 12 months, would produce the benefit escalator for the applicable plan year.

The benefit escalator is defined as the Pension Benefit Guaranty Corporation immediate annuity rate in effect for December of the year preceding the year for which the determination is being made.

Death Benefits - Benefits are paid to vested participants' beneficiaries in the event of a participants' death. The amount of benefits payable is the participant's account balance at the date of his or her death.

Membership

Membership of the Plan consisted of the following as of January 1, 2021, the date of the latest actuarial valuation:

Active Plan Members	0
Retirees and beneficiaries receiving benefits	23
Vested formerly active members not yet receiving benefits	5
Total	28

Contributions

Funding for the Plan is provided by MNCR which is a public benefit corporation that receives funding for its operations and capital needs from the Metropolitan Transportation Authority ("MTA") and the Connecticut Department of Transportation ("CDOT"). Certain funding by MTA is made to MNCR on a discretionary basis. The continuance of funding for the Plan has been, and will continue to be, dependent upon the receipt of adequate funds.

MNCR's funding policy with respect to the Plan was to contribute the full amount of the pension benefit obligation ("PBO") of approximately $2.977 million to the trust fund in 1989. As participants retire, distributions from the Plan have been made by the Trustee. MNCR anticipated that no further contributions would be made to the Plan. However, due to changes in actuarial assumptions and market performance, additional unfunded pension liabilities were paid to the Plan in several subsequent years. Per the January 1, 2021 and January 1, 2020 valuations, there were no unfunded accrued liability and the actuarially determined contribution was $0.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates include the determination of the fair market value of investments, the actuarial determined contribution and the total pension liability.

Investment Valuation and Income Recognition

Fair value for the publicly traded government bonds and notes, corporate bonds and mortgage/asset backed securities represents the quoted market prices of a national securities exchange. Gains and losses on investments that were sold during the year are included in net appreciation or depreciation in fair value of investments. Interest income on the government and corporate bonds is recorded when earned. The Plan's investments are held in trust by Wells Fargo Bank (the "Trustee"), in the name of the Plan.

Benefits

Benefits are recognized when paid.

Administrative Expenses

The administrative expenses of the Plan are paid by MNCR. Administrative expenses were zero and $12 thousand for the years ended December 31, 2021 and 2020, respectively.

Federal Income Tax Status

The Internal Revenue Service ("IRS") has determined and informed the MNCR by a letter dated January 10, 1997, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter. The MNCR believes that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

New Accounting Standards Adopted – The Plan did not adopt any new GASB Statement in 2021. However, the Plan did update the required year of adoption for GASB Statement No. 92. Refer to Accounting Standards Issued but Not Yet Adopted below for further details.

Accounting Standards Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, or financial presentation of the Plan upon implementation. The Plan has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Plan Year of Adoption
92	*Omnibus 2020*	2022

3. INVESTMENTS

A professional investment management firm manages the Plan. The Plan utilizes various investment securities including U.S. government securities and corporate debt instruments. The investment guideline is included within the investment management agreement agreed to by the MTA Board of Trustees. The guideline grants the investment manager full discretion to buy, sell, invest and reinvest the Plan's assets in domestic fixed income investments. The investment objective is to achieve consistent, positive real returns and to maximize long-term total return within prudent levels of risk through a combination of income and capital appreciation. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The investment management firm is required to maintain a diversified portfolio. All investment managers are expected to perform their fiduciary duties as prudent people would and to conform to all state and federal statutes governing the investment of retirement funds. Securities managers must be registered advisors under the Investment Advisors Act of 1940. The investment managers must comply with the risk management guidelines per the Investment Management Agreement.

Investment managers may not purchase inverse floating rate bonds, structured notes, commodities, securities on margin, sell short, lend securities, invest in private placements, commingled funds (except Short-Term Investment Funds), real estate investments, and oil, gas & mineral exploration investments without the written consent of the Plan. The Plan's fixed-income assets shall be invested in domestic marketable, fixed-income securities.

Fixed-income managers are expected to adhere to the following guidelines as a means of limiting credit risk:

- Commercial Paper, Eurodollar Commercial Paper and Variable Rate Notes rated P-1 by Moody's, A1 by Standard and Poor's, or F1 by Fitch.
- Certificates of Deposit and Bankers Acceptances of institutions whose long-term debt is rated Baa or better by Moody's Investor's Service or equivalent by Standard & Poor's.
- United States Treasury Bonds, Notes and Bills.
- Debt instruments of the U.S. Government or its Agencies and Instrumentalities.
- Marketable corporate debt, Yankee bonds, Eurodollar bonds, non-agency mortgage- backed securities, asset backed securities and taxable municipal securities rated the equivalent of Baa or better by Moody's Investors Services, Standard & Poor's, or Fitch Investor's Services, for an overall portfolio average of A or better. In the case of split ratings, the higher rating applies.
- Collateralized Mortgage Obligations ("CMO's") backed by pools of agency or non-agency mortgages including those that are re-constructed in their original proportions from the same pool

(such as IO's/PO's, and floaters/inverse floaters). Companion tranches and support tranches are limited to 3% of the book value of the portfolio.

- 144A Privates (non-registered debt issued by corporations), non-convertible preferred stock and fully hedged non-dollar bonds rated A or better by Moody's Investors Services, Standard & Poor's, or Fitch Investor's Services are limited to 20% of the book value of the portfolio.

- Securities downgraded subsequent to purchase resulting in violation of quality guidelines may be held at the manager's discretion.

- Managers may not hold more than 5% at book value and 10% at market value of the portfolios in any one issuer's securities other than direct or moral obligations of the U.S. Government.

- Unrated securities other than those issued by the U.S. Government or its Agencies and Instrumentalities may not be purchased without the prior consent of the Plan.

GASB 72 Disclosure

In fiscal year 2015, the Plan adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan has the following recurring fair value measurements as of December 31, 2021 and December 31, 2020:

GASB 72 Disclosure
(in thousands)

	2021			
INVESTMENTS - fair value level	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities:				
U.S government agency	$ 85	$ 82	$ -	$ 167
Corporate bonds	-	151	-	151
Commerical mortgage-backed securities	-	20	-	20
Other bonds	-	6	-	6
Total debt securities	85	259	-	344
Total investments by fair value level	85	259	-	344
INVESTMENTS- measured at the net asset value (NAV)				
Short-term other				15
Total investments measured at the NAV				15
Total investments by fair value level	**$ 85**	**$ 259**	**$ -**	**$ 359**

GASB 72 Disclosure
(in thousands)

	2020			
INVESTMENTS - fair value level	**Level 1**	**Level 2**	**Level 3**	**Total**
Debt securities:				
U.S government agency	$ 79	$ 94	$ -	$ 173
Corporate bonds	-	181	-	181
Commerical mortgage-backed securities	-	33	-	33
Other bonds	-	6	-	6
Total debt securities	79	314	-	393
Total investments by fair value level	79	314	-	393
INVESTMENTS- measured at the net asset value (NAV)				
Short-term other				2
Total investments measured at the NAV				2
Total investments by fair value level	**$ 79**	**$ 314**	**$ -**	**$ 395**

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt and equity securities classified in Level 3 are securities whose stated market price is unobservable by the market place; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Money-Weighted Rate of Return

For the years ended December 31, 2021 and December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Plan was -1.21% and 7.79%, respectively.

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Net appreciation/(depreciation) in Fair Value of Investments as Determined by Quoted Market Prices

The Plan's investments (including gains and losses on investments sold during the year) appreciated/(depreciated) in value as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
U.S. government & agency securities	$ (6,822)	$ 10,538
Corporate bonds & asset backed securities	(8,133)	9,337
Other bonds & fixed income securities	196	(276)
	$ (14,759)	$ 19,599

Credit Risk.

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at December 31, 2021 and December 31, 2020 respectively, are as follows:

December 31, 2021 Quality Rating	Fair Value	Percentage of Portfolio
AAA	$ 23,993	12.46%
AA+	10,635	5.53
AA	5,339	2.77
A	14,453	7.51
AA-	5,335	2.77
A-	23,059	11.98
BBB+	40,144	20.86
BBB	42,778	22.22
BBB-	7,168	3.72
NR	19,583	10.17
Total credit risk debt securities	192,487	53.56%
U.S. government & agency securities*	166,901	46.44%
Total investment portfolio	$ 359,388	100.00%

December 31, 2020 Quality Rating	Fair Value	Percentage of Portfolio
AAA	$ 37,166	9.40%
AA	5,587	1.41
A	15,544	3.93
AA-	5,609	1.42
A-	24,545	6.21
BBB+	58,323	14.75
BBB	33,774	8.54
BBB-	5,397	1.37
NR	23,050	5.83
Total credit risk debt securities	208,995	
U.S. government & agency securities*	186,416	47.15%
Total investment portfolio	$ 395,411	100.00%

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Custodial Credit Risk

The Plan does not have a general policy addressing custodial risk, but it is the practice of the Plan that all investments are registered or held by the Plan or its agent in the Plan's name. Deposits are to be registered or collateralized with securities held at fiscal agents in the Plan's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The greater the duration of a bond or portfolio of bonds, the greater its price volatility will be in response to a change in interest rate risk and vice-versa. Duration is an indicator of bond price's sensitivity to 100 basis point change in interest rates.

December 31, 2021 Investment Type	Fair Value	Percentage of Portfolio	Duration (Years)
U.S. government & agency securities	$ 166,901	46.44%	6.89
Corporate bonds & asset backed securities	171,193	47.63%	6.57
Other bonds & fixed income securities	6,352	1.77%	6.57
Short-term investments	14,942	4.16%	0.00
Total investment	$ 359,388	100.00%	
Portfolio average duration			6.45

December 31, 2020 Investment Type	**Fair Value**	**Percentage of Portfolio**	**Duration (Years)**
U.S. government & agency securities	$ 174,126	44.04%	6.19
Corporate bonds & asset backed securities	213,452	53.98	6.22
Other bonds & fixed income securities	6,157	0.42	6.99
Short-term investments	1,676	1.56	0.00
Total investment	$ 395,411	100.00%	
Portfolio average duration			6.20

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan assets are invested in domestic fixed-income securities denominated in U.S. dollars and accounted for at fair market value. The Plan has no exposure to foreign currency fluctuation.

4. NET PENSION LIABILITY (ASSET)

The components of the net pension liability of the employer at December 31, 2021 and 2020, for the Plan, were as follows:

	2021	**2020**
Total pension liability	$ 355,185	$ 377,745
Plan's fiduciary net position	351,320	393,597
Employer's net pension (asset) liability	$ 3,865	$ (15,852)
Plan's fiduciary net position as a percentage of the total pension liability	98.91%	104.20%

The total pension liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

	2021	**2020**
Discount rate	3.00%	3.00%
Long-term expected rate of return net of investment expense	3.00%	3.00%
Municipal bond rate	N/A	N/A

Other Key Actuarial Methods and Assumptions for the years ended December 31, 2021 and December 31, 2020 were as follows:

	2021	2020
Valuation date:	January 1, 2021	January 1, 2020
Measurement date:	December 31, 2021	December 31, 2020
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Asset valuation method:	Market Value of Plan Asset	Market Value of Plan Asset
Projected salary increases:	N/A	N/A
COLAs:	N/A	N/A
Inflation:	2.34%	2.25%
Interest:	3.0% per annum, compounded annually	3.0% per annum, compounded annually
Benefit escalator:	1.5% per annum, compounded annually	1.5% per annum, compounded annually
Provision for Expenses:	None assumed from Plan assets	None assumed from Plan assets

Additional Actuarial Assumptions:

Termination: Withdrawal rates vary by age. The termination assumption has no impact on liabilities since all active members are retirement eligible. Illustrative rates shown below are for years 2020 and 2019:

Age	Rate	Age	Rate
20	11.46 %	45	0.67 %
25	6.29	50	0.63
30	3.43	55	0.59
35	1.73	60	0.55
40	0.90	64	0.00

Retirement Assumption: Retirement rates vary by age. The retirement assumption is based on the eligibility provisions of this plan and on professional judgement. Illustrative rates shown below are for years 2020 and 2019:

Age	Rate	Age	Rate
55	12.0 %	61	15.0 %
56	8.0	62	35.0
57-58	6.0	63-64	20.0
59-60	7.0	65+	100.0

Mortality: The mortality assumption is based on April 21, 2022 experience study for the plan.

Pre-termination: RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments, projected on a generational basis using Scale AA.

Post-termination: 95% of the rates from the RP-2000 Healthy Annuitant Mortality Table for Males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant Mortality Table for Females, both projected on a generational basis using Scale AA. As generational tables, they reflect mortality improvements both before and after the measurement date.

Form of Payment for Cash Balance Account: For terminated vested participants, lump sum on the valuation date. This is based on the majority of participants electing a lump sum upon retirement.

Benefits not valued: The Additional Benefit was not valued as the potential liability for this benefit is de minimus.

Changes in Actuarial Assumptions Since Prior Valuation: None.

Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of December 31, 2021 and 2020.

Asset Class	Index	Target Allocation	2021	2020
Core Fixed Income	Bloomberg Barclays Aggregate	100.00%	1.03%	0.45%
Assumed Inflation - Mean			2.34%	2.25%
Assumed Inflation - Standard Deviation			1.23%	1.65%
Portfolio Nominal Mean Return			3.37%	2.70%
Portfolio Standard Deviation			4.06%	3.85%
Long-Term Expected Rate of Return selected by MTA			**3.00%**	**3.00%**

Sensitivity Analysis

The following presents the net pension liability of the Metro-North Commuter Railroad Company Cash Balance Plan as of December 31, 2021 and December 31, 2020, respectively, calculated using the current discount rate, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	December 31, 2021			December 31, 2020		
	1% Decrease 2.00%	Discount Rate 3.00%	1% Increase 4.00%	1% Decrease 2.00%	Discount Rate 3.00%	1% Increase 4.00%
Net Pension Liability	$26,611	$3,865	($16,181)	$7,343	($15,852)	($36,311)

5. **SUBSEQUENT EVENTS**

In preparing the financial statements for the year ended December 31, 2021, subsequent events were evaluated through January 12, 2023, the date the financial statements were available to be issued. In May 2022, the Plan settled its lawsuit relating to the AllianzGI Structured Alpha Funds in the United States District Court for the Southern District of New York (1-20-cv-07842 [rel. 1-20-cv-5615] (KPF)).

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METRO-NORTH COMMUTER RAILROAD COMPANY
CASH BALANCE PLAN

Required Supplementary Information (Unaudited)

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios ($ in Thousands)

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Interest	$ 11	$ 14	$ 18	$ 20	$ 21	$ 24	$ 29
Changes of economic/demographic (gains) or losses	(11)	10	-	(11)	12	(15)	(10)
Changes of assumptions	15	11	4	-	-	-	18
Benefit payments	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Net change in total pension liability	(23)	(70)	(31)	(49)	(38)	(68)	(76)
Total pension liability - beginning	378	448	479	528	566	634	710
Total pension liability - ending (a)	$ 355	$ 378	$ 448	$ 479	$ 528	$ 566	$ 634
Fiduciary Net Position:							
Employer contributions	$ -	$ 9	$ -	$ 5	$ -	$ 23	$ 18
Net investment income	(5)	32	40	1	20	16	6
Benefit payments	(38)	(105)	(53)	(58)	(71)	(77)	(113)
Administrative expenses	-	3	(3)	-	-	-	3
Net change in plan fiduciary net position	(43)	(61)	(16)	(52)	(51)	(38)	(86)
Fiduciary net position - beginning	394	455	471	523	574	612	698
Fiduciary net position - ending (b)	351	394	455	471	523	574	612
Net pension liability - ending (a) - (b)	$ 4	$ (16)	$ (7)	$ 8	$ 5	$ (8)	$ 22
Fiduciary net position as a percentage of the total pension liability	98.91%	104.20%	101.45%	98.28%	99.01%	101.39%	96.56%
Covered payroll	$ -	$ -	$ 277	$ 275	$ 268	$ 649	$ 995
Net pension liability as a percentage of covered payroll	N/A	N/A	-2.35%	3.00%	1.95%	-1.22%	2.20%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

METRO-NORTH COMMUTER RAILROAD COMPANY **Schedule II**
CASH BALANCE PLAN

Required Supplementary Information (Unaudited)
Schedule of Employer Contributions

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of covered Payroll
2012	-	-	-	-	N/A
2013	-	-	-	-	N/A
2014	4,977	14,124	(9,147)	2,080,077	0.68%
2015	-	-	-	-	0.00%
2016	22,721	22,721	-	648,524	3.50%
2017	-	-	-	268,488	0.00%
2018	5,444	5,444	-	274,921	1.98%
2019	8,582	8,582	-	276,569	3.10%
2020	-	-	-	-	N/A
2021	-	-	-	-	N/A

Schedule is intended to show information for 10 years. Information was not readily available for periods prior to 2014. Additional years will be displayed as they become available.

The actual employer contribution for 2014 is the June 5, 2015 contribution that was recognized by the Plan as a receivable contribution for the 2014 plan year.

The actual employer contribution for 2019 is the April 15, 2020 contribution that was recognized by the Plan as a receivable contribution for the 2019 plan year.

Notes to Required Supplementary Information (Unaudited)
Schedule of Employer Contributions

Actuarial Methods and Assumptions

The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Date	January 1, 2021	January 1, 2020	January 1, 2019
Measurement Date	December 31, 2021	December 31, 2020	December 31, 2019
Valuation Timing	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.
Asset Valuation Method	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.
Inflation	2.25%	2.25%	2.50%
Salary Increases	N/A	N/A	N/A
Investment Rate of Return	3.00%, net of investment expenses	3.00%, net of investment expenses	3.50%, net of investment expenses
Mortality	Based on experience of all MTA-sponsored pension plan members from Jan. 1, 2015-Dec. 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA

Notes to Required Supplementary Information (Unaudited)
Schedule of Employer Contributions

Actuarial Methods and Assumptions

The methods and assumptions used to determine the actuarially determined contributions are as follows:

Valuation Date	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2014
Measuremenr Date	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Valuation Timing	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the	Actuarially determined contributions calculated as of December 31 for the fiscal year.	Actuarially determined contributions calculated as of December 31 for the fiscal year.
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Unit Credit
Amortization Method	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	One-year amortization of the unfunded liability, if any.	Period specified in current valuation (closed 10 year period beginning Janaury 1, 2008 - 4 year period for the January 1, 2014 valuation).
Asset Valuation Method	Actuarial value equals market value.	Actuarial value equals market value.	Actuarial value equals market value.	Effective January 1, 2015, the Actuarially Determined Contribution (ADC) will reflect one-year amortization of the unfunded accrued liability in accordance with the funding policy adopted
Inflation	2.50%	2.30%	2.30%	2.50%
Salary Increases	N/A	N/A	N/A	N/A - There were no projected salary increase assumptions used in the January 1, 2014 valuation as participants of the Plan were covered under the Management Plan effective January 1, 1989. For participants of the Plan eligible for additional benefits, these benefits were not valued as the potential liability is de minimus.
Investment Rate of Return	4.00%, net of investment expenses	4.00%, net of investment expenses	4.00%, net of investment expenses	4.50%, net of investment expenses
Mortality	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA	Based on experience of all MTA members reflecting mortality improvement on a generational basis using scale AA

METRO-NORTH COMMUTER RAILROAD COMPANY **Schedule III**
CASH BALANCE PLAN

Required Supplementary Information (Unaudited)
Schedule of Investment Returns

The following table displays annual money-weighted rate of return, net of investment expense.

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2012	N/A
2013	N/A
2014	5.96%
2015	0.93%
2016	2.75%
2017	3.67%
2018	0.06%
2019	9.01%
2020	7.79%
2021	-1.21%

Schedule is intended to show information for 10 years. Information was not readily available for periods prior to 2014. Additional years will be displayed as they become available.