To: EMMA, Municipal Securities Rulemaking Board's
Electronic Municipal Market Access System

From: The Illinois State Toll Highway Authority

Date: July 1, 2021

Re: NOTICE REGARDING FISCAL YEAR 2018 FINANCIAL STATEMENTS AND FISCAL YEAR 2019 FINANCIAL STATEMENTS

During the ongoing Fiscal Year 2020 financial audit of The Illinois State Toll Highway Authority (Tollway), the Tollway was advised of a material error regarding the Tollway's other postemployment benefits (OPEB) amounts, specifically an understatement of the Tollway's net OPEB liability and errors in other OPEB-related accounts, recorded within the Tollway's Fiscal Year 2018 financial statements[1] and Fiscal Year 2019 financial statements[2]. This error likely impacts the following accounts:

1) Net OPEB Liability;
2) Deferred outflows of resources – OPEB related;
3) Deferred inflows of resources – OPEB related;
4) Unrestricted net position; and,
5) Operating expenses within the following functions to the extent OPEB-related:
    a. Engineering and maintenance of roadway and structures;
    b. Services and toll collection;
    c. Traffic control, safety patrol, and radio communications; and,
    d. Procurement, IT, finance, and administration.

This specific error does not materially impact the Tollway's net revenues.

At this time, the full impact of this error cannot be reasonably estimated. Accordingly, the Tollway's Fiscal Year 2018 and Fiscal Year 2019 financial statements should no longer be relied upon.

More information about this error will be forthcoming upon the completion and release of the Tollway's Fiscal Year 2020 financial statements (to be contained with the Tollway's Fiscal Year 2020 Annual Comprehensive Financial Report), which will be released later this year.

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[1] The Tollway's Fiscal Year 2018 financial statements (contained with the Tollway's Fiscal Year 2018 Comprehensive Annual Financial Report) as filed on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system on July 9, 2019.
[2] The Tollway's Fiscal Year 2019 financial statements (contained with the Tollway's Fiscal Year 2018 Comprehensive Annual Financial Report) as filed on the EMMA system on June 30, 2020.

Illinois Tollway
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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Financial Audit

For the Year Ended December 31, 2019

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Financial Audit
For the Year Ended December 31, 2019

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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Financial Audit
For the Year Ended December 31, 2019

Tollway Officials

Executive Director	Jose R. Alvarez (from 5/1/2019)
	Vacant (3/16/2019 through 4/30/2019)
	Elizabeth Gorman (through 3/15/2019)
Chief Operating Officer	Derek Messier (from 9/17/2019)
	Kevin Artl (1/1/2019 through 9/16/2019)
Chief Financial Officer	Michael Colsch
Controller	Patricia Pearn
General Counsel	Kathleen Pasulka-Brown (from 4/8/2019)
	Robert T. Lane (Acting) (1/1/2019 through 4/7/2019)

Tollway's Central Administrative offices are located at:

2700 Ogden Avenue
Downers Grove, Illinois 60515

Report Required Under *Government Auditing Standards*

Summary

The audit of the accompanying financial statements of the Illinois State Toll Highway Authority (the Tollway) was performed by CliftonLarsonAllen LLP, as special assistant auditors to the Illinois Office of the Auditor General.

Based on their audit, the auditors expressed an unmodified opinion on the Tollway's basic financial statements.

Summary of Findings

Number of	Current report	Prior report
Findings	None	1
Repeated findings	None	1
Prior recommendations implemented or not repeated	1	2

Prior Findings Not Repeated

Item No.	Page	Last Reported	Description	Finding Type
A	87	2018	Errors and Deficiencies Related to Classification and Presentation	Material Weakness

Exit Conference

This report was discussed with the Authority at an exit conference on June 15, 2020.

Attending were:

The Illinois State Toll Highway Authority

Alice Gallagher	Board of Director/ Audit Committee Chair
Jose R. Alvarez	Executive Director
Derek Messier	Chief Operating Officer
Cathy Williams	Chief Financial Officer
Cassaundra Rouse	Chief of Administration
Shaun Farmer	Chief Internal Auditor
Kimberly Ross	Chief Administrator Officer
Kathleen Pasulka-Brown	General Counsel
Joseph Kambich	Chief of Information Technology
Richard Bossert	Chief of Communications
Patricia Taylor	Chief of Operations
Patricia Pearn	Controller
Anthony Asta	EIS Manager
Theodore Hengesbach	Inspector General
Dee Brookens	Chief Procurement and Compliance Officer
Paul Kovacs	Chief Engineer
Gina Sabbia	Ethics and FOIA Officer
Saly Abd Alla	EEO/AA/ADA Officer
Terry Miller	Chief of Diversity and Strategic Development

Illinois Office of the Auditor General

Thomas L. Kizziah	Senior Auditor Manager
Kathleen Devitt	Assistant Audit Director

CLA LLP (CliftonLarsonAllen)

Chuck Kozlik	Principal
Syril Thomas	Manager
Eric Gubatan	Senior Associate

E.C. Ortiz & Co., LLP

Leilani Rodrigo	Partner
Rona Lagdamen	Manager
Darlene G. Dizon	Senior Associate

The responses to the recommendations were provided by Shaun Farmer, Chief Internal Auditor in a correspondence dated June 15, 2020.

INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General, State of Illinois

and

Board of Directors
The Illinois State Toll Highway Authority

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Tollway's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Illinois State Toll Highway Authority as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7-15 and the required supplementary information in Schedules 1 through 3 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tollway's basic financial statements. The accompanying supplementary information in Schedules 4 and 5 and the notes to the trust indenture basis schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information in Schedules 4 and 5 and the notes to the trust indenture basis schedules is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information in Schedules 4 and 5 and the notes to the trust indenture basis schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Tollway as of and for the year ended December 31, 2018, (not presented herein), and we expressed unmodified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The supplementary information in schedules 4 and 5 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the December 31, 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information for December 31, 2018 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

The accompanying supplementary information in Schedules 6 through 11 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, on our consideration of the Tollway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tollway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tollway's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 17, 2020

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Management's Discussion and Analysis
For the Year Ended December 31, 2019

This section offers readers a discussion and analysis of the financial performance of the Illinois State Toll Highway Authority (the Tollway), provides an overview of its financial activities, and identifies changes in the Tollway's financial position as of and for the year ended December 31, 2019. Readers should use this section of this report in conjunction with the Tollway's basic financial statements.

Financial Highlights

- In August 2011, the Tollway's Board of Directors approved a $12.2 billion capital program, called "*Move Illinois: the Illinois Tollway Driving the Future*", which defined a program of infrastructure investments to be made by the Tollway in 2012 through 2026.
- In April 2017, the Tollway's Board of Directors approved a modification of the *"Move Illinois"* capital program, increasing the funding by $2.1 billion, to $14.3 billion, to provide for enhancements to the central portion of the Tri-State Tollway (Central Tri-State).
- To help fund the capital outlays approved for "*Move Illinois*", the Tollway Board set new toll rates for passenger vehicles using the Tollway system and these higher rates were effective January 1, 2012. The Tollway also affirmed a previously approved increase in commercial vehicle toll rates, which was phased in over 2015 - 2017, with an annual Consumer Price Index adjustment applied beginning January 1, 2018.
- During 2019, construction and professional engineering services contracts with a combined value of $836.0 million were awarded under this program, bringing total "Move Illinois" contract awards to date to $6.3 billion.
- A total of $3.1 billion of revenue bonds have been issued in 2013 - 2019 to fund the capital program.
- In addition to the "*Move Illinois*" capital program, the previously approved Congestion-Relief Program (CRP) provided for programmed capital investments. The CRP was approved in 2004, initiated in 2005, and included $5.7 billion in capital outlays. The CRP is complete.
- The Tollway's 2019 operating revenue totaled $1.5 billion, an increase of $48.1 million from the previous year. Operating expenses increased $21.5 million (to $869.7 million) primarily due to depreciation expense. Net operating income for 2019 was $614.8 million, an increase of $26.6 million from 2018.
- Amounts on deposit on behalf of I-PASS account holders increased by 3.8% at year-end to $193.8 million; approximately 90.7% of toll transactions are paid via I-PASS.

Basic Financial Statements

The Tollway accounts for its operations and financial transactions in a manner similar to that used by private business enterprises: the accrual basis of accounting. In these statements, revenue is recognized in the period in which it is earned, and an expense is recognized in the period in which it is incurred, regardless of the timing of its related cash flow.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Tollway's basic financial statements. For each fiscal year, the Tollway's basic financial statements are comprised of the following:

- Statement of net position
- Statement of revenues, expenses and changes in net position
- Statement of cash flows
- Notes to the financial statements

The statement of net position presents information on all of the Tollway's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items reported as net position. Increases or decreases in net position, over time, may serve as a useful indicator of whether the financial position of the Tollway is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents revenue and expense information and the change in the Tollway's net position during the measurement period as a result of these transactions.

The statement of cash flows presents sources and uses of cash for the fiscal year, displayed in the following categories: cash flows from operating activities, cash flows from capital and related financing activities, and cash flows from investing activities.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the basic financial statements.

Financial Analysis

2019 Results Compared to 2018

Operating Revenue

The Tollway's total 2019 operating revenues, totaling $1.5 billion, exceeded those of the previous year by $48.1 million (3.3%). This increase came from toll revenue which totaled $1.4 billion in 2019 (up $39.7 million (3.0%) from 2018), due to an increase in both commercial and passenger vehicle traffic and an increase in the commercial vehicle toll rates. Revenue from toll evasion recovery was also higher (15.7%) than 2018, at $81.6 million in 2019 (versus $70.5 million in 2018). Miscellaneous revenue in 2019 was $2.2 million lower than 2018, due mainly to decreased I-PASS transponder replacement revenue.

Concession revenue decreased in 2019 to $1.7 million (20.2%) due to closures of oasis sites in recent years.

Operating Expenses

Operating expenses, excluding depreciation, remained fairly consistent from 2018 to 2019.

Depreciation and amortization expense increased by 6.6% to $475.6 million, from $446.2 million, in 2018. The resulting net operating income for the year, $614.8 million, increased by $26.6 million, or 4.5%, from the previous year.

Nonoperating Revenues (Expenses)

Nonoperating revenue increased by $8.9 million, due to increased investment returns and increased intergovernmental agreement revenue. Again, this year the Tollway received an interest rebate from the U.S. Department of the Treasury relating to bonds which were issued as Build America Bonds. The 2019 rebate totaled $13.6 million, down from $15.2 million in 2018.

Nonoperating expenses increased by $14.7 million, due to increased interest and amortization of financing costs and increased intergovernmental agreement expense.

The net nonoperating expenses increased this year by 2.5% from $234.4 million in 2018 to $240.1 million for 2019, due to the variances noted above.

(Continued)

Summary of Changes in Net Position

	2019	2018
REVENUES:		
Operating revenues:		
Toll revenue	$ 1,380,750,754	$ 1,341,051,225
Toll evasion recovery	81,554,193	70,468,847
Concessions	1,717,551	2,151,574
Miscellaneous	20,483,584	22,731,739
Nonoperating revenues:		
Investment income	39,833,676	34,389,290
Revenues under intergovernmental agreements	16,469,715	11,323,831
Bond interest subsidy (Build America Bonds)	13,554,800	15,204,506
Total revenues	1,554,364,273	1,497,321,012
EXPENSES:		
Operating expenses:		
Engineering and maintenance of roadway and structures	122,363,797	107,851,143
Services and toll collection	171,529,366	181,194,076
Traffic control, safety patrol, and radio communications	44,806,282	57,373,555
Procurement, IT, finance and administration	55,443,876	55,591,666
Depreciation & Amortization	475,602,597	446,202,899
Nonoperating expenses:		
Expenses under intergovernmental agreements	16,469,715	11,323,831
Net loss on disposal of property	261,716	1,006,741
Miscellaneous	360	360
Interest expense and amortization of financing costs	293,259,340	282,950,519
Total expenses	1,179,737,049	1,143,494,790
Increase in net position	374,627,224	353,826,222
Net position, beginning of year	3,076,484,598	2,722,658,376
Net position, end of year	$ 3,451,111,822	$ 3,076,484,598

Changes in Net Position

Net operating income increased in 2019 by $26.5 million to $614.8 million. After deducting this year's net nonoperating expenses of $240.5 million, the Tollway posted an increase in net position for the year of $374.6 million compared to $353.8 million increase in net position for 2018. After this year's result, the Tollway's net position totaled $3.5 billion.

Summary of Net Position

	December 31, 2019	December 31, 2018
ASSETS		
Current and other assets	$ 2,234,036,664	$ 2,108,975,928
Capital assets - net	9,511,797,253	9,086,240,066
Total Assets	11,745,833,917	11,195,215,994
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	-	107,496,079
Net loss on bond refundings	261,180,173	71,671,157
Pension related	59,773,509	89,803,912
OPEB related	34,084,814	36,717,549
Total Deferred Outflows of Resources	355,038,496	305,688,697
LIABILITIES		
Current debt outstanding	129,260,000	118,780,000
Long-term debt outstanding	6,712,938,755	6,324,830,720
Other liabilities	1,703,509,762	1,889,575,515
Total Liabilities	8,545,708,517	8,333,186,235
DEFERRED INFLOWS OF RESOURCES		
Pension related	58,557,894	50,540,783
OPEB related	45,494,180	40,693,075
Total Deferred Inflows of Resources	104,052,074	91,233,858
NET POSITION		
Net investment in capital assets	2,879,594,594	2,672,245,715
Restricted under trust indenture agreements	458,006,472	452,437,721
Restricted for supplemental pension benefits obligations	34,129	47,147
Unrestricted	113,476,627	(48,245,985)
Total Net Position	$ 3,451,111,822	$ 3,076,484,598

Statement of Net Position

The Tollway's capital assets of $9.5 billion consisting of land, buildings, infrastructure, and equipment, constitutes 78.6% of total assets and deferred outflows of resources. The largest liabilities are revenue bonds totaling $6.8 billion, (inclusive of unamortized premiums/discounts), net pension liability of $853.8 million and net other postemployment benefits (OPEB) liability of $131.4 million, which together constitute 90.5% of total liabilities and deferred inflows of resources. The restricted net position balance, totaling $458.0 million, consists of resources subject to external restrictions or legislation as to their use. The remaining portion, unrestricted net position, represents the resources available to be used at the Tollway's discretion.

The Tollway's assets increased by 4.9% to $11.7 billion, from $11.2 billion at December 31, 2018. This increase was mainly due to an increase in capital assets.

Total liabilities increased by 2.6% to $8.5 billion, from $8.3 billion at December 31, 2018. This increase was mainly due to additional bonds outstanding during 2019 of $399 million, offset by a $186.1 million decrease in accounts payable and accrued liabilities as of December 31, 2019.

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The Tollway's 2018 beginning net position was restated to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The restatement reduced net position as of January 1, 2018 by $145.5 million. After posting the Tollway's favorable net operating result of $353.8 million, the December 31, 2018 net position increased by $208.3 million.

Capital Assets and Debt Administration

Capital Assets

Capital assets continue to represent the largest category of Tollway assets, totaling $9.5 billion at year-end ($9.1 billion at 12/31/2018) comprising 78.6% of total Tollway assets and deferred outflows of resources. As the Tollway continues the *"Move Illinois"* capital program to expand and rebuild the Tollway system, land and infrastructure assets continue to increase. See the accompanying Notes to the Financial Statements – Notes 1 and 6 – for further information about capital assets.

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CAPITAL ASSETS
2019 and 2018

	January 1, 2019 Net Balance	2019 Net Activity	2019 Depreciation	December 31, 2019 Net Balance
Land	$ 614,625,720	$ 73,705,969	$ -	$ 688,331,689
Construction in progress	1,230,631,875	17,245,877	-	1,247,877,752
Buildings	13,401,076	14,531,719	(1,309,368)	26,623,427
Infrastructure	7,043,763,101	716,114,736	(387,048,700)	7,372,829,137
Machinery and equipment	183,818,294	16,880,153	(24,563,199)	176,135,248
Total	$ 9,086,240,066	$ 838,478,454	$ (412,921,267)	$ 9,511,797,253

	January 1, 2018 Net Balance	2018 Net Activity	2018 Depreciation	December 31, 2018 Net Balance
Land	$ 566,635,017	$ 47,990,703	$ -	$ 614,625,720
Construction in progress	695,130,779	535,501,096	-	1,230,631,875
Buildings	14,480,232	39,239	(1,118,395)	13,401,076
Infrastructure	7,182,449,126	241,780,806	(380,466,831)	7,043,763,101
Machinery and equipment	139,997,987	67,028,029	(23,207,722)	183,818,294
Total	$ 8,598,693,141	$ 892,339,873	$ (404,792,948)	$ 9,086,240,066

Long-Term Debt

At year-end 2019, as compared to year-end 2018, total revenue bonds payable, inclusive of original issue premium and net of current revenue bonds payable, increased by $388.1 million (to $6.7 billion). The largest contributor to the increase was $346.7 million for the 2019 Series A bond issuance to finance a portion of the *Move Illinois* capital program. Other contributors for the year ended December 31, 2019, were bond principal payments, original issue premium amortizations, and the extent to which revenue bonds issued for refunding purposes during 2019 exceeded the amount of revenue bonds refunded during 2019.

All Tollway bonds outstanding as of December 31, 2019 were issued under the Amended and Restated Trust Indenture effective as of March 31, 1999, amending and restating a Trust Indenture dated as of December 1, 1985 (as amended, restated, and supplemented, the Trust Indenture) from the Tollway to The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the Trustee). The Trustee serves as a fiduciary for bondholders. The amount of additional senior bonds that the Tollway may issue at any time is limited by the Trust Indenture requirement that the projected Net Revenues are sufficient to meet the estimated Net Revenue Requirement for each full fiscal year through five years after the date the project being financed is estimated to be placed in service, after giving effect to the debt service attributable to such additional senior bonds. The Net Revenue Requirement is the amount necessary to cure deficiencies, if any, in the debt service and debt reserve accounts established under the Trust Indenture, plus the greater of (i) the sum of Aggregate Debt Service on Senior Bonds, the Junior Bond Revenue Requirement, and the Renewal and Replacement Deposit for such period, and (ii) 1.3 times the Aggregate Debt Service on Senior Bonds for such period (all capitalized terms as defined in the Trust Indenture). Under the terms of the Trust Indenture the revenue bond debt service coverage ratio for 2019 was 2.76.

The following table lists, as of December 31, 2019, the Tollway's bond series and the current and noncurrent principal amounts outstanding. Amounts presented in this table do not include any unamortized original issue premiums associated with the bonds.

	December 31, 2019		
Revenue bonds payable:	**Noncurrent**	**Current**	**Total**
Issue of 2009 Series A	$ 400,000,000	$ -	$ 400,000,000
Issue of 2009 Series B	280,000,000	-	280,000,000
Issue of 2013 Series A	500,000,000	-	500,000,000
Issue of 2014 Series A	198,585,000	92,265,000	290,850,000
Issue of 2014 Series B	500,000,000	-	500,000,000
Issue of 2014 Series C	400,000,000	-	400,000,000
Issue of 2014 Series D	223,475,000	19,870,000	243,345,000
Issue of 2015 Series A	400,000,000	-	400,000,000
Issue of 2015 Series B	400,000,000	-	400,000,000
Issue of 2016 Series A	333,060,000	-	333,060,000
Issue of 2016 Series B	300,000,000	-	300,000,000
Issue of 2017 Series A	300,000,000	-	300,000,000
Issue of 2018 Series A	498,125,000	17,125,000	515,250,000
Issue of 2019 Series A	300,000,000	-	300,000,000
Issue of 2019 Series B	225,245,000	-	225,245,000
Issue of 2019 Series C	697,870,000	-	697,870,000
Total revenue bonds payable	$ 5,956,360,000	$ 129,260,000	$ 6,085,620,000

Other Debt−Related Information

The 2007 Series A-1 and A-2, and 2008 Series A-1 and A-2 bonds were issued as variable rate bonds. In connection with the issuance of these variable rate series, the Tollway entered into eight separate floating-to-fixed interest rate exchange (swap) agreements in total notional amounts and amortizations matching the total principal amounts and amortizations of the Tollway's two variable rate bond issues. There were two swap agreements associated with each of 2007 Series A-1, 2007 Series A-2, 2008 Series A-1, and 2008 Series A-2. The Tollway utilized these swap agreements to hedge against rising interest rates and to reduce its borrowing rate (as compared to the borrowing rates obtainable through fixed rate bonds).

None of the swap agreements were outstanding as of December 31, 2019. Following is the history of the terminations of the eight swap agreements associated with the Tollway's 2007 Series A and 2008 Series A variable rate bonds:

- One of two swap agreements associated with the 2008 Series A-2 Bonds, in the notional amount of $287.3 million, was terminated in connection with the refunding of a portion of the 2008 Series A-2 Bonds on July 1, 2010.
- One of two swap agreements associated with the 2007 Series A-2 Bonds, in the notional amount of $262.5 million, and one of two swap agreements associated with the 2008 Series A-1 Bonds, in the notional amount of $189.6 million, were terminated in connection with the refunding of portions of the 2007 Series A-2 Bonds and 2008 Series A-1 Bonds on January 10, 2019.
- Two of two swap agreements associated with the 2007 Series A-1 Bonds, each in the notional amount of $175.0 million, the one remaining swap agreement associated with the 2007 Series A-2 Bonds, in the notional amount of $87.5 million, the one remaining swap agreement associated with the 2008 Series A-1 Bonds, in the notional amount of $189.6 million, and the one remaining swap agreement associated with the 2008 Series A-2 Bonds, in the notional amount of $94.825 million, were all terminated in connection with the refunding of all 2007 Series A-1 Bonds, 2007 Series A-2 Bonds, 2008 Series A-1 Bonds, and 2008 Series A-2 Bonds outstanding on December 23, 2019.

As of December 31, 2019, no swap agreements were outstanding.

As of December 31, 2019, each of the three defeased sub-series of 2007 Series A variable rate bonds was liquidity supported by a letter of credit, and the defeased sub-series of 2008 Series A-2 variable rate bonds was liquidity supported by a standby bond purchase agreement. No Tollway bonds were held by a provider of a Liquidity Facility or Credit Facility in 2019. All such letters of credit and standby bond purchase agreements supporting the 2007 Series A and 2008 Series A bonds were cancelled upon redemption in full of the 2007 Series A and 2008 Series A variable rate bonds on January 9, 2020 (see Note 22 - Subsequent Events).

Factors Impacting Future Operations

During 2019, the Tollway progressed on the $14.3 billion "*Move Illinois"* capital program. Land acquisition, design and construction work continued for the Elgin-O'Hare Western Access Project and for the widening of the Central Tri-State Tollway. The Tollway forecasts that for the 15-year span of the "*Move Illinois"* Program, about 60% of the program's costs are expected to be funded by toll revenues.

Contacting the Tollway's Financial Management

This financial report is designed to provide our customers, bondholders, employees and other stakeholders with an overview of the Tollway's finances and to demonstrate the Tollway's accountability for the funds it receives and deploys. Questions concerning this report or requests for additional financial information should be directed to the Controller, The Illinois State Toll Highway Authority, 2700 Ogden Avenue, Downers Grove, Illinois 60515.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Net Position
December 31, 2019
(With Summarized Comparative Totals for 2018)

	2019	2018
Assets		
Current assets:		
Current unrestricted assets:		
Cash and cash equivalents	$ 319,647,195	$ 199,600,575
Accounts receivable, less allowance for doubtful accounts of $82,489,590	30,711,519	20,223,377
Intergovernmental receivables	105,305,602	31,183,431
Accrued interest receivable	133,718	54,310
Risk management cash and cash equivalents	14,987,436	14,392,647
Investments	896,465,630	870,567,178
Prepaid expenses	4,430,831	3,039,152
Total current unrestricted assets	1,371,681,931	1,139,060,670
Current restricted assets:		
Cash and cash equivalents - debt service	166,333,664	178,457,419
Cash and cash equivalents - I-PASS accounts	193,796,386	186,712,910
Prepaid expenses restricted for debt service	1,417,082	141,818
Accrued interest receivable	1,438,996	1,024,313
Supplemental pension benefits assets	31,322	31,322
Total current restricted assets	363,017,450	366,367,782
Total current assets	1,734,699,381	1,505,428,452
Noncurrent unrestricted assets:		
Capital assets:		
Land, improvements and construction in progress	1,936,209,441	1,845,257,595
Other capital assets, net of accumulated depreciation	7,575,587,812	7,240,982,471
Total capital assets	9,511,797,253	9,086,240,066
Other noncurrent unrestricted assets:		
Intergovernmental receivable less current portion	94,603,878	212,200,376
Prepaid expenses less current portion	1,827,212	393,883
Total noncurrent unrestricted assets	96,431,090	212,594,259
Noncurrent restricted assets:		
Cash and cash equivalents - debt reserve	75,213,731	1,462,295
Investments - debt reserve	325,000,000	385,000,000
Prepaid expenses - debt reserve	2,689,655	2,896,551
Prepaid expenses - debt service - less current portion	-	1,559,998
Supplemental pension benefits assets	2,807	34,373
Total noncurrent restricted assets	402,906,193	390,953,217
Total assets	11,745,833,917	11,195,215,994
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	-	107,496,079
Net loss on bond refundings	261,180,173	71,671,157
Deferred outflows of resources - pension related	59,773,509	89,803,912
Deferred outflows of resources - OPEB related	34,084,814	36,717,549
Total deferred outflows of resources	$ 355,038,496	$ 305,688,697

See accompanying notes to the financial statements.

(Continued)

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Net Position
December 31, 2019
(With Summarized Comparative Totals for 2018)

	2019	2018
Liabilities		
Current liabilities:		
Payable from unrestricted current assets:		
Accounts payable	$ 22,810,970	$ 39,624,446
Accrued liabilities	227,500,853	214,267,783
Accrued compensated absences	5,242,000	6,100,000
Intergovernmental agreement payable	69,006,060	126,098,774
Risk management claims payable	7,235,776	6,794,696
Deposits and retainage	51,184,077	42,054,788
Unearned revenue, net of accumulated amortization of $1,245,452	1,396,729	1,196,815
Total current liabilities payable from unrestricted current assets	384,376,465	436,137,302
Payable from current restricted assets:		
Supplemental pension benefit obligation	-	18,548
Current portion of revenue bonds payable	129,260,000	118,780,000
Accrued interest payable	114,086,656	117,853,895
Deposits and unearned revenue – I-PASS accounts	193,796,386	186,712,910
Total current liabilities payable from current restricted assets	437,143,042	423,365,353
Total current liabilities	821,519,507	859,502,655
Noncurrent liabilities:		
Revenue bonds payable, less current portion	6,712,938,755	6,324,830,720
Accrued compensated absences	3,912,599	3,450,254
Risk management claims payable	8,979,929	7,904,210
Net pension liability	853,819,076	882,540,010
Net OPEB liability	131,448,041	140,125,903
Derivative instrument liability	-	107,496,079
Unearned revenue, less accumulated amortization of $33,156.069	13,090,610	7,336,404
Total noncurrent liabilities	7,724,189,010	7,473,683,580
Total liabilities	8,545,708,517	8,333,186,235
Deferred Inflows of Resources		
Deferred inflows of resources - pension related	58,557,894	50,540,783
Deferred inflows of resources - OPEB related	45,494,180	40,693,075
Total deferred inflows of resources	104,052,074	91,233,858
Net position		
Net investment in capital assets	2,879,594,594	2,672,245,715
Restricted under the Trust Indenture	458,006,472	452,437,721
Restricted for supplemental pension benefits obligations	34,129	47,147
Unrestricted	113,476,627	(48,245,985)
Total net position	$ 3,451,111,822	$ 3,076,484,598

See accompanying notes to the financial statements.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019
(With Summarized Comparative Totals for 2018)

	2019	2018
Operating revenues:		
Toll revenue	$ 1,380,750,754	$ 1,341,051,225
Toll evasion recovery	81,554,193	70,468,847
Concessions	1,717,551	2,151,574
Miscellaneous	20,483,584	22,731,739
Total operating revenues	1,484,506,082	1,436,403,385
Operating expenses:		
Engineering and maintenance of roadway and structures	122,363,797	107,851,143
Services and toll collection	171,529,366	181,194,076
Traffic control, safety patrol and radio communications	44,806,282	57,373,555
Procurement, IT, finance and administration	55,443,876	55,591,666
Depreciation and amortization	475,602,597	446,202,899
Total operating expenses	869,745,918	848,213,339
Operating income	614,760,164	588,190,046
Nonoperating revenues (expenses):		
Revenues under intergovernmental agreements	16,469,715	11,323,831
Expenses under intergovernmental agreements	(16,469,715)	(11,323,831)
Net loss on disposal of property	(261,716)	(1,006,741)
Interest (expense) and amortization of financing costs	(293,259,340)	(282,950,519)
Bond interest subsidy (Build America Bonds)	13,554,800	15,204,506
Miscellaneous revenue (expense)	(360)	(360)
Investment income	39,833,676	34,389,290
Total nonoperating revenues (expenses), net	(240,132,940)	(234,363,824)
Change in net position	374,627,224	353,826,222
Net position, beginning of year as restated	3,076,484,598	2,722,658,376
Net position, end of year	$ 3,451,111,822	$ 3,076,484,598

See accompanying notes to the financial statements.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Cash Flows
For the Year Ended December 31, 2019
(With Summarized Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Cash received from sales and services	$ 1,486,358,375	$ 1,446,663,247
Cash payments to suppliers	(204,656,945)	(171,523,593)
Cash payments to employees	(176,598,176)	(171,045,075)
Net cash provided by/(used in) operating activities	1,105,103,254	1,104,094,579
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(925,858,601)	(900,582,453)
Cash received from other governments for capital assets	4,446,973	14,885,290
Proceeds from sale of property	245,334	931,997
Bond proceeds	352,513,774	-
Principal paid on revenue bonds	(118,780,000)	(113,160,000)
Bond subsidy (Build America Bonds)	13,554,800	15,204,506
Interest paid and issuance costs paid on revenue bonds	(316,796,215)	(298,597,047)
Net cash provided by/(used in) capital and related financing activities	(990,673,934)	(1,281,317,707)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	150,000,000	56,000,000
Purchase of investments	(115,898,513)	(35,490,000)
Interest on investments	40,790,195	31,591,666
Net cash provided by investing activities	74,891,682	52,101,666
Net increase/(decrease) in cash and cash equivalents	189,321,002	(125,121,462)
Cash and cash equivalents at beginning of year	580,691,540	705,813,002
Cash and cash equivalents at end of year	$ 770,012,542	$ 580,691,540
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 319,647,195	$ 199,600,575
Risk management reserved cash and cash equivalents	14,987,436	14,392,647
Cash and cash equivalents restricted for debt service and debt reserve	241,547,395	179,919,714
Cash and cash equivalents – I-PASS accounts	193,796,387	186,712,909
Supplemental pension benefit assets	34,129	65,695
Total cash and cash equivalents at end of year	$ 770,012,542	$ 580,691,540

See accompanying notes to the financial statements.

(Continued)

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Cash Flows
For the Year Ended December 31, 2019
(With Summarized Comparative Totals for 2018)

		2019		2018
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$	614,760,164	$	588,190,046
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization		475,602,597		446,202,899
Provision for bad debt		12,603,954		16,946,865
Amortization of unearned revenue		(1,808,890)		(1,797,928)
Pension adjustment		9,184,928		47,188,232
Other post employment benefits adjustment		(1,244,022)		(1,426,878)
Effects of changes in operating assets and liabilities:				
(Increase) in accounts receivable		(19,389,851)		(15,554,460)
(Increase) in intergovernmental receivables		(2,227,007)		2,118,549
(Increase) in prepaid expenses		(342,794)		600,507
Increase in accounts payable		3,738,792		1,285,707
(Decrease) in accrued liabilities		(1,587,961)		10,897,541
(Decrease) in accrued compensated absences		(395,655)		89,833
(Decrease) in supplemental pension obligation		(18,548)		(27,822)
Increase in intergovernmental agreement payable		60,922		4,362,774
Increase in deposits - I-PASS		7,083,477		6,291,294
Increase in unearned revenue		7,596,429		(101,009)
Increase in risk management claims payable		1,486,719		(1,171,571)
Net cash provided by operating activities	$	1,105,103,254	$	1,104,094,579
Noncash capital and related financing activities:				
Increase in capital asset obligations in accounts payable	$	10,984,405	$	33,799,735

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

The accounting policies and financial reporting practices of The Illinois State Toll Highway Authority (the Tollway) conform to accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB).

(a) Financial Reporting Entity

The Tollway, a component unit of the State of Illinois, was created by an Act of the General Assembly of the State of Illinois – the Toll Highway Act, 605 ILCS 10/1 *et seq*., as amended (the Act) – for the purpose of constructing, operating, regulating, and maintaining a toll highway or a system of toll highways and, in connection with the financing of such projects, is authorized to issue revenue bonds which shall be retired from revenues derived from the operation of the Tollway. Under the provisions of the Act, no bond issue of the Tollway, or any interest thereon, is an obligation of the State of Illinois. In addition, the Tollway is empowered to issue refunding bonds for the purpose of refunding any revenue bonds issued under the provisions of the Act.

The enabling legislation empowers the Tollway's Board of Directors with duties and responsibilities which include, but are not limited to, the ability to approve and modify the Tollway's budget, the ability to approve and modify toll rates and fees charged for use of the Tollway system, the ability to employ and discharge employees as necessary in the judgment of the Tollway, and the ability to acquire, own, use, hire, lease, operate, and dispose of personal property, real property, and any interest therein.

Component units are separate legal entities for which the primary government is legally accountable. The Tollway is a component unit of the State of Illinois for financial reporting purposes because exclusion would cause the State's financial statements to be incomplete. The governing body of the Tollway is an 11 member Board of Directors of which nine members are appointed by the Governor of Illinois with the advice and consent of the Illinois Senate. The Governor and the Secretary of the Illinois Department of Transportation are also ex-officio members of the Tollway's Board of Directors. Information from these financial statements is included in the State's comprehensive annual financial report. The Tollway itself does not have any component units.

(b) Basis of Accounting

The Tollway accounts for its operations and financing in a manner similar to a private business enterprises; the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accordingly, the Tollway is accounted for as a proprietary fund (enterprise fund) using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, all assets and all liabilities associated with the Tollway's operations are included in the statement of net position. Revenue is recognized in the period in which it is earned and expenses are recognized in the period in which incurred.

Nonexchange transactions, in which the Tollway receives value without directly giving equal value in return, include fines for toll evasion.

(c) Cash and Cash Equivalents

With the exception of $60.9 million in locally held funds and cash on hand at December 31, 2019, all cash and cash equivalents are held for the Tollway either by the Illinois State Treasurer (the Treasurer) as custodian or by the Trustee under the Tollway's Trust Indenture.

For purposes of the statement of net position and the statement of cash flows, the Tollway considers repurchase agreements, money market funds, and the Illinois Funds local government investment pool (LGIP), as cash equivalents.

(d) Investments

The Tollway reports investments at fair value or amortized cost in its statement of net position with the corresponding changes in fair value being recognized as an increase or decrease to nonoperating revenue in the statement of revenues, expenses and changes in net position. All investments are held for the Tollway either by the Treasurer as custodian or by the Trustee under the Tollway's Trust Indenture.

The primary objective in the investment of Tollway funds is preservation of principal. Additional objectives are managing liquidity to meet the financial obligations of the Tollway and investment return.

Investments in the Illinois Funds LGIP, sponsored by the Treasurer in accordance with Illinois state law that is rated AAAm by Standard & Poor's rating agency, are reported at amortized cost which is equal to the value of the pool shares. Other funds held for the Tollway by the Treasurer are invested in U.S. Treasury and agency issues which are valued at fair value or par. Repurchase agreements held for the Tollway by the Treasurer are recorded at face value which approximates fair value. State statute requires that all investments comply with the Illinois Public Funds Investment Act.

The Trust Indenture authorizes the Tollway to invest in U.S. Treasury and agency issues, money market funds comprised of U.S. Treasury and agency issues, repurchase agreements thereon, time deposits, and certificates of deposit. All funds held by the Tollway's Trustee were held in compliance with these restrictions for the year ended December 31, 2019.

(e) Accounts Receivable

The Tollway's accounts receivable consist of various toll charges and amounts due from individuals and commercial, governmental, and other entities. A provision for doubtful accounts has been recorded for the estimated amount of uncollectible accounts.

(f) Prepaid Expenses and Inventory

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The Tollway's inventory items consist mostly of consumable supplies that are quickly turned over and therefore the payments for such are directly expensed.

(Continued)

(g) Noncurrent Cash and Investments

Cash and investments that are externally restricted for reserve funds or for the purchase or construction of capital or other noncurrent assets are classified as noncurrent assets in the statement of net position.

(h) Capital Assets

Capital assets include the historical cost of land and improvements, easements, roadway and transportation structures (infrastructure), buildings and related improvements, machinery, equipment and software with a cost exceeding $5,000. (Projects whose individual components are less than $5,000 but in their entirety are greater than $5,000 may be capitalized at the discretion of the Tollway). Most expenses for the maintenance and repairs to the roadway and transportation structures, buildings, and related improvements are charged to operations when incurred. All expenses for land, buildings, infrastructure, and construction in progress that increase the value or productive capacities of assets are capitalized. Capital assets are depreciated using the straight-line method of depreciation over the asset's useful life, as follows:

Buildings	20 Years
Infrastructure	5 to 40 Years
Machinery, equipment and software	3 to 20 Years

(i) Leases

The Tollway makes a distinction between: 1) capital leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and 2) operating leases under which the lessor effectively retains all such risks and benefits. The Tollway was not a party to any capital leases during the year.

Operating leases are accounted for as an operating revenue or expense, depending on whether the Tollway is the lessor or lessee.

(j) Long-Term Accounts Receivable

In the course of business, the Tollway may enter into contracts with various parties that call for payments to the Tollway to be made at a date more than one year in the future. These receivables are classified as long-term. See Note 7 for a description of these receivables.

(k) Debt Refunding

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilitie*s, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow or inflow of resources and recognized as a component of interest expense systematically over the remaining life of the old debt or the life of the new debt, whichever is shorter.

(l) Unearned Revenue

The Tollway recognizes revenue when earned. Amounts received in advance of the periods in which related services are rendered are recorded as an unearned revenue liability in the statement of net position. See Note 10.

 (Continued)

(m) Pensions

Substantially all of the Tollway's employees participate in the State Employee Retirement System (SERS), a single-employer, public employee defined benefit pension plan of the State of Illinois, as more fully described in Note 12.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense have been recognized in the Tollway's financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plan's fiduciary net position. The pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments.

Additionally, the pension expense includes the annual recognition of deferred outflows and inflows of resources related to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, expense and expenditures associated with the Tollway's contribution requirements, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

(n) Adoption of New Accounting Pronouncements

There were no new accounting pronouncements that the Tollway was required to adopt in the year ended December 31, 2019.

(o) Swap Agreements

In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Tollway records changes in fair values of the hedging derivative instruments (swaps) as deferred outflows of resources or deferred inflows of resources in the statement of net position. See Note 9. All swap agreements were terminated and no related deferrals as of December 31, 2019.

(p) Net Position

The statement of net position presents the Tollway's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for revenue bonds and other debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net positions that do not meet the criteria of the two preceding categories.

At December 31, 2019, restrictions on net position consisted of:

Restricted for Supplemental Pension Obligation reflects monies set aside for a retirement plan established in 1990 and suspended in 1994.

Restricted under the Trust Indenture reflects restrictions imposed by the Tollway's Trust Indenture.

(q) Toll Revenue

Toll revenue is recognized when the transaction occurs. The fines attributed to toll evasion recovery are recorded as revenue when received in cash. Both tolls and fines recovered under the evasion recovery enforcement system are recorded as toll evasion recovery revenue.

(r) Classification of Operating Revenues and Expenses

The Tollway's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its Tollway system, including the Tollway's allocated share of SERS pension expense pursuant to GASB Statements No. 68 and 71 and the Tollway's allocated share of the State of Illinois' postemployment benefits liability. All other revenues and expenses are reported as nonoperating revenues and expenses or as special items.

Toll evasion recovery revenue is shown net of bad debt expense; concession revenue only includes oasis revenue.

The majority of the Tollway's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation purposes. Nonoperating expenses include transfers under intergovernmental agreements and capital financing costs.

Employee benefits and retirement costs have been allocated to functional expense categories within these statements on the basis of gross payroll for each category of functional expense.

(s) Risk Management

The Tollway has self-insured risk retention programs with stop-loss limits for current employee group health and self-insured reserves for workers' compensation claims and has provided accruals for estimated losses arising from such claims. See Note 14.

(t) Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

(a) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that an institution holding the Tollway's deposits may fail and expose the Tollway to a loss if the Tollway's deposits cannot be returned upon maturity or demand. State law (30 ILCS 230/2C) requires that all deposits of public funds be covered by the Federal Deposit Insurance Corporation (FDIC) insurance or eligible collateral. The Tollway has no policy that would further limit the requirements under state law. As of December 31, 2019, the Tollway's deposits were covered by FDIC insurance or eligible collateral.

(b) Schedule of Investments

As of December 31, 2019, the carrying value of the Tollway's investments (with associated maturities) is as follows:

		Investment Maturities (in years)	
Investment Type	**Fair Value or Amortized Cost**	**Less Than 1**	**1 - 5**
Repurchase agreements*	$ 100,960,000	$ 100,960,000	$ -
Money market funds*	395,408,123	395,408,123	-
U.S. Treasury bills	349,038,353	349,038,353	-
U.S. Treasury - SLGS	325,000,000	230,000,000	95,000,000
Federal Home Loan Bank	547,427,278	547,427,278	-
Illinois Funds LGIP*	203,981,478	203,981,478	-
	$ 1,921,815,232	$ 1,826,815,232	$ 95,000,000

* Weighted average maturity is less than one year.

For purposes of the statement of net position, the repurchase agreements, money market funds, and Illinois Funds LGIP are classified as cash equivalents.

The Tollway categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. 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; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Tollway has no Level 2 or Level 3 inputs.

The Tollway has the following recurring fair value measurements as of December 31, 2019:

Investment Type	**Total**	**Level 1**
U.S. Treasury Bills	$ 349,038,353	$ 349,038,353
Federal Home Loan Bank	547,427,278	547,427,278
	$ 896,465,631	$ 896,465,631

Repurchase agreements, money market funds, U.S. Treasury - SLGS, and Illinois Funds LGIP are measured at amortized cost.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses from rising interest rates, and as a means of managing liquidity, the Tollway's investment policy requires that the majority of Tollway funds, excluding bond proceeds, be invested in instruments with maturities of less than one year. No investment is to exceed a 10-year maturity.

(d) Credit and Concentration Risks

Credit risk is the risk that the Tollway will not recover its investments due to the inability of the issuer to fulfill its obligation. The Tollway's investment policy limits investment of Tollway funds to: securities guaranteed by the United States government; obligations of agencies and instrumentalities of the United States; interest-bearing savings accounts, certificates of deposit, or bank time deposits with institutions which meet specified capitalization requirements; money market mutual funds registered under the Investment Company Act of 1940; the Illinois Funds LGIP; and repurchase agreements of government securities as defined in the Government Securities Act of 1986. The Tollway's investment policy further requires that the investment portfolio be diversified, as necessary to reduce the risk of loss in terms of specific maturity, specific issuer, or specific class of securities. Final maturities are limited to ten years; the majority of the Tollway's funds, excluding bond proceeds, are to be invested in maturities of less than one year. The Tollway was in compliance with these policies during 2019.

For the year ended December 31, 2019, the Tollway's investments in debt securities (or the securities underlying the repurchase agreements) were rated by Moody's and Standard & Poor's as follows:

	2019 (Moody's/S&P)	
Investment Type	**Fair Value or Amortized Cost**	**Rating**
Repurchase agreements	$ 100,960,000	Aaa/AA+u
Money market funds	395,408,123	Aaa-mf/AAAm
U.S. Treasury bills	349,038,353	Aaa/AA+u
U.S. Treasury - SLGS	325,000,000	Aaa/AA+u
Federal Home Loan Bank	547,427,278	Aaa/AA+u
Illinois Funds LGIP	203,981,478	N/R/AAAm

(3) Accounts Receivable

The Tollway's accounts receivable consist of various toll charges and other amounts due from individuals, commercial, governmental, and other entities. A provision for doubtful accounts has been recorded for estimated uncollectible amounts. As of December 31, 2019, the Tollway's accounts receivable balance consists of the following:

		Gross accounts receivables		Allowance for doubtful accounts		Net accounts receivable
Tolls	$	12,915,844	$	(6,833,190)	$	6,082,654
Toll evasion recovery		94,979,323		(72,177,688)		22,801,635
Oases receivables		84,652		-		84,652
Damage claims		348,683		(336,731)		11,952
Over dimension vehicle permit		284,712		(84,892)		199,820
Fiber optic agreements		1,433,869		(585,418)		848,451
Other		3,154,026		(2,471,671)		682,355
Total non-governmental receivables		113,201,109		(82,489,590)		30,711,519
Various local government and other state agency		80,447,051		-		80,447,051
E-Z Pass Agency Group		24,844,021		-		24,844,021
Illinois Department of Transportation		94,618,408		-		94,618,408
Total intergovernmental receivables		199,909,480		-		199,909,480
Total receivables	$	313,110,589	$	(82,489,590)	$	230,620,999

(4) Prepaid Expenses

In the normal course of business, the Tollway pays for goods and services that will be consumed beyond the current year. These are established as prepaid expenses. As of December 31, 2019, the Tollway had $10.4 million in prepaid expenses. These are categorized as both current and noncurrent.

(5) Leases Receivable

During 2002, the Tollway, as lessor, entered into two 25-year lease agreements for the oasis system (a retail lease and a fuel lease). Under the terms of each lease, the lessee became financially responsible for rebuilding and remains responsible for renovating the oases structures. At the end of each lease, ownership of the improvements reverts to the Tollway. In the retail lease, the lessee is responsible for the payment of all expenses associated with administration and operation of the facilities including the securing of tenants. In the fuel lease, the lessee is responsible for the operation of the service station and car wash facilities.

The fuel lease agreement set up a three step environmental program for the oases: (1) remediation by the Tollway of the pre-existing contamination and establishing a baseline for contamination; (2) remediation of contamination caused by the lessee(s) during the lease period; and (3) a post-lease testing regimen and remediation to the base line by the lessee(s). This agreement ensured that the oasis system was in compliance with environmental laws when the property was leased, and that lessee(s) would be in compliance during the term of the lease. The Tollway was solely financially responsible for the remediation program for all environmental releases prior to the lease commencement date. Additionally, the Tollway conducted post-remediation testing to establish the baseline. The Tollway completed the remediation program, and has received “No Further Remediation (NFR)” letters from the Illinois Environmental Protection Agency for all locations. Any environmental releases during the lease are solely the responsibility of the lessee(s). Furthermore, any remediation necessary after the lease to bring the site back to pre-lease conditions are the responsibility of the lessee(s). Finally, the lease requires that the fuel tanks and related equipment be removed at the end of the lease and all costs associated with the removal will be the responsibility of the lessee(s).

The future minimum lease payments receivable under these agreements as of December 31, 2019 are as follows:

Year Ending December 31	Retail Leases	Fuel Leases	Total Leases
2020	$ 607,143	$ 689,582	$ 1,296,725
2021	607,143	689,582	1,296,725
2022	607,143	689,582	1,296,725
2023	607,143	689,582	1,296,725
2024	607,143	689,582	1,296,725
Thereafter	1,416,664	1,609,025	3,025,689
	$ 4,452,379	$ 5,056,935	$ 9,509,314

The future minimum leases receivable do not include contingent rents that may be owed under these leases should the lessees generate revenues in excess of specific target amounts.

The future minimum lease amounts above will be treated as revenue in the year they are earned.

In connection with the Central Tri-State widening and reconstruction, several of the oasis sites have been closed for demolition. The minimum lease commitments schedule above reflects these closures.

(6) Capital Assets

Changes in capital assets for the year ended December 31, 2019, are as follows:

	Balance at Jan 1, 2019	Additions and transfers in	Deletions and transfers out	Balance at Dec 31, 2019
Nondepreciable capital assets:				
Land and improvements	$ 614,625,720	$ 74,835,229	$ (1,129,260)	$ 688,331,689
Construction in progress	1,230,631,875	772,649,924	(755,404,047)	1,247,877,752
Total nondepreciable capital assets	1,845,257,595	847,485,153	(756,533,307)	1,936,209,441
Depreciable capital assets				
Buildings	58,727,864	14,531,719	-	73,259,583
Infrastructure	10,691,491,390	774,654,561	(58,539,825)	11,407,606,126
Machinery and equipment	423,498,154	20,453,476	(3,573,323)	440,378,307
Total depreciable capital assets	11,173,717,408	809,639,756	(62,113,148)	11,921,244,016
Less accumulated depreciation				
Buildings	(45,326,788)	(1,309,368)	-	(46,636,156)
Infrastructure	(3,647,728,289)	(445,588,525)	58,539,825	(4,034,776,989)
Machinery and equipment	(239,679,860)	(27,620,444)	3,057,245	(264,243,059)
Total accumulated depreciation	(3,932,734,937)	(474,518,337)	61,597,070	(4,345,656,204)
Total depreciable assets, net	7,240,982,471	335,121,419	(516,078)	7,575,587,812
Total capital assets, net	$ 9,086,240,066	$ 1,182,606,572	$ (757,049,385)	$ 9,511,797,253

(7) Long-Term Accounts Receivable

As of December 31, 2019, long-term accounts receivable consisted of the following:

Illinois Department of Transportation	$ 94,603,878

Long-term accounts receivable represent the noncurrent amount due under intergovernmental agreements for cost-sharing construction projects. In 2019, Tollway and the Northwest Suburban Municipal Joint Action Water Agency (NSMJAWA) agreed that the $65,615,000 receivable amount due to Tollway would be paid back, and therefore, as of December 31, 2019, it was classified as a current intergovernmental receivable, not long-term. On April 28, 2020, the Tollway received payment of $65,615,000 from the NSMJAWA, under the terms of an intergovernmental agreement between the Tollway and the Agency, for costs associated with the relocation and replacement of the Agency's transmission main and related facilities in and along the right of way on the Jane Addams Memorial Tollway (for further information see Note 22 – Subsequent Events).

(8) Revenue Bonds Payable

Changes in revenue bonds payable for the year ended December 31, 2019 are as follows:

	Balance at Jan 1, 2019*	Additions	Deletions	Balance at Dec 31, 2019	Due within one year
2007 Series A-1 & A-2	$ 700,000,000	$ -	$ (700,000,000)	$ -	$ -
2008 Series A-1 & A-2	476,525,000	-	(476,525,000)	-	-
2009 Series A	500,000,000	-	(100,000,000)	400,000,000	-
2009 Series B	280,000,000	-	-	280,000,000	-
2010 Series A-1	277,820,000	-	(277,820,000)	-	-
2013 Series A	500,000,000	-	-	500,000,000	-
2014 Series A	378,720,000	-	(87,870,000)	290,850,000	92,265,000
2014 Series B	500,000,000	-	-	500,000,000	-
2014 Series C	400,000,000	-	-	400,000,000	-
2014 Series D	248,555,000	-	(5,210,000)	243,345,000	19,870,000
2015 Series A	400,000,000	-	-	400,000,000	-
2015 Series B	400,000,000	-	-	400,000,000	-
2016 Series A	333,060,000	-	-	333,060,000	-
2016 Series B	300,000,000	-	-	300,000,000	-
2017 Series A	300,000,000	-	-	300,000,000	-
2018 Series A	-	515,250,000	-	515,250,000	17,125,000
2019 Series A	-	300,000,000	-	300,000,000	-
2019 Series B	-	225,245,000	-	225,245,000	-
2019 Series C	-	697,870,000	-	697,870,000	-
Totals	$ 5,994,680,000	$ 1,738,365,000	$ (1,647,425,000)	$ 6,085,620,000	$ 129,260,000
Current portion of revenue bonds payable	(118,780,000)	(129,260,000)	118,780,000	(129,260,000)	
Unamortized bond premium	448,930,720	345,157,504	(37,509,469)	756,578,755	
Revenue bonds payable net of current portion, plus unamortized bond premium	$ 6,324,830,720	$ 1,954,262,504	$ (1,566,154,469)	$ 6,712,938,755	

*The January 1, 2019 balances are before any payments of principal due on January 1, 2019.

(a) Series 2007A Bonds

On November 1, 2007, the Tollway issued $700,000,000 of Toll Highway Variable Rate Senior Priority Revenue Bonds (2007 Series A-1 and 2007 Series A-2) (collectively, the “Series 2007A Bonds”). This issuance was the third bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold at par and scheduled to mature on July 1, 2030, subject to mandatory sinking fund redemption on July 1 of each of the years 2024 – 2029. The bonds were initially issued in and remained in a weekly interest rate mode. On March 18, 2011, the Series 2007A Bonds were mandatorily tendered and remarketed as six separate sub-series, each of which is described below. All Series 2007A Bonds were refunded in connection with either the Tollway’s 2018 Series A bonds issued on January 10, 2019 or its 2019 Series C bonds issued on December 23, 2019.

(a)(i) Series 2007A-1a Bonds

On March 18, 2011, the Tollway remarketed $175,000,000 of the 2007 Series A-1 bonds as 2007 Series A-1a (the “Series 2007A-1a Bonds”). During 2019, the Series 2007A-1a Bonds were secured by a direct-pay letter of credit from Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, pursuant to the terms of the Reimbursement Agreement dated as of January 1, 2017, between the Tollway and such bank (the “2007A-1a Credit Facility”). The Series 2007A-1a Bonds were refunded and defeased in connection with the issuance of the Tollway’s Series 2019C Bonds on December 23, 2019. The Series 2007A-1a Bonds were redeemed in full, at a redemption price of 100% of the principal amount plus accrued interest, on January 9, 2020, upon which the 2007A-1a Credit Facility was cancelled (see Note 22 - Subsequent Events).

(a)(ii) Series 2007A-1b Bonds

On March 18, 2011, the Tollway remarketed $175,000,000 of the 2007 Series A-1 bonds as 2007 Series A-1b (the “Series 2007A-1b Bonds”). During 2019, the Series 2007A-1b Bonds were secured by a direct-pay letter of credit from Bank of America, N.A., pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2017 between the Tollway and such bank (the “2007A-1b Credit Facility”). The Series 2007A-1b Bonds were refunded and defeased in connection with the issuance of the Tollway’s Series 2019C Bonds on December 23, 2019. The Series 2007A-1b Bonds were redeemed in full, at a redemption price of 100% of the principal amount plus accrued interest, on January 9, 2020, upon which the 2007A-1b Credit Facility was cancelled (see Note 22 - Subsequent Events).

(a)(iii) Series 2007A-2a Bonds

On March 18, 2011, the Tollway remarketed $100,000,000 of the 2007 Series A-2 bonds as 2007 Series A-2a (the “Series 2007A-2a Bonds”). During 2019, the Series 2007A-2a Bonds were secured by a direct-pay letter of credit from The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York branch, pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011, as amended, between the Tollway and such bank (the “2007A-2a Credit Facility”). The Series 2007A-2a Bonds were refunded and redeemed, at a redemption price of 100% of the principal amount plus accrued interest, in connection with the issuance of the

Tollway's Series 2018A Bonds on January 10, 2019. The 2007A-2a Credit Facility was cancelled on January 10, 2019, upon redemption in full of the Series 2007A-2a Bonds.

(a)(iv) Series 2007A-2b Bonds

On March 18, 2011, the Tollway remarketed $107,500,000 of the 2007 Series A-2 Bonds as 2007 Series A-2b (the "Series 2007A-2b Bonds"). During 2019, the Series 2007A-2b Bonds were secured by a direct-pay letter of credit from PNC Bank, N.A., pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2017, between the Tollway and such bank (the "2007A-2b Credit Facility"). The Series 2007A-2b Bonds were refunded and redeemed, at a redemption price of 100% of the principal amount plus accrued interest, in connection with the issuance of the Tollway's Series 2018A Bonds on January 10, 2019. The 2007A-2b Credit Facility was cancelled on January 10, 2019, upon redemption in full of the Series 2007A-2b Bonds.

(a)(v) Series 2007A-2c Bonds

On March 18, 2011, the Tollway remarketed $55,000,000 of the 2007 Series A-2 bonds as 2007 Series A-2c (the "Series 2007A-2c Bonds"). During 2019, the Series 2007A-2c Bonds were secured by a direct-pay letter of credit from Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, pursuant to the terms of the Reimbursement Agreement dated as of January 1, 2017 between the Tollway and such bank (the "2007A-2c Credit Facility"). The Series 2007A-2c Bonds were refunded and redeemed, at a redemption price of 100% of the principal amount plus accrued interest, in connection with the issuance of the Tollway's Series 2018A Bonds on January 10, 2019. The 2007A-2c Credit Facility was cancelled on January 10, 2019, upon redemption in full of the Series 2007A-2c Bonds (see Note 22 - Subsequent Events).

(a)(vi) Series 2007A-2d Bonds

On March 18, 2011, the Tollway remarketed $87,500,000 of the 2007 Series A-2 bonds as 2007 Series A-2d (the "Series 2007A-2d Bonds"). During 2019, the Series 2007A-2d Bonds were secured by a direct-pay letter of credit from Bank of America, N.A., pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2017 between the Tollway and such bank (the "2007A-2d Credit Facility"). The Series 2007A-2d Bonds were refunded and defeased in connection with the issuance of the Tollway's Series 2019C Bonds on December 23, 2019. The Series 2007A-2d Bonds were redeemed in full on January 9, 2020, upon which the 2007A-2d Credit Facility was cancelled (see Note 22 - Subsequent Events).

(b) Series 2008A Bonds

On February 7, 2008, the Tollway issued $766,200,000 of Toll Highway Variable Rate Senior Refunding Revenue Bonds (2008 Series A-1 and 2008 Series A-2) (collectively, the "Series 2008A Bonds"). This issuance advance refunded a portion of the Tollway's Toll Highway Senior Priority Revenue Bonds, 2006 Series A, and financed costs of issuance. On July 1, 2010, $287,300,000 of the 2008 Series A-2 bonds was refunded in connection with the Tollway's issuance of $279,300,000 Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1, after which the outstanding amount of Series 2008A Bonds was $383,100,000 of the 2008 Series A-1 bonds and $95,800,000 of the 2008 Series A-2 bonds. Payments of principal when due at maturity and interest are insured by Assured Guaranty Municipal Corp., pursuant to the acquisition of the original bond insurer, Financial Security Assurance Inc., by Assured Guaranty Ltd. on July 1, 2009. The bonds were sold at par and scheduled to mature on January 1, 2031, subject to mandatory sinking fund redemption on January 1 of each of the years 2018 – 2030.

On February 7, 2011, the Series 2008A Bonds were mandatorily tendered and remarketed as three separate sub-series, each of which is described below. All of the three sub-series of Series 2008A Bonds described below were refunded in connection with either the Tollway's 2018 Series A bonds issued on January 10, 2019 or its 2019 Series C bonds issued on December 23, 2019.

(b)(i) Series 2008A-1a Bonds

On February 7, 2011, the Tollway remarketed $191,500,000 of the 2008 Series A-1 Bonds as 2008 Series A-1a (the "Series 2008A-1a Bonds"). The bonds were initially issued in and remained in a weekly interest rate mode. During 2019, the Series 2008A-1a Bonds were liquidity supported by a standby bond purchase agreement dated as of February 1, 2011, as amended, among the Tollway, the Trustee, and JPMorgan Chase Bank, N.A. (the "2008A-1a Liquidity Facility"). The Series 2008A-1a Bonds, in then-outstanding amount of $189,600,000, were refunded and redeemed, at a redemption price of 100% of the principal amount plus accrued interest, in connection with the issuance of the Tollway's Series 2018A Bonds on January 10, 2019, upon which the 2008A-1a Liquidity Facility was cancelled.

(b)(ii) Series 2008A-1b Bonds

On February 7, 2011, the Tollway remarketed $191,600,000 of the 2008 Series A-1 Bonds as 2008 Series A-1b (the "Series 2008A-1b Bonds"). The bonds were initially issued in a weekly interest rate mode and remained in a weekly mode until February 3, 2017, when the Series 2008A-1b Bonds were mandatorily tendered, converted to an index mode and remarketed to RBC Municipal Products, LLC, to be held for a period of three years ending February 3, 2020, pursuant to the terms of a Bondholder Agreement dated as of February 3, 2017. The Series 2008A-1b Bonds, in then-outstanding amount of $189,600,000, were refunded and defeased in connection with the issuance of the Tollway's Series 2019C Bonds on December 23, 2019. The Series 2008A-1b Bonds were redeemed in full on January 9, 2020.

(b)(iii) Series 2008A-2 Bonds

On February 7, 2011, the Tollway remarketed $95,800,000 of the 2008 Series A-2 Bonds (the "Series 2008A-2 Bonds"). The bonds were initially issued in and remained in a weekly interest rate mode. During 2019, the Series 2008A-2 Bonds were liquidity supported by a standby bond purchase agreement dated as of February 1, 2011, as amended, among the Tollway, the Trustee, and JPMorgan Chase Bank, N.A. (the "2008A-2 Liquidity Facility"). The Series 2008A-2 Bonds, in then-outstanding amount of $94,825,000, were refunded and defeased in connection with the issuance of the Tollway's Series 2019C Bonds on December 23, 2019. The Series 2008A-2 Bonds were redeemed in full on January 9, 2020, upon which the 2008A-2 Liquidity Facility was cancelled (see Note 22 – Subsequent Events).

(c) Build America Bonds

The American Recovery and Reinvestment Act of 2009 authorized the Tollway to issue taxable bonds known as "Build America Bonds" to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds. The receipt of such subsidy payments by the Tollway is subject to certain requirements, including the filing of a form with the Internal Revenue Service prior to each interest payment date. The subsidy payments are not full faith and credit obligations of the United States of America. As a result of the impact of sequestration, the federal government reduced the amount of the subsidy payments by: 8.7%

for subsidies received between March 2013 and September 2013; 7.2% for subsidies received between October 2013 and September 2014; 7.3% for subsidies received between October 2014 and September 2015; 6.8% for subsidies received between October 2015 and September 2016; 6.9% for subsidies received between October 2016 and September 2017; 6.6% for subsidies received between October 2017 and September 2018; 6.2% for subsidies received between October 2018 and September 2019; and 5.9% for subsidies received between October 2019 and September 2020 (see Note 22 – Subsequent Events). The Series 2009A Bonds and Series 2009B Bonds are taxable Build America Bonds; all other Tollway bonds are tax-exempt bonds.

(d) Series 2009A Bonds

On May 21, 2009, the Tollway issued $500,000,000 of Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series A (Build America Bonds – Direct Payment). The Tollway made an irrevocable election to designate the bonds as Build America Bonds pursuant to the provisions of Section 54AA(g) of the Internal Revenue Code of 1986. The Tollway covenanted to apply Build America Bonds subsidy payments to the payment of debt service. This issuance was the fifth bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as two term bonds, $100,000,000 maturing on January 1, 2024 and $400,000,000 maturing on January 1, 2034. The term bond maturing January 1, 2024, then-outstanding in an amount of $78,060,000, was refunded and redeemed, at a redemption price of 100% of the principal amount plus accrued interest, in connection with the issuance of the Tollway's Series 2018A Bonds on January 10, 2019. The bonds maturing January 1, 2034 bear an interest rate of 6.184%, were sold at a price of 100% of the par amount of the bonds, and are subject to optional redemption at a redemption price equal to the greater of: (i) 100% of the principal amount of the bonds to be redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds to be redeemed, discounted to the date on which the bonds are to be redeemed on a semi-annual basis at the yield to maturity as of such redemption date of the U.S. Treasury security with a constant maturity most nearly equal to the period from the redemption date to the maturity date of the bonds to be redeemed, plus 30 basis points, plus, in each case, accrued interest. The bonds are not insured.

(e) Series 2009B Bonds

On December 8, 2009, the Tollway issued $280,000,000 of Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series B (Build America Bonds – Direct Payment). The Tollway made an irrevocable election to designate the bonds as Build America Bonds pursuant to the provisions of Section 54AA(g) of the Internal Revenue Code of 1986. The Tollway covenanted to apply Build America Bonds subsidy payments to the payment of debt service. This issuance was the sixth bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. In connection with the issuance of the bonds, the Tollway deposited $12,000,000 funds on hand into the debt service account to pay the bond interest due on June 1, 2010 and a portion of the bond interest due on December 1, 2010. The bonds mature on December 1, 2034. The bonds bear an interest rate of 5.851% and were sold at a price of 100% of the par amount of the bonds. The bonds are subject to optional redemption at a redemption price equal to the greater of: (i) 100% of the principal amount of the bonds to be redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds to be redeemed, discounted to the date on which the bonds are to be redeemed on a semi-annual basis at the yield to maturity as of such redemption date of the U.S. Treasury security with a constant maturity most nearly equal to the period from the redemption date to the maturity date of the bonds to be redeemed, plus 25 basis points, plus, in each case, accrued interest. The bonds are not insured.

(f) Series 2010A-1 Bonds

On July 1, 2010, the Tollway issued $279,300,000 of Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1. The bonds refunded $287,300,000 of the Tollway's $383,100,000 then-outstanding 2008 Series A-2 Bonds. The bonds also financed costs of issuance and costs of terminating a variable-to-fixed interest rate exchange agreement (swap) associated with the refunded bonds. The bonds were sold as serial bonds maturing on January 1 of each of the years 2018 through 2031 and were sold bearing interest rates ranging from 3.50% to 5.25%. The bonds were sold at yields which produced a net original issue premium of $9,648,275. The bonds are subject to optional redemption on or after January 1, 2020 at a redemption price of 100% of the principal amount plus accrued interest. The bonds were refunded and defeased in connection with the issuance of the Tollway's Series 2019B Bonds on November 14, 2019.

(g) Series 2013A Bonds

On May 16, 2013, the Tollway issued $500,000,000 of Toll Highway Senior Revenue Bonds, 2013 Series A. This issuance was the first bond sale utilized to finance capital projects in the "Move Illinois" Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2027 through 2035 and a term bond maturing January 1, 2038. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $63,601,290. The bonds are subject to optional redemption on or after January 1, 2023, at a redemption price of 100% of the principal amount plus accrued interest. The term bond maturing January 1, 2038 is subject to sinking fund redemption prior to maturity. The bonds were not insured.

(h) Series 2014A Bonds

On February 26, 2014, the Tollway issued $378,720,000 of Toll Highway Senior Revenue Bonds, 2014 Series A (Refunding). The bonds advance refunded $436,545,000 of the Tollway's Toll Highway Senior Priority Revenue Bonds, 2005 Series A. The bonds also financed costs of issuance. The bonds were sold as serial bonds maturing on December 1 of each of the years 2019 through 2022. The bonds were sold bearing interest rates ranging from 4.5% - 5.0%. The bonds were sold at yields which produced an original issue premium of $66,772,076. The bonds are not subject to optional redemption. The bonds were not insured.

The purpose of the refunding was to reduce debt service. The aggregate difference in debt service between the refunding debt, if outstanding through final maturity, and the refunded debt, had it remained outstanding through final maturity, net of Tollway funds on hand that were applied to the refunding transaction, was $55.7 million. The present value of such savings was estimated at $44.1 million at the time of the transaction's closing.

(i) Series 2014B Bonds

On June 4, 2014, the Tollway issued $500,000,000 of Toll Highway Senior Revenue Bonds, 2014 Series B. This issuance was the second bond sale utilized to finance capital projects in the “Move Illinois” Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2026 through 2039. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $48,929,739. The bonds are subject to optional redemption on or after January 1, 2024, at a redemption price of 100% of the principal amount plus accrued interest. The bonds were not insured.

(j) Series 2014C Bonds

On December 4, 2014, the Tollway issued $400,000,000 of Toll Highway Senior Revenue Bonds, 2014 Series C. This issuance was the third bond sale utilized to finance capital projects in the “Move Illinois” Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2027 through 2039. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $53,737,539. The bonds are subject to optional redemption on or after January 1, 2025, at a redemption price of 100% of the principal amount plus accrued interest. The bonds were not insured.

(k) Series 2014D Bonds

On December 18, 2014, the Tollway issued $264,555,000 of Toll Highway Senior Revenue Bonds, 2014 Series D (Refunding). The bonds advance refunded $291,660,000 of the Tollway’s Toll Highway Senior Priority Revenue Bonds, 2006 Series A-1. The bonds also financed costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2018 through 2025. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $49,884,988. The bonds are not subject to optional redemption. The bonds were not insured.

The purpose of the refunding was to reduce debt service. The aggregate difference in debt service between the refunding debt, if outstanding through final maturity, and the refunded debt, had it remained outstanding through final maturity, net of Tollway funds on hand that were applied to the refunding transaction, was $38.4 million. The present value of such savings was estimated at $33.0 million at the time of the transaction’s closing.

(l) Series 2015A Bonds

On July 30, 2015, the Tollway issued $400,000,000 of Toll Highway Senior Revenue Bonds, 2015 Series A. This issuance was the fourth bond sale utilized to finance capital projects in the “Move Illinois” Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2027 through 2037 and a term bond maturing January 1, 2040. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $39,445,649. The bonds are subject to optional redemption on or after July 1, 2025 at a redemption price of 100% of the principal amount plus accrued interest. The term bond

(Continued)

maturing January 1, 2040 is subject to sinking fund redemption prior to maturity. The bonds were not insured.

(m) Series 2015B Bonds

On December 17, 2015, the Tollway issued $400,000,000 of Toll Highway Senior Revenue Bonds, 2015 Series B. This issuance was the fifth bond sale utilized to finance capital projects in the" Move Illinois" Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2027 through 2037 and a term bond maturing January 1, 2040. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $47,418,612. The bonds are subject to optional redemption on or after January 1, 2026 at a redemption price of 100% of the principal amount plus accrued interest. The term bond maturing January 1, 2040 is subject to sinking fund redemption prior to maturity. The bonds were not insured.

(n) Series 2016A Bonds

On January 14, 2016, the Tollway issued $333,060,000 of Toll Highway Senior Revenue Bonds, 2016 Series A (Refunding). The bonds advance refunded $350,000,000 of the Tollway's Toll Highway Senior Priority Revenue Bonds, 2008 Series B. The bonds also financed costs of issuance. The bonds were sold as serial bonds maturing on December 1, 2031 bearing interest rates of 4.00% and 5.00% and December 1, 2032 bearing an interest rate of 5.00%. The bonds were sold at yields which produced an original issue premium of $49,635,106. The bonds are subject to optional redemption on or after January 1, 2026, at a redemption price of 100% of the principal amount plus accrued interest. The bonds were not insured.

The purpose of the refunding was to reduce debt service. The aggregate difference in debt service between the refunding debt, if outstanding through final maturity, and the refunded debt, had it remained outstanding through final maturity, net of Tollway funds on hand that were applied to the refunding transaction, was $70.0 million. The present value of such savings was estimated at $50.9 million at the time of the transaction's closing.

(o) Series 2016B Bonds

On June 16, 2016, the Tollway issued $300,000,000 of Toll Highway Senior Revenue Bonds, 2016 Series B. This issuance was the sixth bond sale utilized to finance capital projects in the "Move Illinois" Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2027 through 2038 and a term bond maturing January 1, 2041. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $59,573,902. The bonds are subject to optional redemption on or after July 1, 2026, at a redemption price of 100% of the principal amount plus accrued interest. The term bond maturing January 1, 2041 is subject to sinking fund redemption prior to maturity. The bonds were not insured.

(p) Series 2017A Bonds

On December 6, 2017, the Tollway issued $300,000,000 of Toll Highway Senior Revenue Bonds, 2017 Series A. This issuance was the seventh bond sale utilized to finance capital 2019 projects in the "Move Illinois" Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2028 through 2039 and a term bond maturing January 1, 2042. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $50,071,706. The bonds are subject to optional redemption on or after January 1, 2028, at a redemption price of 100% of the principal amount plus accrued interest. The term bond maturing January 1, 2042 is subject to sinking fund redemption prior to maturity. The bonds were not insured.

(q) Series 2018A Bonds

On January 10, 2019, the Tollway issued $515,250,000 of Toll Highway Senior Revenue Bonds, 2018 Series A (Refunding). The bonds refunded $262,500,000 of the 2007 Series A-2 Bonds, the $189,600,000 2008 Series A-1a Bonds, and the $78,060,000 2009 Series A Bonds scheduled to mature on January 1, 2024. The bonds also financed costs of issuance and costs of terminating two variable-to-fixed interest rate exchange agreements (swaps) associated with the refunded bonds. The bonds were sold as serial bonds maturing on January 1 of each of the years 2020 through 2031 and were sold bearing an interest rate of 5.00%. The bonds were sold at yields which produced an original issue premium of $79,372,651. The bonds are subject to optional redemption on or after January 1, 2029, at a redemption price of 100% of the principal amount plus accrued interest. The purpose of the refunding was to reduce risks related to variable interest rates and third-party agreements.

(r) Series 2019A Bonds

On July 11, 2019, the Tollway issued $300,000,000 of Toll Highway Senior Revenue Bonds, 2019 Series A. This issuance was the eighth bond sale utilized to finance capital projects in the "Move Illinois" Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2036 through 2041 and two term bonds maturing January 1, 2044. Bonds were sold bearing interest rates ranging from 3.0% to 5.0%. The bonds were sold at yields which produced an original issue premium of $47,215,820. The bonds are subject to optional redemption on or after July 1, 2029, at a redemption price of 100% of the principal amount plus accrued interest. The term bonds maturing January 1, 2044 are each subject to sinking fund redemption prior to maturity. The bonds were not insured.

(s) Series 2019B Bonds

On November 14, 2019, the Tollway issued $225,245,000 of Toll Highway Senior Revenue Bonds, 2019 Series B (Refunding). The bonds refunded $276,560,000 of the Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1. The bonds also financed costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2025 through 2031 and were sold bearing interest rates ranging from 3.50% to 5.25%. The bonds were sold as serial bonds maturing on January 1, 2031 bearing an interest rate of 5.00%. The bonds were sold at yields which produced an original issue premium of $51,916,736. The bonds are subject to optional redemption on or after January 1, 2030, at a redemption price of 100% of the principal amount plus accrued interest. The bonds were not insured.

The purpose of the refunding was to reduce debt service. The aggregate difference in debt service between the refunding debt, if outstanding through final maturity, and the refunded debt, had it remained outstanding through final maturity, net of Tollway funds on hand that were applied to the refunding transaction, was $69.2 million. The present value of such savings was estimated at $62.2 million at the time of the transaction's closing.

(t) Series 2019C Bonds

On December 23, 2019, the Tollway issued $697,870,000 of Toll Highway Senior Revenue Bonds, 2019 Series C (Refunding). The bonds refunded the Tollway's $350,000,000 2007 Series A-1 Bonds, $87,500,000 2007 Series A-2d Bonds, $189,600,000 2008 Series A-1b Bonds, and $94,825,000 2008 Series A-2 Bonds. The bonds also financed costs of issuance and costs of terminating five variable-to-fixed interest rate exchange agreements (swaps) associated with the refunded bonds. The bonds were sold as serial bonds maturing on January 1 of each of the years 2022 through 2031 and were sold bearing an interest rate of 5.00%. The bonds were sold at yields which produced an original issue premium of $166,652,297. The bonds are subject to optional redemption on or after January 1, 2030, at a redemption price of 100% of the principal amount plus accrued interest. The purpose of the refunding was to reduce risks related to variable interest rates and third-party agreements.

(u) Defeased Bonds

As of December 31, 2019, there was $998,485,000 (par amount) of defeased Tollway revenue bonds outstanding.

On November 14, 2019, the Tollway issued $225,245,000 of Toll Highway Senior Revenue Bonds, 2019 Series B (Refunding) ("refunding bonds") in connection with the refunding of $276,560,000 of Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1 ("refunded bonds"). Net proceeds from the refunding bonds were used to purchase U.S. government securities that were deposited into an irrevocable trust with an escrow agent to provide for the payments on the refunded bonds of interest due on January 1, 2020, principal maturing on January 1, 2020, and the redemption on January 1, 2020 of all other principal of the refunded bonds. The refunded bonds were deemed defeased and the liability for those bonds was removed from the statement of net position as of November 14, 2019. The refunded bonds were paid off in full on January 2, 2020, the first business day after the holiday January 1, 2020.

On December 23, 2019, the Tollway issued $697,870,000 of Toll Highway Senior Revenue Bonds, 2019 Series C (Refunding) ("refunding bonds") in connection with the refunding of the Tollway's $350,000,000 2007 Series A-1 Bonds, $87,500,000 2007 Series A-2d Bonds, $189,600,000 2008 Series A-1b Bonds, and $94,825,000 2008 Series A-2 Bonds (collectively the "refunded bonds"). Net proceeds from the refunding bonds were used to purchase U.S. government securities that were, together with a cash balance, deposited into an irrevocable trust with an escrow agent to provide for the interest and principal payments on the refunded bonds through January 9, 2020. The refunded bonds were deemed defeased and the liability for those bonds was removed from the statement of net position as of December 23, 2019. The refunded bonds were paid off in full on January 9, 2020.

(v) All Series

Details of outstanding revenue bonds as of December 31, 2019 are as follows:

Issue of 2009 Series A, 6.184% due on January 1, 2032-2034	$	400,000,000
Issue of 2009 Series B, 5.851% due on December 1, 2034		280,000,000
Issue of 2013 Series A, 5.00% due on January 1, 2027-2038		500,000,000
Issue of 2014 Series A, 4.50% due on December 1, 2020 and 5.00%, due on December 1, 2020-2022		290,850,000
Issue of 2014 Series B, 5.00% due on January 1, 2026-2039		500,000,000
Issue of 2014 Series C, 5.00% due on January 1, 2027-2039		400,000,000
Issue of 2014 Series D, 5.00% due on January 1, 2019-2025		243,345,000
Issue of 2015 Series A, 5.00% due on January 1, 2027-2040		400,000,000
Issue of 2015 Series B, 5.00% due on January 1, 2027-2040		400,000,000
Issue of 2016 Series A, 4.00% due on December 1, 2031 and 5.00% due on December 1, 2031-2032		333,060,000
Issue of 2016 Series B, 5.00% due on January 1, 2027-2041		300,000,000
Issue of 2017 Series A, 5.00% due on January 1, 2028-2042		300,000,000
Issue of 2018 Series A, 5.00% due on January 1, 2020-2031		515,250,000
Issue of 2019 Series A, 3.00% due on January 1, 2038, 4.00% due on January 1, 2037, 2039 and 2042-2044, and 5.00% due on January 1, 2036 and 2040-2044		300,000,000
Issue of 2019 Series B, 5.00% due on January 1, 2025-2031		225,245,000
Issue of 2019 Series C, 5.00% due on January 1, 2022-2031		697,870,000
Total revenue bonds payable	$	6,085,620,000
Less current portion	$	(129,260,000)
Plus unamortized bond premium		756,578,755
Long-term portion of revenue bonds payable plus unamortized bond premium	$	6,712,938,755

Accrued interest payable as of the year ended December 31, 2019, was $114,086,656.

The annual requirements to retire principal and pay interest on all bonds outstanding at December 31, 2019, all of which are fixed interest rate bonds, are as follows.

Year ending December 31	Principal	Interest	Total Debt Service
2020	$ 129,260,000	$ 287,673,260	$ 416,933,260
2021	136,505,000	302,374,675	438,879,675
2022	145,415,000	295,447,800	440,862,800
2023	45,925,000	288,121,425	334,046,425
2024	155,025,000	283,097,675	438,122,675
2025	162,715,000	275,154,175	437,869,175
2026	187,530,000	266,398,050	453,928,050
2027	231,265,000	255,928,175	487,193,175
2028	242,700,000	244,079,050	486,779,050
2029	255,135,000	231,633,175	486,768,175
2030	268,090,000	218,552,550	486,642,550
2031	444,185,000	204,813,675	648,998,675
2032	310,030,000	186,272,048	496,302,048
2033	147,435,000	169,763,900	317,198,900
2034	614,505,000	155,745,402	770,250,402
2035	74,300,000	127,587,500	201,887,500
2036	369,925,000	116,481,875	486,406,875
2037	388,175,000	97,549,375	485,724,375
2038	407,400,000	77,720,000	485,120,000
2039	417,200,000	57,235,000	474,435,000
2040	417,800,000	36,450,000	454,250,000
2041	260,100,000	19,502,500	279,602,500
2042	135,000,000	9,767,500	144,767,500
2043	70,000,000	4,902,500	74,902,500
2044	70,000,000	1,635,000	71,635,000
Total	$ 6,085,620,000	$ 4,213,886,286	$ 10,299,506,286

(w) Capitalized Interest

In 2018, the Tollway implemented GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period* which requires that all interest costs be recognized as an expense in the current period. Prior to implementation, a portion of interest expense attributable to construction was required to be capitalized. GASB 89 changed this requirement prospectively. As of December 31, 2019, the Tollway continues to amortize previously capitalized interest with an unamortized balance of $131.8 million.

(x) Trust Indenture Agreement

All Tollway bonds outstanding as of December 31, 2019, were issued under the Amended and Restated Trust Indenture effective as of March 31, 1999, amending and restating a Trust Indenture dated as of December 1, 1985 (as amended, restated, and supplemented, the "Trust Indenture") from the Tollway to The Bank Of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"). The Trustee serves as fiduciary for bondholders. The Trust Indenture establishes the conditions under which the Tollway may issue bonds and the security to be pledged to bondholders. The Trust Indenture establishes two funds: (i) a construction fund to account for the spending of Tollway bond proceeds; and (ii) a revenue fund to account for the deposit of Tollway revenues. The construction fund is divided into different accounts for each project under the Trust Indenture. The revenue fund is divided into six different accounts (some of which are further divided into sub-accounts) which establish an order of funding priority through which Tollway revenues flow. Revenues first fund the maintenance and operation account, which is the only account in the revenue fund in which bondholders do not have a security interest. Remaining revenues fund the other accounts of the revenue fund in the following order of priority: the debt service account, the debt reserve account, the renewal and replacement account, the improvement account, and the system reserve account. (The Trust Indenture also allows for the creation of junior lien bond accounts; to date the Tollway has never issued junior lien bonds.) All accounts of the construction fund and the debt service account and debt reserve account of the revenue fund are held by the Trustee. The Trustee-held funds classified as net position restricted under the Trust Indenture is included in Note 11.

(y) Arbitrage Rebate

In the 1980s, Congress determined that arbitrage rebate rules were needed to curb issuance of investment motivated tax-exempt bonds. These rules were designed to create additional safeguards against issuers obtaining an arbitrage benefit by issuing bonds either prematurely or in excess of actual need in order to benefit from an expected spread between tax-exempt borrowing cost and return on investment of bond proceeds. As a result, under certain conditions gain from arbitrage must be rebated to the United States Government. The Tollway determined that, as of December 31, 2019, no arbitrage rebate liability had accrued.

 (Continued)

(9) Derivative Instruments

The Tollway has no derivative instruments outstanding as of December 31, 2019.

In connection with the issuances of the Tollway variable rate bonds that were outstanding during 2019, as a means of lowering its borrowing costs, the Tollway entered into seven separate variable-to-fixed interest rate exchange agreements (swaps). Per the terms of each of the swaps, the Tollway paid a fixed rate of interest to the swap provider in exchange for a variable rate of interest expected to match or closely approximate the variable rate of interest owed by the Tollway to bondholders. At the time each of the swaps was entered by the Tollway, the Tollway's fixed rate obligation in the swap was less than the fixed rate of interest obtainable by the Tollway from issuing fixed rate bonds. Three of the swaps became effective February 7, 2008, two of which were associated with the 2008 Series A-1 bonds and one of which was associated with the 2008 Series A-2 bonds. Four of the swaps became effective November 1, 2007, two of which were associated with the 2007 Series A-1 bonds and two of which were associated with the 2007 Series A-2 bonds.

On January 10, 2019, the Tollway issued $515,250,000 of Toll Highway Senior Revenue Bonds, 2018 Series A (Refunding), to, among other uses, refund a portion of the 2007 Series A-2 variable rate bonds and all of the 2008 Series A-1a variable rate bonds, and to fund termination payments totaling $62,588,000 related to the termination of two variable-to-fixed interest rate exchange agreements (swaps), one associated with each of the aforementioned two series of bonds.

On December 23, 2019, the Tollway issued $697,870,000 of Toll Highway Senior Revenue Bonds, 2019 Series C (Refunding), to refund all remaining variable rate bonds of the Tollway, consisting of 2007 Series A-1a, 2007 Series A-1b, 2007 Series A2d, 2008 Series A-1b, and 2008 Series A-2, and to fund termination payments totaling $143,610,911 related to the termination of five variable-to-fixed interest rate exchange agreements (swaps), one associated with each of the aforementioned five series of bonds.

The derivative instrument liability and corresponding accumulated decrease in fair value of hedging derivatives as of December 31, 2018, each in the amounts $107,496,079, are removed as of December 31, 2019 to reflect the fact that all swaps were terminated prior to December 31, 2019 and the Tollway has no swaps or other derivative instruments outstanding as of December 31, 2019.

(10) Unearned Revenue

The Tollway's communications network includes a fiber optic system. Excess capacity on the fiber optic lines is leased to other organizations in order to offset the cost of the system. Since 2000, when the system was initially upgraded, the Tollway has entered into fiber optic system lease agreements with terms of twenty years. The Tollway has collected a cumulative total of $43,159,923 in upfront payments; the related revenue will be earned over the lease terms.

The total unearned revenue balance for the fiber optic system was $43,603,130 at December 31, 2019, and the amount earned was $30,069,313 through December 31, 2019.

The Tollway also invoices annual fiber optic maintenance fees. At December 31, 2019, some of these fees had been paid in advance. These have also been recorded as unearned revenue.

On October 1, 2013, the Tollway entered into a 3-year agreement with Travelers Marketing, LLC, for sponsorship of the Tollway's Highway Emergency Lane Patrol (H.E.L.P.) trucks by its advertising sponsor/partner, State Farm Insurance. In exchange for a sponsorship fee of $1,802,000, Travelers has the exclusive right to place State Farm Insurance branding on Tollway H.E.L.P. trucks and H.E.L.P. truck operator uniforms. On October 1, 2016, this contract was extended for an additional 3 years and on October 1, 2019, a three-month extension was executed. The unearned portion of the sponsorship fee paid by Travelers in 2019 has been recorded as unearned revenue. An additional 3-year agreement was executed in January, 2020.

A summary of changes in unearned revenue for the year ended December 31, 2019, is as follows:

	Balance at January 1	Current Year Activity	Balance at December 31	Current Portion
Unearned revenue				
Fiber optics and co-location	$ 36,007,373	$ 7,595,757	$ 43,603,130	$ 1,688,659
Accumulated amortization	(28,260,423)	(1,808,890)	(30,069,313)	(1,245,452)
	7,746,950	5,786,867	13,533,817	443,207
Intergovernmental agreements	310,477	618,003	928,480	928,480
Accumulated amortization	-	-	-	-
	310,477	618,003	928,480	928,480
H.E.L.P. truck advertising revenue	3,606,000	751,250	4,357,250	25,042
Accumulated amortization	(3,130,208)	(1,202,000)	(4,332,208)	-
	475,792	(450,750)	25,042	25,042
Totals				
Unearned revenue	39,923,850	8,965,010	48,888,860	2,642,181
Accumulated amortization	(31,390,631)	(3,010,890)	(34,401,521)	(1,245,452)
Net deferred revenue	$ 8,533,219	$ 5,954,120	$ 14,487,339	$ 1,396,729

(11) Restricted Net Position

As of December 31, 2019, the Tollway reported the following restricted net position:

Description	December 31, 2019
Net position restricted under Trust Indenture Agreement	$ 458,006,472
Restricted for pension benefit obligation	34,129
Total	$ 458,040,601

(12) State Employees' Retirement System

Plan Description

Substantially all of the Tollway's full-time employees, as well as the State Police assigned to the Tollway who are not eligible for any other state-sponsored retirement plan, participate in the Illinois State Employees' Retirement System (SERS), which is a component unit of the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system in which state employees participate, except those covered by the State Universities, Teachers, General Assembly and Judges' Retirement Systems. SERS is governed by a 13 member Board of Trustees, consisting of the Illinois Comptroller, six trustees appointed by the Governor with the advice and consent of the Illinois Senate, four trustees elected by SERS members, and two trustees appointed by SERS retirees. SERS issues a separate comprehensive annual financial report (CAFR). The financial position and results of operations for SERS for fiscal year 2019 are also included in the state's CAFR for the year ended June 30, 2019.

As of June 30, 2019, the breakdown of employees participating or benefitting from SERS, as a whole, is as follows:

Active employees	62,026
Retirees and beneficiaries currently receiving benefits	74,589
Inactive employees entitled to but not yet receiving benefits	25,706

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS CAFR. Also included therein is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

To obtain a copy of the SERS CAFR, write, call, or email:

State Employees' Retirement System
2101 S. Veterans Parkway
Springfield, IL 62794-9255
(217) 785-7444
sers@mail.state.il.us

Benefit Provisions

SERS provides retirement benefits based on the member's final average compensation and the number of years of credited service that have been established. The retirement benefit formula available to general State employees is 1.67% for each year of covered service and 2.2% for each year of noncovered service. (Covered service is defined as service time where the employee contributed to Social Security as well as SERS). Alternative formula employees have a formula of 2.5% for covered service and 3.0% for noncovered service. The maximum retirement annuity payable is 75% of final average compensation as calculated under the regular formula. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

The minimum monthly retirement annuity payable is $15 for each year of covered employment and $25 for each year of noncovered employment.

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Participants in SERS under the regular formula Tier 1 and Tier 2 receive the following levels of benefits based on their respective age and years of service credits:

Regular Formula Tier 1	**Regular Formula Tier 2**
A member must have a minimum of eight years of service credit and may retire at: • Age 60, with eight years of service credit. • Any age, when the member's age (years and whole months) plus years of service credit (years and whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service. Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement. If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.	A member must have a minimum of 10 years of credited service and may retire at: • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of $106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less. If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The salary limits for calendar year 2019 is $114,952. If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or 1/2 of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.

(Continued)

Additionally, SERS provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of noncovered service.

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least eighteen months of credited service. The nonoccupational (including temporary) disability benefit is equal to 50% of the average rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the average rate of compensation on the date of removal from the payroll. This benefit amount is reduced by workers' compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through SERS. Certain nonoccupational death benefits vest after eighteen months of credited service. Occupational death benefits are provided from the date of employment.

Contributions

Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes (ILCS). Member contributions are based on fixed percentages of covered payroll ranging between 4% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed $114,952 for 2019 with limitations for future years increased by the lessor of 3% or one-half of the annual percentage increase in the Consumer Price Index.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of SERS to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2019, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll, recomputed annually, for the next 35 years until the 90% funded level is achieved. For state fiscal year 2019, the employer contribution rate was 51.614%. For state fiscal year 2020, the employer contribution rate is 54.290%. The Tollway's contribution amount for calendar year 2019 was $59,411,115.

The Tollway has made all required contributions through December 31, 2019.

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Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to Pensions

GASB Statement No. 68, as amended by GASB Statement No. 71, requires an allocation of net pension liability and pension expense and to recognize proportionate shares for the primary government and component units, including the Tollway.

At December 31, 2019, the Tollway reported a liability of $853,819,076 for its allocated share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2019 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Tollway's portion of the net pension liability was based on the Tollway's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2019. As of the current year measurement date of June 30, 2019, the Tollway's proportion was 2.5568%, which was a decrease of 0.1130% from its proportion of 2.6698% measured as of the prior year measurement date of June 30, 2018.

The change in the net pension liability allocated to the Tollway for the year ended December 31, 2019, is as follows:

	Balance January 1	Additions	Deletions	Balance December 31	Amounts due within one year
Net Pension Liability	$ 882,540,010	$ 67,395,991	$ (96,116,925)	$ 853,819,076	$ -

For the year ended December 31, 2019, the Tollway recognized pension expense of $67.4 million. This expense is higher than the statutory actual contributions made by the Tollway, due to the implementation of GASB Statement No. 68.

At December 31, 2019, the Tollway reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 10,676,278
Changes in assumptions	23,798,111	12,325,512
Net difference between projected and actual investment earnings on pension plan investments	-	1,246,274
Changes in proportion and differences between Tollway contributions and proportionate share of contributions	6,269,683	34,309,830
Tollway contributions subsequent to the measurement date	29,705,715	-
	$ 59,773,509	$ 58,557,894

The $29.7 million reported as deferred outflows of resources related to pensions resulting from Tollway contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending		Amount
12/31/2020	$	1,681,093
12/31/2021		(17,530,718)
12/31/2022		(8,881,229)
12/31/2023		(3,759,249)
Total	$	(28,490,103)

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality: The post-retirement mortality tables were updated to the Pub-2010 General Healthy Retiree Mortality tables for Regular Formula members and the Pub-2010 Public Safety Healthy Retiree Mortality tables for Alternative Formula members, sex distinct. The pre-retirement mortality tables were updated to the Pub-2010 General Employee Mortality tables for Regular Formula members and the Pub-2010 Public Safety Employee Mortality tables for Alternative Formula members. The mortality improvement factors were updated to the most recently published projection scale, MP-2018.

Inflation: 2.25%

Investment Rate of Return: 6.75%, net of pension plan investment expense, including inflation.

Salary increases: Salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lessor of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition.

(Continued)

The long-term expected real rate of return on pension plan investments was determined based on the simulated average 20-year annualized geometric return for each major asset class. These returns 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. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2019, the 20 year simulated real rates of return are summarized in the following table:

	Asset Allocation	
	Target Allocation	20 Year Simulated Rate of Return
U.S. Equity	23.0%	4.8%
Developed Foreign Equity	13.0%	4.6%
Emerging Market Equity	8.0%	6.9%
Private Equity	7.0%	6.8%
Intermediate Investment Grade Bonds	14.0%	0.7%
Long-Term Government Bonds	4.0%	1.0%
TIPS	4.0%	0.8%
High Yield and Bank Loans	5.0%	2.7%
Opportunistic Debt	8.0%	4.2%
Emerging Market Debt	2.0%	2.7%
Real Estate	10.0%	4.4%
Infrastructure	2.0%	4.1%
Total	100.0%	

Discount Rate

A discount rate of 6.47% was used to measure the total pension liability as of June 30, 2019. This single blended discount rate was based on the expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.13%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between the statutory contributions and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073 at June 30, 2019. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability for the plan was calculated using a single discount rate of 6.47%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below as of June 30, 2019:

	June 30, 2019		
	1% decrease (5.47%)	Current Discount Rate (6.47%)	1% increase (7.47%)
Tollway's net pension liability	$1,032,592,285	$853,819,076	$706,834,940

Payables to the Pension Plan

At December 31, 2019, the Tollway had no payable to SERS for outstanding contributions to the pension plans.

(13) Other Post-Employment Benefits (OPEB)

Plan description

The State Employees Group Insurance Act of 1971 ("Act"), as amended, authorizes the Illinois State Employees Group Insurance Program ("SEGIP") to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. SEGIP includes substantially all employees of State agencies as well as retired employees of The Illinois Toll Highway Authority, Illinois Comprehensive Health Insurance Plan ("ICHIP"), and the State's nine university component units. Members receiving monthly benefits from the General Assembly Retirement System ("GARS"), Judges Retirement System ("JRS"), State Employees' Retirement System of Illinois ("SERS"), Teachers' Retirement System ("TRS"), and State Universities Retirement System of Illinois ("SURS") are eligible for these other post-employment benefits ("OPEB"). Additionally, certain members covered under TRS for pension purposes are eligible for retiree healthcare benefits under the Teachers' Retirement Insurance Program ("TRIP"). Other TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees and members with certain reciprocal service.

The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits provided

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with

(Continued)

limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

Funding policy and annual other postemployment benefit cost

OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For State fiscal year 2020, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $11,681 ($6,704 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and $14,959 ($5,592 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB.

GASB 75 requires an allocation of net OPEB liability and OPEB expense and to recognize proportionate shares for the primary government and component units, including the Tollway.

At December 31, 2019, the Tollway recorded a liability of $131,448,041 for its allocated share of the State's net OPEB liability on the statement of net position. The total OPEB liability, as reported at December 31, 2019, was measured as of June 30, 2019, with an actuarial valuation as of June 30, 2018. The Tollway's portion of the net OPEB liability was based on the Tollway's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2019. As of the current year measurement date of June 30, 2019, the Tollway's proportion was .2995%.

For the year ended December 31, 2019, the Tollway recognized OPEB expense of $2.9 million.

At December 31, 2019, the Tollway reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2019, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 188,697	$ 2,005,229
Changes in assumptions	4,570,007	8,111,400
Changes in proportion	26,938,101	35,377,551
Tollway contributions subsequent to the measurement date	2,388,009	-
	$ 34,084,814	$ 45,494,180

The amounts reported as deferred outflows of resources related to OPEB resulting from Tollway contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending	Amount
12/31/2020	$ (5,506,137)
12/31/2021	(5,506,137)
12/31/2022	(144,087)
12/31/2023	(2,175,120)
12/31/2024	(465,894)
	$ (13,797,375)

Actuarial methods and assumptions

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2018, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2018.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB liability
Inflation Rate	2.50%
Projected Salary Increases	3.00% - 7.42%
Discount Rate	3.13%
Healthcare Cost Trend Rate Non-Medicare	8.0%, gradually decreasing to 4.5%. Additional trend rate of 0.39% is added to non-Medicare cost on and after 2021 to account for the Excise Tax.
Post-Medicare	9.0%, gradually decreasing to 4.5%.
Retirees' Share of Benefit-Related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retire before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5% for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100% of the required dependent premium. Premiums for plan years 2019 and 2020 are based on actual premiums. Premiums after 2020 were projected based on the same healthcare cost trend rates applied per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2018 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

Plan	Mortality
GARS	Post-Retirement Mortality: RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, with rates set forward one year for males and set back one year for females and generational mortality improvement using MP-2014 two-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements. Pre-Retirement Mortality: including terminated vested members prior to attaining age 50. RP-2014 White Collar Total Employee mortality table, sex distinct and generational mortality improvement using MP-2014 two-dimensional mortality improvement scales recently released by the SOA, to reflect that experience shows active members having lower mortality rates than retirees of the same age.
JRS	Post-Retirement Mortality: RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, with rates set forward one year for males and set back one year for females and generational mortality improvement using MP-2014 two-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements. Pre-Retirement Mortality: including terminated vested members prior to attaining age 50. RP-2014 White Collar Total Employee mortality table, sex distinct and generational mortality improvement using MP-2014 two-dimensional mortality improvement scales recently released by the SOA, to reflect that experience shows active members having lower mortality rates than retirees of the same age.
SERS	Post-Retirement Mortality: 105 percent of the RP-2014 Healthy Annuitant mortality tables, sex distinct, with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales recently released by the Society of Actuaries. This assumption provides a margin for future mortality improvements. No adjustment is made for post-disabled mortality. Pre-Retirement Mortality: Including Terminated Vested Members prior to Attaining Age 50: Based on a percentage of 75 percent for males and 90 percent for females of the RP-2014 Total Employee mortality table with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales, to reflect that experience shows active members having lower mortality rates than retirees of the same age. Five percent of deaths among active employees are assumed to be in the performance of their duty.
TRS	Health Life Mortality, Post Retirement: RP-2014 White Collar Annuitant Tables, sex distinct with female rates multiplied by 70% for ages under 78 and 110% for ages 78 to 114, and males rates multiplied by 94% for ages under 81 and 110% for ages 81 to 114. Healthy Life Mortality, Post-Retirement Beneficiary: RP-2014 Annuitant Tables, sex distinct with female and male rates multiplied by 96% and 116%, respectively, for ages 50 to 114. Healthy Life Mortality, Pre-Retirement: RP-2014 White Collar Mortality Tables, sex distinct with female and male rates multiplied by 104% for all ages. Disabled Life Mortality, Post-Retirement: RP-2014 Disabled Tables, sex distinct with female and male rates multiplied by 117% for ages 45 to 99. Future annual improvements in mortality are based on the Society of Actuaries Mortality Projection Scale MP-2017.
SURS	Future mortality improvements are reflected by projecting the base mortality tables back from the year 2014 to the year 2006 using the Society of Actuaries (SOA) MP-2014 scale (referred to as the RP-2006 base mortality tables) and projecting from 2006 using the SOA MP-2017 projection scale. The assumptions are generational mortality tables and include a margin for improvement.

Discount Rate

Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.62% at June 30, 2018, and 3.13% at June 30, 2019, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.62%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.62%) or lower (2.62%) than the current rate:

1% Decrease[(a)]	June 30, 2019 Current Single Discount Rate Assumption	1% Increase[(b)]
$ 154,814,669	$ 131,448,041	$ 112,757,039

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate

The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.0% in 2020 decreasing to an ultimate trend rate of 4.89% in 2027, for non-Medicare coverage, and 9.0% in 2020 decreasing to an ultimate trend rate of 4.5% in 2029 for Medicare coverage.

1% Decrease[(a)]	June 30, 2019 Healthcare Cost Trend Rates Assumption	1% Increase[(b)]
$ 110,219,695	$ 131,448,041	$ 158,942,122

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.89% in 2027 for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2029 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2020, decreasing to an ultimate trend rate of 5.89% in 2027 for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2029 for Medicare coverage.

(14) Risk Management

The Tollway has a self-insured risk program for workers' compensation claims, and is liable to pay all approved claims. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities include non-incremental claims adjustment expenses. The estimated liabilities for workers' compensation claims of $15,490,929 and incurred but not reported employee health claims of $724,776 as of December 31, 2019, are included in the accompanying financial statements.

Changes in workers' compensation claims payable for the year ended December 31, 2019, are as follows:

Balance at January 1	Additions	Deletions	Balance at December 31	Current Portion
$ 14,004,210	$ 6,511,110	$ (5,024,391)	$ 15,490,929	$ 6,511,000

Changes in health insurance claims payable for the year ended December 31, 2019, are as follows:

Balance at January 1	Additions	Deletions	Balance at December 31	Current Portion
$ 694,696	$ 16,319,436	$ (16,289,356)	$ 724,776	$ 724,776

Additionally, the Tollway purchases commercial insurance policies for general liability insurance and vehicle liability insurance which have a level of retention of $500,000 per occurrence for general liability and $250,000 per occurrence for vehicle insurance. Property insurance coverage for damages to capital assets other than vehicles includes retention of $1,000,000 per occurrence.

The Tollway has not had significant reductions in insurance coverage during the current or prior year, nor did settlements exceed insurance coverage in any of the last three years.

(15) Compensated Absences

The accrued compensated absences liability reported in the statement of net position represents the vacation for all years, and 50% of unused sick time for the period beginning January 1, 1984, and ending December 31,1997, accrued by the employees, and is payable upon termination or death of the employee. The payment provided shall not be allowed if the purpose of the separation from employment and any subsequent re-employment is for the purpose of obtaining such payment. The Tollway's liability for unused annual vacation leave and sick leave as defined above is recorded in the accompanying financial statements at the employee's pay rate.

Changes in accrued compensated absences for the year ended December 31, 2019, are as follows:

Balance at January 1	Accrued	Used	Balance at December 31	Due within one year
$ 9,550,256	$ 5,241,882	$ (5,637,539)	$ 9,154,599	$ 5,242,000

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(16) Pledges of Future Revenues

All revenue bonds issued under the Tollway's Trust Indenture are secured by a pledge of and lien on Tollway revenues and certain other funds (excluding amounts reserved for the payment of maintenance and operating expenses) as provided in the Trust Indenture. Beginning in March, 2020, revenues were adversely impacted by the COVID 19 pandemic. See Note 22 – Subsequent Events.

Bond issue	Purpose		December 31, 2019 Future pledged revenues	December 31, 2019 Term of commitment
2009 Series A Senior Priority Revenue (Build America Bonds - Direct Payment)	Fund Congestion-Relief Program	$	746,021,700	2034
2009 Series B Senior Priority Revenue (Build America Bonds - Direct Payment)	Fund Congestion-Relief Program		525,742,000	2034
2013 Series A Senior Revenue	Fund *Move Illinois* Program		895,499,750	2038
2014 Series A (Refunding) Senior Revenue	Refund 2005A Bonds		320,396,700	2022
2014 Series B Senior Revenue	Fund *Move Illinois* Program		918,625,000	2039
2014 Series C Senior Revenue Bonds	Fund *Move Illinois* Program		731,400,000	2039
2014 Series D (Refunding) Senior Revenue	Refund 2006A Bonds		286,173,875	2025
2015 Series A Senior Revenue Bonds	Fund *Move Illinois* Program		767,482,500	2040
2015 Series B Senior Revenue	Fund *Move Illinois* Program		767,482,500	2040
2016 Series A (Refunding) Senior Revenue	Refund 2008B Bonds		535,158,000	2032
2016 Series B Senior Revenue	Fund *Move Illinois* Program		580,700,000	2041
2017 Series A Senior Revenue	Fund *Move Illinois* Program		590,935,000	2042
2018 Series A (Refunding) Senior Revenue	Refund portions of 2007A, 2008A, 2009A Bonds		716,841,500	2031
2019 Series A Senior Revenue	Fund *Move Illinois* Program		615,402,500	2031
2019 Series B (Refunding) Senior Revenue	Refund 2010A-1 Bonds		315,302,349	2044
2019 Series C (Refunding) Senior Revenue	Refund 2007A, 2008A Bonds		986,342,911	2031
		$	10,299,506,285	

Proceeds from the bonds identified above provided financing or refinancing for the construction and/or improvement of the various toll highway systems in Illinois. Future projected principal and interest payments on the bonds are expected to require approximately 30% of future pledged net revenue (incorporating approved, as of December 31, 2019, future toll rate increases for commercial vehicles). The total principal and interest remaining to be paid on the bonds is $10.3 billion. Principal and interest paid in the current year was $421 million and total pledged net revenue in the current year was $1.2 billion.

(17) Commitments

At December 31, 2019, the remaining obligations against current contracts open for capital programs for CRP and "*Move Illinois*" totaled $1.6 billion. The Tollway plans to fund remaining payments under these contracts through revenues, accumulated cash, and bond issue proceeds.

(18) Pending Litigation

There are pending claims and lawsuits against the Tollway, which, among other things, seek damages arising out of alleged personal injury, unpaid health insurance contributions, wrongful discharge and other employment-related matters. Generally, the Tollway's exposure is limited to the self-insured retention of $500,000 per general liability incident. Also pending are various workers' compensation claims and numerous Administrative Review actions in which individual parties are challenging the results of toll violation enforcement proceedings.

Management, after taking into consideration legal counsel's evaluation of such actions, is of the opinion that the outcome of these matters will have no material effect on the financial position of the Tollway.

(19) Contingent Liabilities

A contingent liability is defined as a liability that is not sufficiently predictable to permit recording in the accounts but in which there is a reasonable possibility of an outcome which might affect financial position or results of operations. It is the opinion of management that the Tollway has no liabilities meeting this definition as of December 31, 2019.

(20) New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements:

GASB Statement No. 83 – *Certain Asset Retirement Obligations* – This statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). an ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement is effective for fiscal years beginning after June 15, 2019. This statement will not impact the Tollway's financial statements.

GASB Statement No. 84 – *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities that should be reported in a fiduciary fund. This statement is effective for fiscal years beginning after December 15, 2019. This statement will not impact the Tollway's financial statements.

GASB Statement No. 87 – *Leases* – This statement changes the accounting treatment for operating leases. This statement is effective for fiscal years beginning after June 15, 2021. Management has not yet determined the impact of this statement on the Tollway's financial statements.

GASB statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* – The objective of this statement is to improve the information that is disclosed in governmental financial statements related to debt. This statement is effective for years beginning after June 15, 2019. This statement will not materially impact the Tollway's financial statements.

GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* – This statement improves the reporting of a government's majority interest in a legally separate organization. It is effective for years beginning after December 15, 2019. This statement will not impact the Tollway's financial statements.

GASB Statement No. 91 – *Conduit Debt Obligations* – The requirements of this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. This statement is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the impact of this statement on the Tollway's financial statements.

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance* – This statement postponed the effective dates of previously issued GASB pronouncements due to the COVID-19 pandemic. The revised effective dates are reflected for the pronouncements listed in this footnote.

(21) Related Parties

The Tollway has entered into various intergovernmental agreements with the State of Illinois, through the Illinois Department of Transportation (IDOT). Intergovernmental receivables of approximately $94.6 million are recorded at December 31, 2019, representing construction projects performed by the Tollway that pertain to the infrastructure owned by IDOT. Accrued liabilities totaling approximately $37.4 million are recorded for amounts owed to IDOT for construction projects IDOT has performed for infrastructure assets owned by the Tollway.

(22) Subsequent Events

On January 1, 2020, a toll rate increase took effect for commercial vehicles, reflecting an increase in the Consumer Price Index (CPI) for All Urban Consumers. This increase was implemented pursuant to the Tollway Board of Directors' approval in 2008 and confirmation in 2011 of annual CPI-based commercial vehicle toll rate increases beginning January 1, 2018 and each year thereafter.

In connection with the Tollway's issuance of Toll Highway Senior Revenue Bonds, 2019 Series C (Refunding) on December 23, 2019 to refund the Tollway's outstanding variable rate bonds, which included the Series 2007A-1a Bonds, Series 2007A-1b Bonds, Series 2007A-2d Bonds, and Series 2008A-2 Bonds, such refunded bonds were redeemed in full on January 9, 2020, subsequent to which the Credit Facility provided by Landesbank Hessen-Thüringen Girozentrale, New York Branch in support of the Series 2007A-1a Bonds, Credit Facilities provided by Bank of America, N.A. in support of the Series 2007A-1b Bonds and Series 2007A-2d Bonds, and Liquidity Facility provided by JPMorgan Chase Bank, N.A. in support of the Series 2008A-2 Bonds were cancelled.

On March 9, 2020, in response to the COVID-19 pandemic, Illinois Governor JB Pritzker declared all counties in the State of Illinois a disaster area and ordered all Illinois schools closed by March 17, 2020. On March 14, 2020, the Tollway implemented all-electronic tolling on its roadways. On March 20, 2020, the Governor issued a stay-at-home order for all Illinois residents effective March 21, 2020. As a result of these events and the severe economic contraction resulting from the COVID-19 pandemic and response thereto, the Tollway's toll and evasion recovery revenue in the first five months of 2020 experienced a significant decline, as compared to the first five months of 2019. Significant portions of the Governor's stay-at-home order were lifted on May 29, 2020. Traffic volumes improved in the period May 29, 2020 through the date of this report (June 17, 2020).

On April 28, 2020, the Tollway received payment of $65,615,000 from the Northwest Suburban Municipal Joint Action Water Agency ("Agency"), to reimburse the Tollway, under the terms of an intergovernmental agreement between the Tollway and the Agency, for costs associated with the relocation and replacement of the Agency's transmission main and related facilities in and along the right of way on the Jane Addams Memorial Tollway.

On May 21, 2020, the Tollway Board of Directors authorized the issuance of up to $900,000,000 of senior-lien fixed rate revenue bonds for the purposes of refunding all or portions of the 2013A Bonds and 2014B Bonds.

On May 21, 2020, the Tollway's Board of Directors authorized agreements with the Union Pacific Railroad and Soo Line Railroad Company d/b/a Canadian Pacific for, among other things (i) the purchase of land, property rights, access rights and air rights from the railroads, which are necessary to proceed with the Elgin O'Hare Western Access Project, and (ii) compensation for business impacts and future maintenance costs. The agreements are estimated to cost the Tollway approximately $255 million.

The Tollway has been notified by the U.S. Treasury of a 5.9% reduction in U.S. Treasury subsidies of Build America Bond interest payments for the federal fiscal year ending September 30, 2020. This reduction is expected to reduce the subsidies earned by the Tollway for: the Series 2009B interest payment due June 1, 2020; and the Series 2009A interest payment due July 1, 2020. The total amount of such reductions is expected to be $424,552.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule of Tollway's Proportionate Share
of the Net Pension Liability of the
State Employees' Retirement System (SERS)
Year ended December 31, 2019

Last 10 Fiscal Years**

	SERS Fiscal Year Ended June 30,					
	2019	**2018**	**2017*** **	**2016**	**2015**	**2014**
Tollway's proportion of the net pension liability*	2.5568%	2.6698%	2.6999%	2.6382%	2.6261%	2.6826%
Tollway's proportionate share of the net pension liability, pursuant to GASB 68 reporting requirments	$ 853,819,076	$ 882,540,010	$ 888,456,774	$ 900,824,457	$ 733,523,053	$ 727,079,026
Tollway's covered payroll	$ 115,464,445	$ 110,352,910	$ 111,183,988	$ 111,478,841	$ 112,947,877	$ 110,979,470
Tollway's proportionate share of the net pension liability as a percentage of its covered payroll	739.46%	799.74%	798.78%	808.07%	649.44%	655.15%
Plan fiduciary net position as a percentage of the total pension liability	35.64%	34.57%	33.44%	30.58%	35.27%	34.98%

* Tollway's proportion of net pension liability is estimated as the percentage of Tollway annual contributions to SERS to total annual contributions to SERS.

** GASB 68 requires disclosure of this information over a 10 year period. However, since GASB 68 was implemented in 2015, applicable information is only available for the six years presented.

*** Effective for fiscal year 2017, GASB Statement No. 82 amends GASB Statement Nos. 67 and 68 to require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based instead of covered-employee payroll, which is the payroll of employees that are provided with pensions though the pension plan.

See accompanying independent auditors' report.

Schedule 2

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Schedule of Contributions to SERS Pension Plan

Year ended December 31, 2019

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2019	$ 76,600,914	$ 59,411,115	$ 17,189,799	$ 113,210,062	52.48%
2018	73,135,906	55,197,741	17,938,165	110,795,575	49.82%
2017	57,493,911	55,576,566	1,917,345	111,226,982	49.97%
2016	53,283,494	50,197,749	3,085,745	111,478,841	45.03%
2015	53,713,047	48,299,509	5,413,538	112,947,877	42.76%
2014	52,494,228	44,751,713	7,742,515	110,979,470	40.32%

Note: GASB 68 requires disclosure of this information over a 10 year period. However, since GASB 68 was implemented in 2015, applicable information is only available for the six years presented.

Actuarially determined contributions are calculated as of June 30th, which is 6 months prior to the beginning of the fiscal year

* Actual contributions and covered payroll are based on the Tollway's calendar year and were equal to the statutorially required contribution.

See accompanying independent auditors' report.

Schedule 3

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule of Tollway's Proportionate Share
of the Net OPEB Liability of the
State's Employee Group Insurance Program (SEGIP)
For the Year Ended December 31, 2019

Last 10 Fiscal Years**

	Fiscal Year Ended June 30,		
	2019	**2018**	**2017**
Tollway's proportion of the net OPEB liability*	0.2995%	0.3495%	0.2520%
Tollway's proportionate share of the net OPEB liability	$ 131,448,041	$ 140,125,903	$104,136,124
Tollway's covered-employee payroll	$ 115,464,445	$ 110,352,910	$111,183,988
Proportionate share of Net OPEB liability as a percentage of covered-employee payroll	113.84%	126.98%	93.66%

* Tollway's proportion of net OPEB liability is estimated as the percentage of Tollway annual contributions to SEGIP to total annual contributions to SEGIP.

** GASB 75 requires disclosure of this information over a 10 year period. However, since GASB 75 was implemented in 2018, applicable information is only available for the three years presented.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION-TRUST INDENTURE AGREEMENT SCHEDULES (NON-GAAP)

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule of Changes in Fund Balance – by Fund
Trust Indenture Basis of Accounting (Non GAAP)
For the Year Ended December 31, 2019

	Revenue fund	Construction fund	Total
Increases:			
Toll revenue	$ 1,380,750,754	$ -	$ 1,380,750,754
Toll evasion recovery	81,554,193	-	81,554,193
Concessions	1,717,551	-	1,717,551
Interest	38,455,694	1,377,981	39,833,675
Miscellaneous	7,146,226	-	7,146,226
Total increases	1,509,624,418	1,377,981	1,511,002,399
Decreases:			
Engineering and maintenance of roadway and structures	95,540,233	-	95,540,233
Services and toll collection	136,123,867	-	136,123,867
Traffic control, safety patrol, and			-
radio communications	42,190,366	-	42,190,366
Procurement, IT, finance and administration	46,073,902	-	46,073,902
Insurance and employee benefits	30,278,247	-	30,278,247
Construction	941,563,702	-	941,563,702
Construction expense reimbursed by bond proceeds	(337,559,130)	337,559,130	-
Bond principal payments	118,780,000	-	118,780,000
Net funds applied to refunding	9,087,088		9,087,088
Bond Proceeds - Series 2019A, 2019B	(9,754,500)	(336,748,986)	(346,503,486)
Net funds applied to refunding	(3,106,469)	-	(3,106,469)
Build America bond subsidy	(13,554,800)	-	(13,554,800)
Bond interest and other financing costs	304,715,976	567,837	305,283,813
Total decreases	1,360,378,482	1,377,981	1,361,756,463
Change in fund balance	149,245,936	-	149,245,936
Fund balance, January 1	1,253,827,719	-	1,253,827,719
Fund balance, December 31	$ 1,403,073,655	$ -	$ 1,403,073,655

See accompanying independent auditors’ report.

(Continued)

Schedule 4

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule of Changes in Fund Balance – by Fund
Trust Indenture Basis of Accounting (Non GAAP)
For the Year Ended December 31, 2018

	Revenue fund	Construction fund	Total
Increases:			
Toll revenue	$ 1,341,051,225	$ -	$ 1,341,051,225
Toll evasion recovery	70,468,847	-	70,468,847
Concessions	2,151,574	-	2,151,574
Interest	34,389,290	-	34,389,290
Miscellaneous	10,080,265	-	10,080,265
Total increases	1,458,141,201	-	1,458,141,201
Decreases:			
Engineering and maintenance of roadway and structures	78,403,524	-	78,403,524
Services and toll collection	141,981,448	-	141,981,448
Traffic control, safety patrol, and radio communications	40,762,248	-	40,762,248
Procurement, IT, finance and administration	47,340,758	-	47,340,758
Insurance and employee benefits	27,873,351	-	27,873,351
Construction	924,922,139	-	924,922,139
Construction expense reimbursed by bond proceeds	(107,175)	107,175	-
Bond principal payments	113,160,000	-	113,160,000
Net funds applied to refunding	-	-	-
Build America bond subsidy	(15,204,506)	-	(15,204,506)
Bond interest and other financing costs	304,089,992	-	304,089,992
Total decreases	1,663,221,779	107,175	1,663,328,954
Change in fund balance	(205,080,578)	(107,175)	(205,187,753)
Fund balance, January 1	1,458,908,297	107,175	1,459,015,472
Fund balance, December 31	$ 1,253,827,719	$ -	$ 1,253,827,719

See accompanying independent auditors' report.

Schedule 5

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule of Changes in Fund Balance – Revenue Fund – by Account
Trust Indenture Basis of Accounting (Non GAAP)
For the Year Ended December 31, 2019

	Revenue fund and accounts							
		Maintenance and operations						
	Revenue account	Operating sub account	Operating reserve sub account	Debt service	Debt service reserve	Renewal and replacement	Improvement	Total
Increases:								
Toll revenue	$ 1,380,750,754	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,380,750,754
Toll evasion recovery	81,554,193	-	-	-	-	-	-	81,554,193
Concessions	1,717,551	-	-	-	-	-	-	1,717,551
Interest	5,870,466	-	-	2,738,932	8,464,992	8,965,993	12,415,311	38,455,694
Miscellaneous	7,146,226	-	-	-	-	-	-	7,146,226
Intrafund transfers	(1,472,251,436)	348,984,792	-	402,429,651	-	420,000,000	300,836,993	-
Total increases	4,787,754	348,984,792	-	405,168,583	8,464,992	428,965,993	313,252,304	1,509,624,418
Decreases:								
Engineering and maintenance of roadway and structures	-	95,540,232	-	-	-	-	-	95,540,232
Services and toll collection	-	136,123,867	-	-	-	-	-	136,123,867
Traffic control, safety patrol, and radio communications	-	42,190,366	-	-	-	-	-	42,190,366
Procurement, IT, finance and administration	-	46,073,902	-	-	-	-	-	46,073,902
Insurance and employee benefits	-	30,278,247	-	-	-	-	-	30,278,247
Construction expenses	-	-	-	-	-	471,232,860	470,330,843	941,563,702
Construction expenses reimbursed by bond proceeds	-	-	-	-	-	(150,600,377)	(186,958,753)	(337,559,129)
Bond principal payments	-	-	-	118,780,000	-	-	-	118,780,000
Net Funds Applied to Refundings	-	-	-	8,313,062	774,026	-	-	9,087,088
Build America bond subsidy	-	-	-	(13,554,800)	-	-	-	(13,554,800)
Interest and other financing costs	-	-	-	304,509,079	206,897	-	-	304,715,976
Total decreases	-	350,206,614	-	418,047,342	980,922	320,632,483	283,372,090	1,373,239,451
Net increase (decrease)	4,787,754	(1,221,822)	-	(12,878,759)	7,484,070	108,333,510	29,880,214	136,384,967
Bond Proceeds - Series 2019A	-	-	-	-	9,754,500	-	-	9,754,500
Net Funds Applied to Refundings	-	-	-	3,106,469	-	-	-	3,106,469
Transfer of Excess Debt Reserve Funds	-	-	-	3,408,533	(3,408,533)	-	-	-
Fund balance, January 1	10,414,503	16,388,747	27,400,000	63,577,828	390,172,311	262,475,270	483,399,060	1,253,827,719
Fund balance, December 31	$ 15,202,257	$ 15,166,925	$ 27,400,000	$ 57,214,071	$ 404,002,348	$ 370,808,780	$ 513,279,274	$ 1,403,073,655

See accompanying independent auditors' report.

(Continued)

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule of Changes in Fund Balance – Revenue Fund – by Account
Trust Indenture Basis of Accounting (Non GAAP)
For the Year Ended December 31, 2018

	Revenue fund and accounts							
		Maintenance and operations						
	Revenue account	Operating sub account	Operating reserve sub account	Debt service	Debt service reserve	Renewal and replacement	Improvement	Total
Increases:								
Toll revenue	$ 1,341,051,225	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,341,051,225
Toll evasion recovery	70,468,847	-	-	-	-	-	-	70,468,847
Concessions	2,151,574	-	-	-	-	-	-	2,151,574
Interest	8,269,361	-	-	2,509,226	6,786,385	5,924,437	10,899,881	34,389,290
Miscellaneous	10,080,265	-	-	-	-	-	-	10,080,265
Intrafund transfers	(1,440,591,069)	335,995,985	-	410,555,862	-	420,000,000	274,039,222	-
Total increases	(8,569,797)	335,995,985	-	413,065,088	6,786,385	425,924,437	284,939,103	1,458,141,201
Decreases:								
Engineering and maintenance of roadway and structures	-	78,403,526	-	-	-	-	-	78,403,526
Services and toll collection	-	141,981,448	-	-	-	-	-	141,981,448
Traffic control, safety patrol, and radio communications	-	40,762,248	-	-	-	-	-	40,762,248
Procurement, IT, finance and administration	-	47,340,758	-	-	-	-	-	47,340,758
Insurance and employee benefits	-	27,873,351	-	-	-	-	-	27,873,351
Construction expenses	-	-	-	-	-	578,695,020	346,227,117	924,922,137
Construction expenses reimbursed by bond proceeds	-	-	-	-	-	-	(107,175)	(107,175)
Bond principal payments	-	-	-	113,160,000	-	-	-	113,160,000
Gain/loss on defeased bonds	-	-	-	-	-	-	-	-
Build America bond subsidy	-	-	-	(15,204,506)	-	-	-	(15,204,506)
Interest and other financing costs	-	-	-	303,883,095	206,897	-	-	304,089,992
Total decreases	-	336,361,331	-	401,838,589	206,897	578,695,020	346,119,942	1,663,221,779
Net increase (decrease)								
Transfer of Excess Debt Reserve Funds	-	-	-	7,080,000	(7,080,000)	-	-	-
Change in fund balance	(8,569,797)	(365,346)	-	18,306,499	(500,512)	(152,770,583)	(61,180,839)	(205,080,578)
Fund balance, January 1	13,981,289	16,754,093	27,400,000	45,271,329	390,672,823	415,245,853	549,582,910	1,458,908,297
Reallocation of prior year fund balance	5,003,011	-	-	-	-	-	(5,003,011)	-
Fund balance, December 31	$ 10,414,503	$ 16,388,747	$ 27,400,000	$ 63,577,828	$ 390,172,311	$ 262,475,270	$ 483,399,060	$ 1,253,827,719

See accompanying independent auditors' report.

(1) Summary of Significant Accounting Policies

The Trust Indenture requires the Tollway to provide separate funds for construction (Construction Fund) and for operations (Revenue Fund), which funds are not annually appropriated by the Illinois General Assembly. The Trust Indenture permits the Tollway to create additional accounts for the purpose of more precise accounting. The Illinois State Treasurer holds monies for the Tollway as ex-officio custodian and has recorded these monies in a custodial account. Part of this account is part of the Maintenance and Operation Account within the Revenue Fund.

Prior to fiscal year 2005, the Tollway issued separate annual financial statements, prepared on the basis of accounting described below, in order to demonstrate compliance with the requirements of the Trust Indenture (Trust Indenture Annual Statements). Beginning in 2005, the Tollway has included schedules, prepared on the basis of accounting described below, in the supplementary information section of this report. The Tollway believes that these schedules, along with the GAAP basis financial statements contained in this report, are sufficient to demonstrate compliance with the annual financial reporting requirements of the Trust Indenture. As a result, separate Trust Indenture Annual Statements are no longer prepared. Certain items in the presentation of the Trust Indenture information contained herein vary from the presentation previously used in the Trust Indenture Annual Statements. In addition, the schedules contained in this section of the report present only the Revenue Fund and the Construction Fund. Previously, the Trust Indenture Annual Statements included “Infrastructure and Long-term Debt Accounts,” which was optional reporting allowed under the Trust Indenture.

Basis of Accounting

Under the provisions of the Trust Indenture, the basis of accounting followed for the Construction Fund and the Revenue Fund within the Schedule of Changes in Fund Balance by Fund, differs in certain respects from accounting principles generally accepted in the United States of America.

The major differences are as follows:

1. Capital construction and asset acquisitions are charged against fund balance as incurred. In addition, there is no provision for depreciation.
2. Monies received from sale of assets are recorded as revenue when the cash is received.
3. Monies received for long-term fiber optic leases are recorded as revenue when received.
4. Principal retirements on revenue bonds are expensed when paid. The results of defeasement are accounted for as revenue or expense at the time of the transaction.
5. Bond proceeds (including premiums) are recorded as income in the year received. Amounts received from refunding issuances, if any, are recorded net of transfers to the escrow agent.
6. Unrealized gains and losses on Debt Reserve invested funds are netted against interest and other financing costs.
7. Capital lease obligations are not recorded. Payments under capital leases are expensed in the period payments are made.

8. Interest related to construction in progress is not capitalized.

9. Recoveries of expenses are classified as decreases in operating expenses for Trust Indenture reporting and as miscellaneous operating revenue for GAAP.

10. In Trust Indenture reporting, transponder purchases and other miscellaneous expenses are reflected in the Renewal and Replacement fund as capital expense. For GAAP the expenses are reflected as an operating expense.

11. Construction expenses incurred under intergovernmental agreements are decreased by payments received under these intergovernmental agreements.

12. Prepaid expenses are recorded only if refundable for Trust Indenture reporting.

13. The provisions of GASB Statement No. 68 regarding net pension liability and deferred outflows and inflows of resources are not reflected in the Trust Indenture reporting. Pension expense reflects the statutory contributions required under Chapter 40, section 5/14 of the Illinois Compiled Statutes.

14. The provisions of GASB Statement No. 75 regarding net OPEB liability and deferred outflows and inflows of resources are not reflected in the Trust Indenture reporting.

Therefore, the accompanying Schedules of Changes in Fund Balance by Fund, which are prepared in accordance with the aforementioned accounting principles, are not intended to, and do not, present the financial position or the results of operations in accordance with accounting principles generally accepted in the United States of America.

A description of the individual accounts within the Revenue Fund and Construction Fund, as well as the required distribution of revenues collected, is as follows:

The Revenue Fund

All revenues received by the Tollway other than investment income shall be delivered by the Tollway to the Treasurer, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer shall, at the direction of the Tollway, transfer or apply the balance as of such date of transfer in the Revenue Fund not previously transferred or applied in the following order of priority:

A. To the Operating Sub-Account, operating expenses set forth in the annual budget for the fiscal year in an amount equal to one-twelfth of the total approved budget, less all other amounts previously transferred by the Treasurer for deposit to the credit of the Operating Sub-Account during that fiscal year, less the balance, if any, which was on deposit to the credit of the Operating Sub-Account on December 31 of the preceding fiscal year.

B. To the Operating Reserve Sub-Account, the amount specified by the Tollway, but not to exceed 30% of the amount annually budgeted for operating expenses.

C. To the Interest Sub-Account, an amount equal to interest due on unpaid bonds, plus one-sixth of the difference between the interest payable on bond and interest due within the next six months.

D. To the Principal Sub-Account, an amount equal to any principal due plus one-twelfth of any principal of such outstanding senior bonds payable on the next principal payment date.

E. To the Redemption Sub-Account, an amount for each bond equal to one-twelfth of any sinking fund installment of outstanding bonds payable within the next twelve months.

F. To the Provider Payment Sub-Account, amounts as provided in any supplemental indenture for paying costs of credit enhancement or qualified hedge agreements for bonds or for making reimbursements to providers of credit enhancement or qualified hedge agreements for bonds.

G. To the Debt Service Reserve Account, an amount sufficient to cause the balance in it to equal the debt reserve requirement and to make reimbursement to providers of reserve account credit facilities.

H. To the Junior Bond Debt Service or Junior Bond Debt Reserve Account, any amounts required by applicable supplemental indentures.

I. To the Renewal and Replacement Account, one-twelfth the portion of the renewal and replacement amount set forth in the annual budget for the fiscal year.

J. The balance of such amounts in the Revenue Funds are to be applied as follows:

    1) To the credit of the Improvement Account for allocation to a project as determined by the Tollway in its sole discretion, until the balance in the Account is equal to the improvement requirement or a lesser amount as the Tollway may from time to time determine.

    2) To the credit of the System Reserve Account, the entire amount remaining in the Revenue Fund after depositing or allocating all amounts required to be deposited to the credit of the above Accounts and Sub-Accounts.

Maintenance and Operation Account

The Maintenance and Operation Account consists of the Operating Sub-Account and the Operating Reserve Sub-Account. Moneys in the Operating Sub-Account are applied to operating expenses at the direction of the Tollway.

Revenues are transferred to the Operating Sub-Account to cover the expenses set forth in the annual budget for the current fiscal year. One-twelfth of the operating expenses outlined in the annual budget are transferred to this account once a month. Revenue is recorded on an accrual basis and as such may not be available for allocation until the cash is collected.

The Operating Reserve Sub-Account receives or retains an amount not to exceed 30% of the amount budgeted for operating expenses in the annual budget for the current fiscal year. Monies in the Operating Reserve Sub-Account are held as a reserve for the payment of operating expenses and are to be withdrawn if moneys are not available to the credit of the Operating Sub-Account to pay operating expenses.

If the Tollway determines that the amount in the Operating Reserve Sub-Account exceeds that amount necessary, the excess will be withdrawn from such Sub-Account and applied as revenues. By resolution, the Board voted to maintain a $27.4 million fund balance in this account.

Debt Service Account

The Debt Service Account consists of the Interest Sub-Account, the Principal Sub-Account, the Redemption Sub-Account, and the Provider Payment Sub-Account, to be held by the Trustee.

Revenues are required to be deposited to cover the interest and principal amounts due and unpaid for bonds, credit enhancement or qualified hedge agreements. Revenues must also be deposited to the credit of the Debt Reserve Account in an amount sufficient to cause the balance in it to equal the debt reserve requirement.

The Debt Reserve Account receives funds to provide an amount sufficient to cause the balance in it to equal the debt reserve requirement and to make any required reimbursement to providers of reserve account credit facilities.

Renewal and Replacement Account

Revenues must be credited to the Renewal and Replacement Account in an amount set forth in the annual budget for the renewal and replacement deposit. An amount set forth in the budget shall be determined based on recommendations of the Consulting Engineer. Additional funds can be transferred to this account by the Tollway, based on the capital plan expenditures.

Improvement Account

At the direction of the Tollway, the balance of amounts in the Revenue Fund are applied to the Improvement Account, for allocations to projects, determined by the Tollway, until the balance in the Account is equal to the improvement requirement.

System Reserve Account

At the direction of the Tollway, the balance in the Revenue Fund is deposited to the credit of the System Reserve Account to provide for deficiencies in any other account or sub-account. If all accounts have sufficient funds, System Reserve Account funds can be used to pay off debt, fund construction projects, make improvements, or pay for any other lawful Tollway purpose. There were no balances or activity in the System Reserve Account during 2019.

The Construction Fund

The Construction Fund is held as a separate segregated fund. The Construction Fund receives funds from the sale of bonds (other than refunding bonds) and investment of proceeds. The Treasurer establishes and maintains within the Construction Fund a separate, segregated account for each Project, the costs of which are to be paid in whole or in part out of the Construction Fund.

(2) Miscellaneous

The following items are reported as Bond Interest and Other Financing Costs:

Components of Bond Interest and Other Financing Costs - 2019

	Debt Service	Debt Reserve	Total
Bond interest expense	$ 302,015,505	$ -	$ 302,015,505
Other financing costs	2,493,574	206,897	2,700,471
	$ 304,509,079	$ 206,897	$ 304,715,976

Other Information:

- Construction and Other Capital Expenses for Renewal and Replacement and Improvement include accrued expenses.
- Bond interest expense includes accrued interest payable at December 31, 2019.
- In November 2008, the Tollway purchased a $100 million surety bond. This policy is being amortized over the life of the bonds (24.1 years). The amortization is shown in the debt reserve column above.
- Cash and investment balances held by the Trustee at December 31, 2019, are $166.3 million in the Debt Service accounts, and $400.2 million in the Debt Reserve account.
- Insurance and Employee Benefits includes expense for retirement, workers' compensation, the employer portion of FICA, and medical insurance.

Schedule 6

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule of Toll Revenue by Class of
Vehicles (Unaudited)

For the Years Ended December 31, 2019 and 2018

	2019		2018	
Class of Vehicle	**Average Daily Transactions***	**Revenue****	**Average Daily Transactions***	**Revenue****
1. Auto, motorcycle, taxi, station wagon, ambulance, single-unit truck/tractor: 2 axles, 4 tires	2,467,970	$ 726,062,718	2,436,119	$ 719,165,253
2. Single-unit truck or tractor, buses: 2 axles, 6 tires	47,308	36,631,431	47,769	35,947,709
3. Trucks and buses with 3 & 4 axles	54,670	68,251,926	53,013	64,426,463
4. Trucks with 5 or more axles, other vehicles and toll adjustments	233,399	549,804,679	227,349	521,511,798
TOTAL	2,803,347	$ 1,380,750,754	2,764,250	$ 1,341,051,223

* The "Average Daily Transactions" represents the average daily number of vehicles passing through the toll plazas.

** Toll revenue does not include tolls and related fines collected through the Evasion Recovery Program of approximately $81.5 million and $70.5 million, respectively. These are reported as Toll Evasion Recovery revenue.

See accompanying independent auditors' report.

Schedule 7

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Renewal and Replacement Account (Unaudited)[1]
Trust Indenture Basis (Non-GAAP)
For the Years Ended December 31, 2005 through 2019

Year	Total funds Credited (1)
2005	$ 204,609,580
2006	186,545,035
2007	198,331,687
2008	1,907,175
2009	161,463,238
2010	206,096,487
2011	174,192,997
2012	300,660,937
2013	200,364,611
2014	200,208,079
2015	240,311,545
2016	300,845,345
2017	423,015,675
2018	425,924,437
2019	428,965,993

(1) Includes earnings on the Renewal and Replacement Account

See accompanying independent auditors' report.

Schedule 8

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Summary of Operating Revenues, Maintenance and Operating
Expenses, Net Operating Revenues and Debt Service Coverage (Unaudited)
Trust Indenture Basis (Non-GAAP)
For the Years Ended December 31, 2010 through 2019
(Dollars in thousands)

	2019	2018	2017	2016[5][6]	2015[4]	2014[3]	2013[2]	2012	2011	2010
Operating revenue:										
Toll revenue	$ 1,380,751	$ 1,341,051	$ 1,309,189	$ 1,216,298	$ 1,146,629	$ 968,972	$ 943,152	$ 922,390	$ 652,674	$ 628,754
Toll evasion recovery	81,554	70,469	65,640	64,491	64,323	53,769	54,221	32,599	33,268	34,924
Concession and other revenue	8,864	12,232	13,041	11,481	7,664	12,373	11,537	7,377	10,410	7,332
Interest income[1]	39,834	34,389	13,947	6,529	1,846	1,041	866	1,389	1,064	1,750
Total operating revenue	1,511,003	1,458,141	1,401,817	1,298,799	1,220,462	1,036,155	1,009,776	963,755	697,416	672,760
Maintenance and operating expenses:										
Engineering and maintenance	95,540	78,404	74,054	53,650	55,477	47,614	43,225	39,144	43,667	45,627
Toll services	136,124	141,981	140,217	109,854	101,415	107,326	106,321	93,590	88,737	88,580
Police, safety and communication	42,190	40,762	37,908	27,256	24,958	27,606	22,551	22,808	23,061	22,811
Procurement, IT, finance and administration	46,074	47,341	32,077	25,731	23,851	24,192	19,138	19,971	20,522	22,165
Insurance and employee benefits	30,278	27,873	35,282	92,748	92,778	91,082	86,278	77,544	69,988	71,674
Total expenses	350,206	336,361	319,538	309,239	298,479	297,820	277,513	253,057	245,975	250,857
Net operating revenues	$ 1,160,797	$ 1,121,780	$ 1,082,279	$ 989,560	$ 921,983	$ 738,335	$ 732,263	$ 710,698	$ 451,441	$ 421,903
Total debt service[1]	$ 420,796	$ 424,244	$ 398,411	$ 387,933	$ 358,846	$ 308,443	$ 297,708	$ 250,253	$ 249,960	$ 248,108
Net revenues after debt service[1]	$ 740,001	$ 697,536	$ 683,868	$ 601,627	$ 563,137	$ 429,892	$ 434,555	$ 460,455	$ 201,481	$ 173,795
Debt service coverage[1]	2.76	2.64	2.72	2.55	2.56	2.39	2.46	2.84	1.81	1.70

[1] – Includes synthetic fixed interest rates as determined under swap agreements for 1993 Series B, 1998 Series B, 2007 Series A and 2008 Series A. See note 8 for specifics.

[2] – In August 2013, the Tollway advance refunded a portion of the 2005 A bonds

[3] – In February 2014, the Tollway advance refunded a portion of the 2005 A bonds
In December 2014, the Tollway advance refunded the remainder of the Tollway's outstanding 2006 A-1 bonds

[4] – On July 1, 2015, the Tollway redeemed $ 36.81 million principal amount of 2005 A bonds, in advance of their January 1, 2016, scheduled maturity.

[5] – In January 2016, the Tollway advance refunded all of the 2008B bonds.

[6] – In April 2016, the Tollway redeemed $69.2 million principal amount of 1998B in advance of their January 1, 2017, scheduled maturity.

See accompanying independent auditors' report.

Schedule 9

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Annual Toll Transactions
Passenger and Commercial Vehicles (Unaudited)
For the Years Ended December 31, 2010 through 2019
(Transactions in thousands)

Year	Passenger	Commercial	Total	Percentage passenger
2010	730,797	86,286	817,083	89.44%
2011	743,195	89,633	832,828	89.24%
2012	711,680	92,100	803,780	88.54%
2013	720,513	95,529	816,042	88.29%
2014	737,238	101,041	838,279	87.95%
2015	777,719	103,896	881,615	88.22%
2016	823,643	108,248	931,891	88.38%
2017	883,468	113,866	997,334	88.58%
2018	889,184	119,768	1,008,952	88.13%
2019	900,809	122,413	1,023,222	88.04%

The Tollway began tolling the Illinois Route 390 tollway on an approximately 6.5 mile segment in July 2016, and an approximately 3.5 mile segment in November 2017.

Schedule 10

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Annual Toll Revenues
Passenger and Commercial Vehicles (Unaudited)
For years 2010 to 2019
(Dollars in thousands)

Year	Passenger	Commercial	Total	Percentage passenger
2010	$ 348,946	$ 279,808	$ 628,754	55.50%
2011	354,186	298,488	652,674	54.27%
2012	615,957	306,433	922,390	66.78%
2013	622,349	320,803	943,152	65.99%
2014	630,556	338,416	968,972	65.07%
2015	662,720	483,909	1,146,629	57.80%
2016	686,846	529,452	1,216,298	56.47%
2017	724,905	584,285	1,309,190	55.37%
2018	719,165	621,886	1,341,051	53.63%
2019	726,063	654,688	1,380,751	52.58%

The changed rate structures implemented in 2012 and 2015-2018 contributed to the increase and decrease, respectively, in the percentage of revenues from passenger vehicles.

See accompanying independent auditors' report.

Schedule 11

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Operating Revenues, Maintenance and Operating
Expenses and Net Operating Revenues[1] (Unaudited)
For selected years from 1959 to 2019
(Dollars in thousands)

Year:	Operating revenue	Maintenance and operating expenses	Net operating revenues
1959	$ 14,974	$ 4,709	$ 10,265
1969	57,395	13,015	44,380
1979	100,436	39,733	60,703
1989	254,734	85,065	169,669
1994	309,949	116,996	192,953
1999	366,092	146,881	219,211
2004	423,427	198,302	225,125
2009	658,052	255,185	402,867
2010	672,760	250,857	421,903
2011	697,416	245,975	451,441
2012	963,755	253,058	710,697
2013	1,009,776	277,512	732,264
2014	1,036,156	297,821	738,335
2015	1,220,462	298,479	921,983
2016	1,298,799	309,239	989,560
2017	1,401,817	319,538	1,082,279
2018	1,458,141	336,361	1,121,780
2019	1,511,003	350,206	1,160,797

(1) Determined according to the Series 1955 Bond Resolution through December 26, 1985, and in accordance with the Indenture subsequent to December 26, 1985.

See accompanying independent auditors' report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General, State of Illinois

and

Board of Directors
The Illinois State Toll Highway Authority

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Tollway's basic financial statements, and have issued our report thereon dated June 17, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tollway's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the Tollway is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Tollway's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tollway's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tollway's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tollway's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tollway's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 17, 2020

Prior Findings Not Repeated

A. Errors and Deficiencies Related to Classification and Presentation

The Tollway internal controls over financial reporting were not sufficiently precise to detect a misclassification of amounts reported within the Tollway's financial statements.

During the current year under audit no misclassification of amounts were identified. The Tollway performed an adequate review of the financial statements. (Finding Code No. 2018-001, 2017-001)