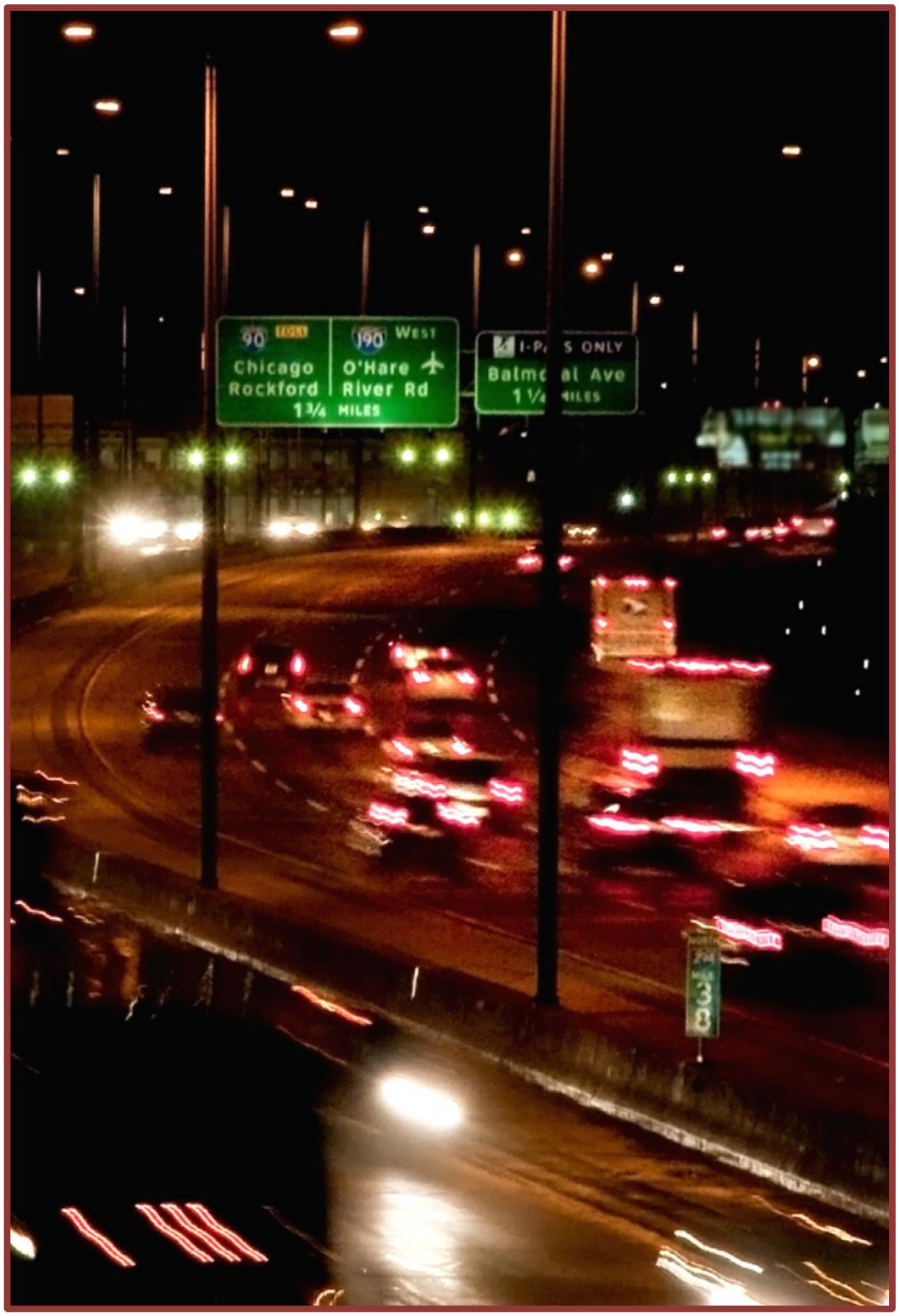


THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Comprehensive Annual Financial Report

Year ended December 31, 2011

MISSION STATEMENT:

The Illinois State Toll Highway Authority is dedicated to providing and promoting a safe and efficient system of toll supported highways while ensuring the highest possible level of service to our customers.

Prepared by Finance Department

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

Table of Contents

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

Table of Contents

INTRODUCTORY SECTION

The Illinois Tollway
2700 Ogden Avenue
Downers Grove, Illinois 60515-1703
Phone: 630/241-6800
Fax: 630/241-6100

August 27, 2012

Board of Directors
The Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, Illinois 60515

Directors:

The Comprehensive Annual Financial Report (CAFR) of The Illinois State Toll Highway Authority (Tollway), for the year ended December 31, 2011, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Tollway. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the Tollway. All disclosures necessary to enable the reader to gain an understanding of the Tollway's financial activities have been included.

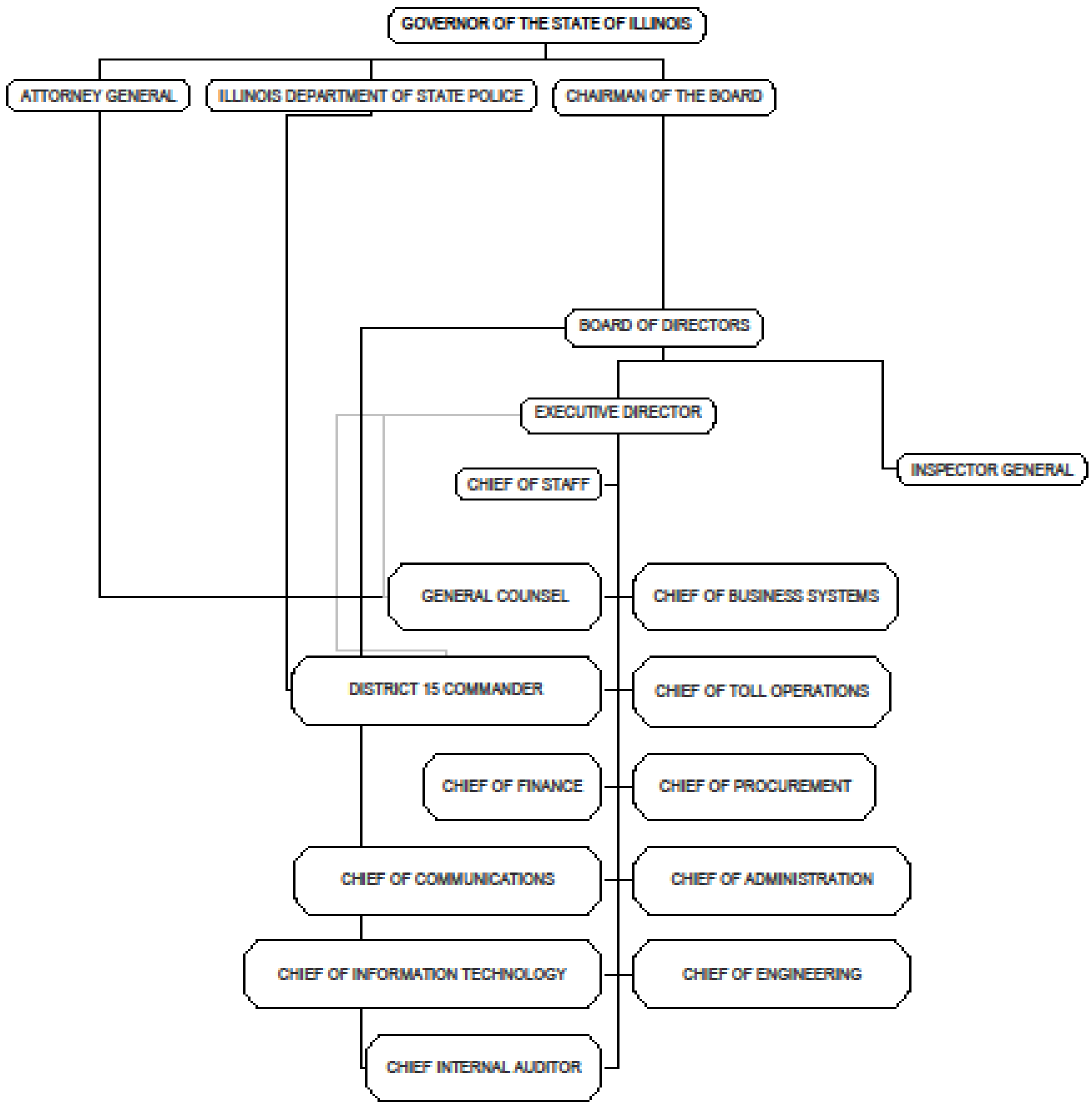
The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes the letter of transmittal, a list of Tollway Directors and the Tollway's organizational chart. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements including notes to the financial statements, and schedules. The statistical section provides trend and business data, generally on a multi-year basis; includes annual supplemental information that meets the Rule 15c2-12 continuing disclosure requirement; and is useful to existing and potential investors.

We believe that this report provides a full understanding of the Tollway's 2011 financial and operational activities and describes how the Tollway is prepared to meet its financial and operational responsibilities in the years to come.

Respectfully submitted,

Kristi Lafleur	Michael J. Colsch	Leslie M. Savickas
Executive Director	Chief of Finance	Controller

ILLINOIS TOLLWAY TABLE OF ORGANIZATION



December 29, 2011

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
AS OF DECEMBER 31, 2011

Board of Directors

Term Expires

Pat Quinn, Governor, State of Illinois (Ex-Officio)
Ann L. Schneider, Secretary, Illinois Department of Transportation (Ex-Officio)

Paula Wolff, Chair	05/01/13
James J. Banks	05/01/09 (1)
Terry D'arcy	05/01/15
David Gonzalez	05/01/15
Mark Peterson	05/01/13
Jeff Redick	05/01/15
James Sweeney	05/01/13
Carl O. Towns	05/01/09 (1)
Tom Weisner	05/01/11

(1) Directors whose terms have expired serve until such director resigns, is reappointed, or a successor is duly appointed and qualified.

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

Comprehensive Annual Financial Report

Overview of Organization, Background and Functions

December 31, 2011

ORGANIZATION AND BACKGROUND

The Illinois State Toll Highway Commission (the Commission) was created by an act of the Illinois General Assembly as an instrumentality and administrative agency of the State of Illinois in 1953 to provide for the construction, operation, regulation, and maintenance of a system of toll highways within the State of Illinois. The Commission officially became the Illinois State Toll Highway Authority (the Tollway) in March, 1969, when the Illinois Supreme Court upheld the constitutionality of a new toll road act, the Toll Highway Act (the Act) that was passed by the General Assembly on August 8, 1967, with an effective date of April 1, 1968. The Tollway assumed all the obligations, powers, duties, functions, and assets of the Commission. The Act authorizes the issuance of revenue bonds for the purpose, among others, of financing expansions of the Tollway system.
The Tollway is also empowered to enter into contracts; acquire, own, use, lease, operate, and dispose of personal and real property, including rights of way, franchises, and easements; establish and amend resolutions, by-laws, rules, regulations, and toll rates; acquire, construct, relocate, operate, regulate, and maintain the Tollway system; exercise powers of eminent domain and condemnation; raise or lower toll rates; and contract for services and supplies, including services and supplies for the various patron service areas on the Tollway system.

Board of Directors

The Tollway is governed by an 11-member Board of Directors that includes the Governor of Illinois and the Secretary of the Illinois Department of Transportation, ex-officio, and nine directors appointed by the Governor with the advice and consent of the Illinois Senate, from the state at large, for terms of four years, or, in the case of an appointment to fill a vacancy, for the unexpired term. No more than five directors may be from the same political party. Of the directors appointed by the Governor, one is appointed as Chairperson of the Tollway.

Organizational Structure

The Tollway appoints an Executive Director without the approval of the state legislature and employs certain other personnel to administer the Tollway system and implement the policies of the Board of Directors. The Tollway's organizational structure consists of 13 primary departments: Executive, Legal, Engineering, Toll Operations, Finance, Administration, Communications, Information Technology, Inspector General, Internal Audit, Business Systems, Procurement and Illinois State Police District 15.

The Reporting Entity

This report is prepared on an "enterprise fund" basis and includes all activities of and services provided by the Tollway. The Tollway is solely responsible for financing any deficit it may incur and for the disposition of any surplus funds its operations may produce in accordance with the Act. The Tollway collects revenues, controls disbursements, and has title to all its assets.

The Tollway System

The Illinois Tollway currently consists of 286 miles of limited access highways which are an integral part of the expressway system in Northern Illinois and the U.S. Interstate Highway System. The entire Tollway system has been designated as part of the U.S. Interstate Highway System.

Since beginning operations in 1958, the Tollway has played an important role in the development of the economy of Northern Illinois. In its early years the Tollway system was largely used as a means of rapid interstate travel between Northern Illinois and Indiana and Wisconsin. As the suburban area surrounding Chicago was developed throughout the 1960's and 1970's, the Tollway evolved into primarily a commuter travel system, serving suburban Chicago and Chicago-O'Hare International Airport.

At the present time, the Tollway's four routes service, among other areas, suburban Cook County and the "collar counties" which together represent one of the fastest growing areas in Illinois in terms of population and employment.

The Tollway has experienced a steady increase in toll transactions and revenues since its first full year of operation in 1959. During 1959 the Tollway system processed 37.9 million passenger vehicle transactions and 5.1 million commercial vehicle transactions. Fifty-two years later, in 2011, the total annual transactions for passenger vehicles have increased to 743.1 million and for commercial vehicles to 89.6 million. Annual revenues from tolls have risen from $14.5 million in 1959 to $652.7 million in 2011.

SERVICES PROVIDED

The Illinois Tollway offers a number of convenience and safety services to its patrons. The Tollway has contracted with two private companies to operate restaurants and service stations at the Tollway's seven patron service areas (oases) and has arrangements with other companies and local governments to provide disabled vehicle service to stranded motorists and to provide fire and emergency medical services in the event of an accident or other emergency situation.

Oases

Seven oases serve the Illinois Tollway system. These facilities contain motor fuel stations, car washes, food and retail services, restroom facilities, I-PASS customer service counters, electric vehicle charging stations, and other traveler-related conveniences; the oases are open 24-hours a day, 365 days a year.

Tollway Maintenance

Providing Tollway customers with a safe, well-operated, and well-maintained highway is a task assigned to the Maintenance & Traffic Division of the Department of Engineering. Personnel assigned to the 11 maintenance sections, spaced at approximately 25-30 mile intervals along the road, keep the Tollway in safe, convenient, and comfortable driving condition. In winter, maintenance personnel rapidly clear the roadway of snow and ice. Year-round they respond to crashes or incidents that can disrupt traffic flow.

The Tollway's Traffic Operations Center, by use of its Traffic and Incident Management System (TIMS), continuously improves incident management and communication to motorists. An important resource in this task is the network of Dynamic Message Signs that have been placed at key motorist decision points prior to major interchanges in the system. These efforts are resulting in improved incident detection, confirmation, resource response, and clearance.

Telecommunications System

The Tollway owns and maintains a microwave and fiber optic voice, data, and video communications network. This communications system supports mobile radios, telephones, alarms, CCTV, and computer data transmissions for toll plaza operations, roadway maintenance, State Police District 15, public safety, emergency vehicles, and security.

Illinois State Police

District 15 is a unique State Police district in that the community which it serves is a mobile one: travelers from across the country and local commuters, traversing the 286 miles of the Illinois Tollway. Troopers assigned to District 15 cover 12 different counties and five geographic State Police districts. District 15 has a long history of achieving the highest standards possible in its service to citizens and commuters. The District remains vigilant in ensuring that its areas of responsibility are safe and secure.

Patron Emergency Services

Formal agreements are maintained with public and private service providers along each toll road to provide towing and road service, if needed, and public safety fire and ambulance response. In addition, the Tollway also supports the *999 Cellular Motorist Assistance Program in the Chicago Metropolitan area.

Since 1997, the Tollway has operated the Highway Emergency Lane Patrol (H.E.L.P.) Program as a service to motorists and to further enhance safety and facilitate traffic flow. Specially equipped trucks operated by trained Maintenance & Traffic Division personnel patrol the entire Tollway system during peak traffic periods to assist motorists who may be disabled, stranded or otherwise in need. For the calendar year, 2011, H.E.L.P. Trucks have assisted 33,290 Tollway patrons, driving 1.2 million miles and dispensing 4,980 gallons of gasoline.

MAJOR INITIATIVES

In 2011 the Tollway completed the seventh year of the Congestion-Relief Program – Open Roads for a Faster Future - with the focus on shifting to system-wide roadway Rebuild and Widen Projects. Also this year, the Tollway board of directors approved a toll increase for passenger vehicles to be effective January 1, 2012. These increased revenues will be used to fund the Tollway's new capital program, "Move Illinois, the Tollway Driving the Future," a $12 billion effort.

FINANCIAL INFORMATION

The management of the Tollway is responsible for establishing and maintaining an internal control structure designed to ensure that Tollway assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). An effective internal control structure should provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accounting Systems

The Tollway's accounting systems are organized and operated on an "enterprise fund" basis. The accounting practices of the Tollway are more fully described in the summary of significant accounting policies included in the notes to its financial statements in the Financial Section of this report.

Management's Discussion and Analysis
The Financial Section includes a discussion and analysis of the Tollway's financial performance that provides readers with a narrative overview of its financial activities and the changes in its financial position for the periods ended December 31, 2011 and 2010.

Notes to Financial Statements
The notes provided in the Financial Section of this report should be considered an integral and essential part of adequate disclosures and fair presentation of this financial report. The notes include a Summary of Significant Accounting Policies of the Tollway and other necessary disclosures of pertinent matters relating to its financial position. The notes provide additional informative disclosures not reflected on the face of the financial statements.

Budgetary Controls
The Tollway is required by its Trust Indenture to prepare a tentative budget for the ensuing fiscal year on or before October 31 of each fiscal year and to adopt the annual budget for such fiscal year on or before January 31 of such fiscal year. The adopted budget is used for control of operating and capital expenses and for financial planning and is prepared in accordance with provisions of the Trust Indenture, not on the basis of generally accepted accounting principles. The budget is approved by the board of directors but does not require the approval of the state legislature.

Basis of Accounting and Measurement
The Tollway employs generally accepted accounting principles similar to those used by private business enterprises with the accrual basis of accounting as its foundation. Under the accrual basis of accounting, revenues are recognized in the periods in which they are earned, and expenses are recognized in the periods in which they are incurred.

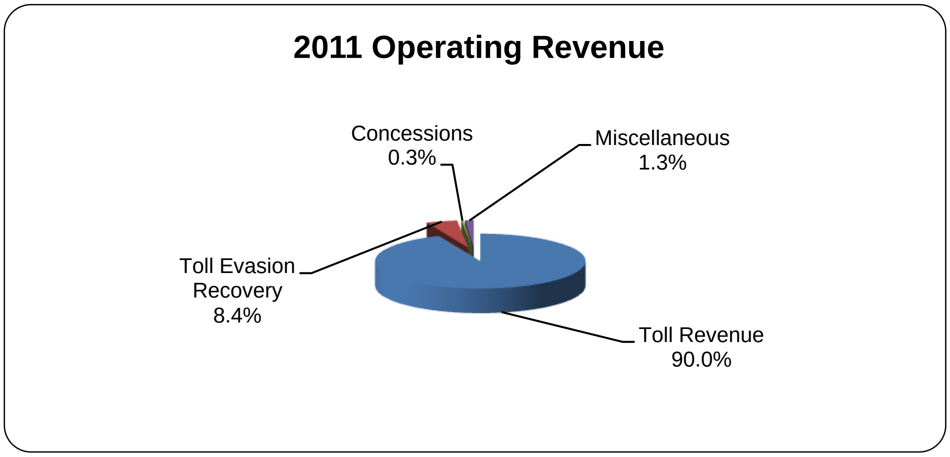
Operating Revenue and Expense
Total operating revenue increased approximately 3.7% from $673 million in 2010, to $698 million in 2011. Toll revenue increased just under 4% over the prior year. Changes across other types of operating revenues remained fairly flat across the years when taken in aggregate.

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

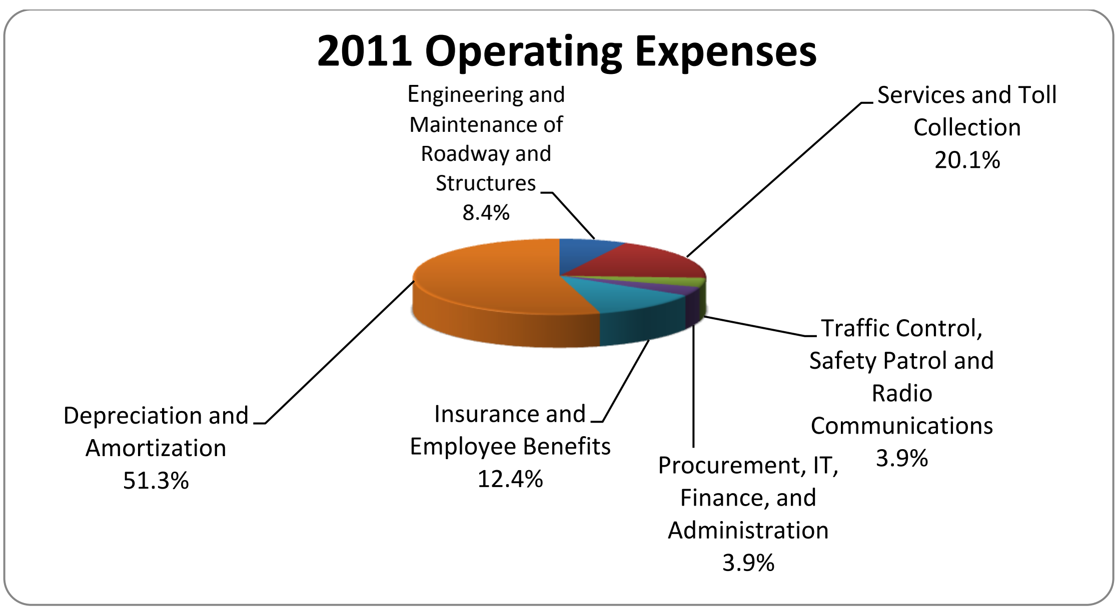
Comprehensive Annual Financial Report

Overview of Organization, Background and Functions

December 31, 2011



Total operating expenses, excluding depreciation, decreased by approximately 3.9% in 2011. Improvements and efficiencies were found in the Toll Collection and Procurement, Finance, I/T and Administration areas resulting in decreased operating expenses. See the Management Discussion and Analysis contained within these statements for further information.



Risk Management
The Tollway has self-funded risk retention programs with stop-loss limits for current employee group health, workers' compensation, general liability, and business automobile liability claims. Accordingly, the Tollway has provided accruals for estimated losses arising from such claims.

Debt Administration
As of December 31, 2011, the Tollway had outstanding $4,016,765,000 of Illinois State Toll Highway Revenue Bonds: 1992 Series A, 1998 Series A & B, 2005 Series A, 2006 Series A-1, 2007 Series A-1 and A-2, 2008 Series A-1 and A-2, 2008 Series B, 2009 Series A, 2009 Series B and 2010 Series A. More information on debt can be in Note 8 – Revenue Bonds Payable.

Investment Management
The Tollway's Trust Indenture generally requires that investments of idle cash be made only in securities issued by or guaranteed by the U.S. Government or in deposits collateralized by U.S. Government securities. All of the investments held by the Tollway at December 31, 2011 are classified in this highest (strongest) category of credit risk as defined by the Government Accounting Standards Board (GASB). The Tollway has adopted the following GASB pronouncements. GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, which requires investments to be presented at fair market value. GASB Statement No. 40, *Deposit and Investment Disclosures,* which requires disclosure of investment policies, as well as information regarding credit risk, interest rate risk, and foreign currency risk, if and when applicable. GASB Statement No. 59, Financial Instruments Omnibus, which updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

OTHER INFORMATION

Independent Audit
The Trust Indenture requires an annual audit of the Tollway's books and accounts for each fiscal year. The audit is to be conducted by independent certified public accountants and commence before April 30th of each year.

In addition to an independent financial audit, the Tollway is subject to an annual compliance examination as performed by Special Assistant Auditors selected by the Office of the Auditor General of the State of Illinois.

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

Comprehensive Annual Financial Report

December 31, 2011

Certificate of Achievement
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Illinois State Toll Highway Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. This was the sixteenth consecutive year that the Tollway has achieved this award. In order to be awarded a Certificate of Achievement, the recipient must publish an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements. The Tollway also received Certificates of Achievement for the five fiscal years ended 1989 through 1993.


Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Illinois State Toll Highway Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

A certificate of achievement is valid for a period of one year. The Tollway believes that its current CAFR will continue to meet the Certificate of Achievement Program's requirements; this 2011 CAFR will be submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgments

Appreciation is extended to the entire General Accounting and Fiscal Operations staff for their preparation of this financial report. Special thanks also go to all other Tollway staff for their assistance and contributions in compiling this report.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

KPMG

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

Honorable William G. Holland
Auditor General State of Illinois

and

The Board of Directors
Illinois State Toll Highway Authority:

As Special Assistant Auditors for the Auditor General, we have audited the accompanying basic financial statements 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, 2011, as listed in the table of contents. These financial statements are the responsibility of the Tollway's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tollway's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois State Toll Highway Authority as of December 31, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 11 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.

Our audit for the year ended December 31, 2011 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 1 through 4 is 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 basic financial statements. The supplementary information for the year ended December 31, 2011 in Schedules 1 through 4 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 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 the year ended December 31, 2011 in Schedules 1 through 4 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

KPMG LLP

August 8, 2012

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 for the year ended December 31, 2011. Readers should use this section of this report in conjunction with the Tollway's basic financial statements.

2011 Financial Highlights

- In August of 2011, the Tollway's Board of Directors approved a $12 billion capital plan, called "Move Illinois, the Illinois Tollway Driving the Future", which established a guide for infrastructure investments to be made by the Tollway beginning in 2012 through 2026.
- To fund the capital outlays approved for "Move Illinois", the Tollway board set new toll rates for passenger vehicles using the system; these higher rates are effective January 1, 2012. Previous board action approved rate increases for commercial vehicles beginning in 2015. The capital plan also calls for new revenue bonds to be issued beginning in 2012 through 2022 totaling $5 billion.
- Design and construction work on the Tollway's $6 billion Congestion-Relief Program, initiated in 2005, totaled just $122 million in 2011, with the bulk of that program's work completed.
- No bonds were issued in 2011. The Tollway significantly diversified the liquidity support for its variable rate bonds outstanding, replacing one provider of liquidity supporting its 2007A and 2008A series with seven new liquidity providers. The Tollway's underlying ratings of Aa3, AA-, and AA- from Moody's, S&P, and Fitch, respectively, were each confirmed in the first quarter of 2011 in connection with the re-offerings of the Tollway's 2007A and 2008A series of bonds that resulted in the previously-described liquidity provider replacements.
- Amounts on deposit on behalf of I-PASS account holders increased by 5.3% at year-end to $147 million; the percentage of Tollway users paying by I-PASS was 84% in 2011. In 2004—the year before vehicles began to pay a penalty for not using I-PASS—the percentage was 54% of users.

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 are 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:

- Balance Sheet
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Notes to the Financial Statements

The Balance Sheet presents information on all of the Tollway's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets, 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 Assets presents revenue and expense information and how the Tollway's net assets changed 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 non-capital financing activities, cash flows from capital 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

2011 Results Compared to 2010

Operating Revenue

The Tollway's total 2011 operating revenues exceeded those of the previous year, up $24 million (almost 4%) at $698 million, versus $673 million in 2010. Almost all of this increase came from toll revenue which totaled $653 million this year (up from $629 million last year); as the regional economy showed signs of potential strength, traffic returned to the Tollway's roads and revenue grew. Revenue from evasion recovery was $33 million for the year (versus $35 million in 2010).

Concession revenue was steady at $2.4 million and miscellaneous income (largely coming from reversal of prior year bad debt expense) was up slightly at $10 million (from $7 million in 2010).

Operating Expenses

Operating expenses, excluding depreciation, declined $11 million (4%) in 2011, a reduction that was budgeted in line with a conservative revenue forecast for the year. The decreased operating budget was made possible by reducing funding for vacant personnel positions. Depreciation expense was stable year over year, 1% higher at $318 million, up from $315 million last year. The resulting operating income for the year, $113 million, was up by $32 million from the previous year due to the toll revenue increase and decreased operating expenses in 2011.

Non-operating Revenue and Expense

Net non-operating expense increased again this year (by 4%) from $178 million last year to $184 million for 2011, primarily the result of a $9 million (5%) increase in interest and other financing costs which totaled $207 million this year versus $198 million in 2010. For 2011 the costs of bank liquidity supporting variable rate bonds increased with market rates for these types of facilities; this issue alone was responsible for the largest share of the finance cost increase. Again this year the Tollway received an interest rebate from the federal treasury relating to bonds which were issued as Build America Bonds. The 2011 rebate totaled $16.2 million, up from $16.1 million for 2010.

Also of note in this category of revenue and expense was another drop in investment income, from $1.7 million last year to $1.1 million in 2011, as a result of lower interest rates earned in the money markets.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

Changes in Net Assets

December 31, 2011 and 2010

		2011	2010
Revenues:			
Operating revenues:			
Toll revenue	$	652,673,895	628,753,508
Toll evasion recovery		33,268,033	34,923,828
Concessions		2,421,164	2,387,581
Miscellaneous		9,507,791	7,385,229
Nonoperating revenues:			
Investment income		1,064,068	1,749,894
Capital contributed under intergovernmental agreements		2,262,302	—
Revenues under intergovernmental agreements		6,753,264	10,734,092
Net increase in fair value of investments		—	287,425
Bond interest subsidy (Build America Bonds)		16,244,130	16,132,636
Miscellaneous		4,383,831	4,007,969
Total revenues		728,578,478	706,362,162
Expenses:			
Operating expenses:			
Engineering and maintenance of roadway and structures		44,803,170	45,768,938
Services and toll collection		106,466,995	112,640,323
Traffic control, safety patrol, and radio communications		23,071,556	22,821,776
Procurement, IT, finance, and administration		22,176,542	24,369,106
Insurance and employee benefits		69,987,945	71,681,922
Depreciation and amortization		318,165,918	314,933,275
Nonoperating expenses:			
Expenses under intergovernmental agreement		6,753,264	10,734,092
Intergovernmental expense (contributions)		—	1,858,125
Net increase in fair value of investments		299,150	—
Net gain on disposal of property		1,157,639	26,357
Interest expense and amortization of financing cost		206,933,905	197,804,008
Total expenses		799,816,084	802,637,922
Decrease in net assets		(71,237,606)	(96,275,760)
Capital contributions		—	369,821
Net assets, beginning of year		1,921,987,538	2,017,893,477
Net assets, end of year	$	1,850,749,932	1,921,987,538

(Continued)

Balance Sheet

Though operating income increased in 2011 by $32 million to a $113 million result, this level was not sufficient to fund this year's net nonoperating expense of $184 million. Thus the Tollway again posted a decrease in net assets for the year of $71 million, but this result was improved from the $96 million such decrease in 2010. These negative changes are the results of the increased depreciation expense recorded (a near doubling as a result of the Congestion-Relief Program) as assets from that program have been placed in service and the coincidental increases in interest expense for the bonds issued to fund these infrastructure projects from the Congestion-Relief Program. After this year's result, the Tollway's net assets totaled $1.85 billion.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

Balance Sheet

December 31, 2011 and 2010

		2011	2010
Current and other Assets	$	1,478,879,860	1,294,685,301
Capital assets – net		5,112,248,814	5,263,500,475
Total assets	$	6,591,128,674	6,558,185,776
Current debt outstanding	$	176,140,000	49,910,000
Long–term debt outstanding		3,840,217,373	4,017,017,496
Other liabilities		724,021,369	569,270,742
Total liabilities	$	4,740,378,742	4,636,198,238
Net assets:			
Invested in capital assets, net of related debt	$	1,095,891,441	1,196,572,979
Restricted under trust indenture agreement		295,857,893	272,539,329
Restricted for supplemental pension benefits obligations		69,473	74,407
Unrestricted		458,931,125	452,800,823
Total net assets	$	1,850,749,932	1,921,987,538

Capital Assets and Debt Administration

Capital Assets

Capital assets continue to represent the largest category of Tollway assets, totaling $5.1 billion at year-end ($5.3 billion a year ago) comprising 78% of total Tollway assets.

IILLINOIS STATE TOLL HIGHWAY AUTHORITY

Capital Assets

December 31, 2011 and 2010

	January 1, 2011 Net Balance	2011 Net Activity	2011 Depreciation	December 31, 2011 Net Balance
Land	$ 313,258,059	1,870,889	—	315,128,948
Construction in progress	74,417,230	1,460,794	—	75,878,024
Buildings	12,349,235	4,940,338	(2,531,846)	14,757,727
Infrastructure	4,781,311,271	145,998,450	(303,987,539)	4,623,322,182
Machinery and equipment	82,164,680	12,643,786	(11,646,533)	83,161,933
Total	$ 5,263,500,475	166,914,257	(318,165,918)	5,112,248,814

	January 1, 2010 Net Balance	2010 Net Activity	2010 Depreciation	December 31, 2010 Net Balance
Land	$ 304,331,535	8,926,524	—	313,258,059
Construction in progress	232,930,401	(158,513,171)	—	74,417,230
Buildings	14,211,662	532,596	(2,395,023)	12,349,235
Infrastructure	4,724,986,846	358,047,677	(301,723,252)	4,781,311,271
Machinery and equipment	87,304,318	5,675,362	(10,815,000)	82,164,680
Total	$ 5,363,764,762	214,668,988	(314,933,275)	5,263,500,475

Long-Term Debt

At year-end 2011, total revenue bonds payable had been reduced by $53 million (from $4.017 billion to $3.963 billion), the result of a principal payment for 2011 (and thus a current liability at December 31, 2010). All debt issues and related transactions are described more fully in note 8.

Other Debt−Related Information

The 1998 Series B, 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 ten separate variable-to-fixed interest rate exchange (swap) agreements in total notional amounts and with amortizations approximately matching the total principal amounts and amortizations of the Tollway's three variable rate bond issues. In connection with a refunding of a portion of the 2008 Series A-2 Bonds, one of the ten swap agreements was terminated on July 1, 2010, leaving nine swap agreements outstanding as of December 31, 2011. Two swap agreements are associated with the 1998 Series B bonds, in original amounts totaling $123.1 million, all of which is outstanding as of December 31, 2011. Four swap agreements are associated with the 2007 Series A-1 and A-2 bonds, in original amounts totaling $700 million, all of which is outstanding as of December 31, 2011. Three swap agreements are associated with the 2008 Series A-1 and A-2 bonds, in original amounts totaling $478.875 million, all of which is outstanding as of December 31, 2011. The Tollway utilized these nine swap agreements in order to hedge against rising interest rates and to reduce its borrowing rate (as compared to the borrowing rate obtainable by issuing fixed rate bonds). The risks associated with these types of arrangements and the strategies employed by the Tollway to mitigate those risks are discussed in note 9 of the financial statements.

As more fully described in Note 8, liquidity support for the Tollway's $478,900,000 2008 Series A Bonds was provided by a Standby Bond Purchase Agreement from Dexia Credit Local, New York Branch, until February 7, 2011, on which date the 2008 Series A Bonds were mandatorily tendered and subsequently remarketed as three separate sub-series, each sub-series liquidity supported by a standby bond purchase agreement that qualified as a Substitute Liquidity Facility under the Supplemental Indenture for the 2008 Series A Bonds. The Substitute Liquidity Facilities were provided by: JPMorgan Chase Bank, National Association; and PNC Bank, National Association.

As more fully described in Note 8, liquidity support for the Tollway's $700,000,000 2007 Series A Bonds was provided by a Standby Bond Purchase Agreement from Dexia Credit Local, New York Branch, until March 18, 2011, on which date the 2007 Series A Bonds were mandatorily tendered and subsequently remarketed as six separate sub-series, each sub-series secured by a letter of credit that qualified as a Substitute Credit Facility under the Supplemental Indenture for the 2007 Series A Bonds. The Substitute Credit Facilities were provided by: Citibank, N.A.; PNC Bank, National Association; The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch; Harris N.A.; Northern Trust Company and Wells Fargo Bank, National Association.

Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53) establishes accounting and financial reporting standards for the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. In accordance with the provisions of GASB 53 requiring its use in financial statements for periods beginning after June 15, 2009, the Tollway adopted the standard beginning with its fiscal year 2010 financial statements. Prior to adopting GASB 53, the Tollway accounted for its derivative contracts under the provisions of GASB Technical Bulletin 2003-1 (GASB TB 03-1). The requirements of GASB TB 03-1 have been superseded by GASB 53.

As of December 31, 2011, fair market value analyses of the swap agreements estimate that if the Tollway had terminated the swap contracts on that date, the Tollway would have been required to make payments of: a total of $21.366 million for the two 1998 Series B swap agreements; a total of $182.613 million for the four 2007 Series A-1 and A-2 swap agreements; and a total of $103.329 million for the three 2008 Series A-1 and A-2 swap agreements.

The amount of additional bonds that the Tollway may issue at any time is limited by the requirement that the projected net revenues are sufficient to meet the Net Revenue Requirement, after giving effect to the debt service attributable to such additional bonds. The Net Revenue Requirement is comprised of the amount necessary to cure deficiencies, if any, in debt service accounts 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 2011 was 1.8x.

IILLINOIS STATE TOLL HIGHWAY AUTHORITY

Long Term Debt Analysis

December 31, 2011

	2011		
	Noncurrent	**Current**	**Total**
Revenue bonds payable:			
Issue of 1992 Series A	$ —	51,870,000	51,870,000
Issue of 1998 Series A	190,765,000	1,170,000	191,935,000
Issue of 1998 Series B	—	123,100,000	123,100,000
Issue of 2005 Series A	770,000,000	—	770,000,000
Issue of 2006 Series A-1	291,660,000	—	291,660,000
Issue of 2007 Series A-1	350,000,000	—	350,000,000
Issue of 2007 Series A-2	350,000,000	—	350,000,000
Issue of 2008 Series A-1	383,100,000	—	383,100,000
Issue of 2008 Series A-2	95,800,000	—	95,800,000
Issue of 2008 Series B	350,000,000	—	350,000,000
Issue of 2009 Series A	500,000,000	—	500,000,000
Issue of 2009 Series B	280,000,000	—	280,000,000
Issue of 2010 Series A-1	279,300,000	—	279,300,000
Total revenue bonds payable	$ 3,840,625,000	176,140,000	4,016,765,000

Note: Amounts presented in this table exclude unamortized bond premiums and amounts deferred on refunding. Additional information concerning long-term debt can be found in note 8. Issue of 1998 Series B has been classified as a Current Liability due to a supporting liquidity facility that expires on December 28, 2012. The scheduled 1998 Series B principal payments are $53,900,000 on January 1, 2016 and $69,200,000 on January 1, 2017.

Factors Impacting Future Operations

In 2012 the passenger vehicle toll increase takes effect and the Tollway commences the work of its $12 billion Move Illinois capital program. Land acquisition and design work will begin for: the widening and rebuilding of the Jane Addams Memorial Tollway (I-90), including an interchange project at Illinois 47; the construction of the I-294/I-57 interchange; and the development of the Elgin-O'Hare West Bypass. The impact of these initiatives may include:

- Significantly increased toll revenues which should lead to the Tollway posting a positive change in net assets for the year. Tollway forecasts for the fifteen-year span of the Move Illinois program call for about 60% of the program's costs to be funded by toll revenues.
- A small bond issue, the first of several that will finance the Move Illinois projects for which funds will be borrowed.

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, Illinois State Toll Highway Authority, 2700 Ogden Avenue, Downers Grove, Illinois 60515.

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

Balance Sheet

December 31, 2011

Assets and Deferred Outflows of Resources

Current assets:		
Current unrestricted assets:		
Cash and cash equivalents	$	453,263,176
Accounts receivable, less allowance for doubtful accounts of $307,177,981		15,988,036
Intergovernmental receivables		19,417,580
Accrued interest receivable		774
Risk management reserved cash and cash equivalents		15,024,842
Prepaid insurance		10,182,438
Total current unrestricted assets		513,876,846
Current restricted assets:		
Cash and cash equivalents restricted for debt service		177,231,234
Cash and cash equivalents – I-PASS accounts		146,510,701
Accrued interest receivable		3,425
Supplemental pension benefits assets		31,800
Total current restricted assets		323,777,160
Total current assets		837,654,006
Noncurrent assets and deferred outflow of resources:		
Capital assets:		
Land, improvements and construction in progress		391,006,972
Other capital assets, net of accumulated depreciation		4,721,241,842
Total capital assets, net		5,112,248,814
Other noncurrent assets:		
Accounts receivable less current portion		115,369,210
Deferred bond issuance costs, net of accumulated amortization of $10,967,644		15,421,503
Deferred outflow of resources – accumulated decrease in fair value of hedging derivatives		307,308,634
Total other noncurrent assets		438,099,347
Noncurrent restricted assets		
Cash and cash equivalent - debt service reserve		202,870,537
Supplemental pension benefit assets		255,970
Total noncurrent restricted assets		203,126,507
Total noncurrent assets and deferred outflow of resources		5,753,474,668
Total assets and deferred outflow of resources	$	6,591,128,674

See accompanying notes to the financial statements.

(Continued)

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

Balance Sheet

December 31, 2011

Liabilities and Net Assets

Liabilities:		
Current liabilities		
Payable from unrestricted current assets:		
Accounts payable	$	8,460,515
Accrued liabilities		61,966,498
Accrued compensated absences		4,690,858
Intergovernmental agreement payable		67,688,724
Risk management claims payable		13,377,479
Deposits and retainage		7,848,313
Total current liabilities payable from unrestricted current assets		164,032,387
Payable from current restricted assets:		
Supplemental pension benefit obligation		218,297
Current portion of revenue bonds payable		176,140,000
Accrued interest payable		84,247,303
Deposits and deferred revenue – I-PASS accounts		146,510,701
Total current liabilities payable from current restricted assets		407,116,301
Total current liabilities		571,148,688
Noncurrent liabilities:		
Revenue bonds payable, less current portion		3,840,625,000
Bond premium, less deferred amount on refunding		(407,627)
Accrued compensated absences		5,289,691
Derivative instrument liability		307,308,634
Deferred revenue, less accumulated amortization of $28,452,184		16,414,356
Total noncurrent liabilities		4,169,230,054
Total liabilities		4,740,378,742
Net assets:		
Invested in capital assets, net of related debt		1,095,891,441
Restricted under trust indenture agreements		295,857,893
Restricted for supplemental pension benefits obligations		69,473
Unrestricted		458,931,125
Total net assets		1,850,749,932
Total liabilities and net assets	$	6,591,128,674

See accompanying notes to the basic financial statements.

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

Statement of Revenues, Expenses and Changes in Net Assets

Year ended December 31, 2011

Operating revenues:	
Toll revenue	$ 652,673,895
Toll evasion recovery	33,268,033
Concessions	2,421,164
Miscellaneous	9,507,791
Total operating revenues	697,870,883
Operating expenses:	
Engineering and maintenance of roadway and structures	44,803,170
Services and toll collection	106,466,995
Traffic control, safety patrol and radio communications	23,071,556
Procurement, IT, finance, and administration	22,176,542
Insurance and employee benefits	69,987,945
Depreciation and amortization	318,165,918
Total operating expenses	584,672,126
Operating income	113,198,757
Nonoperating revenues (expenses):	
Revenues under intergovernmental agreements	6,753,264
Expenses under intergovernmental agreements	(6,753,264)
Capital contributed under intergovernmental agreements	2,262,302
Investment income	1,064,068
Net decrease in fair value of investments	(299,150)
Net loss on disposal of property	(1,157,639)
Interest expense and amortization of financing costs	(206,933,905)
Bond interest subsidy (Build America Bonds)	16,244,130
Miscellaneous revenue	4,383,831
Total nonoperating revenues (expenses), net	(184,436,363)
Change in net assets	(71,237,606)
Net assets at beginning of year	1,921,987,538
Net assets at end of year	$ 1,850,749,932

See accompanying notes to the basic financial statements.

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

Statement of Cash Flows

Year ended December 31, 2011

Cash flows from operating activities:	
Cash received from sales and services	$ 766,304,571
Cash received from other governments for services	34,158,585
Cash paid for intergovernmental services	(1,278,111)
Cash payments to suppliers	(134,221,172)
Cash payments to employees	(140,565,396)
Net cash provided by operating activities	524,398,477
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(196,030,399)
Cash paid for intergovernmental capital projects	984,191
Proceeds from sale of property	995,761
Principal paid on revenue bonds	(49,910,000)
Bond subsidy (Build America Bonds)	16,244,130
Interest expense and issuance costs paid on revenue bonds	(211,492,881)
Net cash used in capital and related financing activities	(439,209,198)
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	25,150,950
Interest on investments	1,292,158
Net cash provided by investing activities	26,443,108
Net increase in cash and cash equivalents	111,632,387
Cash and cash equivalents at beginning of year	883,555,873
Cash and cash equivalents at end of year	$ 995,188,260
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents	$ 453,263,176
Risk management reserved cash and cash equivalents	15,024,842
Cash and cash equivalents restricted for debt service	380,101,771
Cash and cash equivalents – I-PASS accounts	146,510,701
Supplemental pension benefit assets	287,770
Total cash and cash equivalents at end of year	$ 995,188,260

(Continued)

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

Statement of Cash Flows

Year ended December 31, 2011

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	113,198,757
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		318,165,918
Provision for bad debt		47,642,875
Amortization of deferred revenue		(27,523,698)
Intergovernmental revenues		6,753,264
Intergovernmental expenses		(6,753,264)
Miscellaneous revenue		4,383,831
Effects of changes in operating assets and liabilities:		
Decrease in accounts receivable		7,881,080
Decrease in intergovernmental receivables		25,356,952
Decrease in lease receivable		28,444,750
Decrease in prepaid expenses		1,658,112
Decrease in net assets available for pension benefits		35,436
Increase in accounts payable		922,608
Decrease in accrued liabilities		(9,252,240)
Increase in accrued compensated absences		297,583
Decrease in supplemental pension obligation		(30,502)
Increase in intergovernmental agreement payable		7,523,522
Increase in deposits and deferred revenue – I-PASS		7,381,718
Decrease in risk management claims payable		(1,688,225)
Net cash provided by operating activities	$	524,398,477

The fair value of investments increased by $586,575 in 2011.

See accompanying notes to the basic financial statements.

(1) Summary of Significant Accounting Policies

The accounting policies and financial reporting practices of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, conform to U.S. generally accepted accounting principles (GAAP), as promulgated by of the Governmental Accounting Standards Board (GASB). Additionally, the Tollway follows pronouncements of the Financial Accounting Standards Board (FASB) issued before December 1, 1989, which are not in conflict with GASB pronouncements. As permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Tollway has elected to not apply FASB pronouncements issued after November 30, 1989.

(a) Financial Reporting Entity

The Illinois State Toll Highway Authority, 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 – 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, which are then outstanding.

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 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 members of the Tollway's Board of Directors. These financial statements are included in the State's comprehensive annual financial report and the State's separately issued basic financial statements. The Tollway itself does not have any component units.

(b) Basis of Accounting

The Tollway accounts for its operations and financings in a manner similar to 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 flow of 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 Balance Sheet. 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 Equivalents

With the exception of $29.7 million in locally held funds, all cash and investments are held for the Tollway either by the Illinois State Treasurer (the Treasurer) as custodian or by the bond trustee under the Tollway's Trust Indenture.

For purposes of the Statement of Cash Flows, the Tollway considers all highly liquid investments, including assets with a maturity of three months or less when purchased, repurchase agreements and all other investments held on its behalf by the Treasurer to be cash equivalents, as these investments are available upon demand.

(d) Investments

The Tollway reports investments at fair value in its Balance Sheet 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 Assets. All investments are held for the Tollway either by the Treasurer as custodian or by the bond trustee under the Tollway's Trust Indenture.

The primary objectives in the investment of Tollway funds is to ensure the safety of principal, while managing liquidity to meet the financial obligations of the Tollway, and to provide the highest investment return using authorized instruments.

All investments in U.S. Treasury and agency issues owned by the Tollway are reported at fair value. Fair value for the investments in Illinois Funds (a state-operated money market fund, sponsored by the Treasurer in accordance with Illinois state law that is rated AAAm by Standard & Poor's rating agency) is equal to the value of the pool shares. State statute requires that Illinois Funds comply with the Illinois Public Funds Investment Act. Other funds held for the Tollway by the Treasurer and the bond trustee are invested in U.S. Treasury and agency issues at the direction of the Tollway and in repurchase agreements which are recorded at face value which approximates fair value.

The Trust Indenture, as amended, under which the Tollway's revenue bonds were issued, 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 bond trustee were held in compliance with these restrictions for the year ended December 31, 2011.

(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.

(g) Noncurrent Cash and Investments

Cash and investments that are externally restricted for sinking or reserve funds for the purchase or construction of capital or other noncurrent assets are classified as noncurrent assets in the balance sheet.

(h) Capital Assets

Capital assets include the historical cost of land and improvements, easements, roadway and transportation structures (infrastructure), buildings and related improvements, software and equipment. 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. The Tollway capitalizes interest related to construction in progress.

Building	20 Years
Infrastructure	5 to 40 Years
Machinery, equipment and software	5 to 30 Years

(i) Accounting for 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.

When the Tollway is lessee: Assets acquired under capital leases are included as capital assets in the Balance Sheet. Assets acquired under capital leases are recorded at the lesser of the present value of the future minimum lease payments or the fair value of the asset at the beginning of the lease term and depreciated on a straight-line basis to the Statement of Revenues, Expenses and Changes in Net Assets, over the useful life of the asset. A corresponding liability is established and minimum lease payments are allocated between the liability and interest expense. Capital lease liabilities are classified as current and noncurrent, depending on when the principal component of the lease payment is due. The Tollway is currently not a lessee under any capital leases.

(Continued)

When the Tollway is lessor: A lease receivable (current and noncurrent) is established on the Balance Sheet which represents the future minimum rental payments guaranteed under the terms of the capital lease. Lease receipts are credited to the Statement of Revenues, Expenses and Changes in Net Assets in the periods in which they are earned over the term of the lease, as this represents the pattern of benefits derived from the leased assets. A bad debt reserve is recorded for any amounts whose collectibility is uncertain. The Tollway is currently not a lessor under any capital leases.

(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.

(k) Deferred Bond Issuance Costs

Costs incurred in connection with the issuance of the bonds are amortized over the lives of the bonds, using the straight line method.

(l) Debt Refunding

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, when the Tollway refunds any of its bonds the difference between the carrying amount of the new bonds and the reacquisition price of the old bonds is deferred and amortized over the lesser of the life of the old debt or the life of the new debt, using the straight line method.

(m) Deferred Revenue

The Tollway recognizes revenue when earned. Amounts received in advance of the periods in which related services are rendered are recorded as a liability under “Deferred Revenue.”

(n) 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 reserves or deferred inflows in the Balance Sheet.

(o) Net Assets

The Balance Sheet presents the Tollway’s assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt 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 Assets results when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

At December 31, 2011, restrictions on net assets consisted of:

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

Restricted under Trust Indenture Agreements result when constraints placed on net assets use either externally imposed creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislations.

When both restricted and unrestricted resources are available for a specific use, it is the Tollway's policy to use restricted resources first, then unrestricted resources as they are needed.

(p) Toll Revenue

Toll Revenue is recognized in the month in which the transaction occurs. Revenue from Toll Evasion Recovery is recognized when the notice is issued. Both tolls and fines recovered under the evasion recovery enforcement system are recorded as Toll Evasion Recovery revenue.

(q) 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. All other revenues and expenses are reported as nonoperating revenues and expenses or as special items.

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

(r) Risk Management

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

(s) Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 Tollway deposits may fail and expose the Tollway to a loss if the Tollway's deposits were not returned upon maturity or demand. State law (30 ILCS 230/2C) requires that all deposits of public funds be covered by FDIC insurance or eligible collateral. The Tollway has no policy that would further limit the requirements under state law. As of December 31, 2011, the Tollway's deposits were not exposed to custodial credit risk.

(b) Schedule of Investments

As of December 31, 2011, the Tollway had the following investments and maturities:

		Investment maturities (in years)	
Investment type	Fair Value	Less Than 1	1-5
Repurchase agreements	$ 435,070,000	435,070,000	—
Money market funds*	380,101,772	380,101,772	—
Illinois Funds*	149,229,810	149,229,810	—
	$ 964,401,582	964,401,582	—

*Weighted average maturity is less than one year.

(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 be invested in instruments with maturities of less than one year. No investment is to exceed a ten-year maturity.

(d) Credit and Concentration Risks

Credit risk is the risk that the Tollway will not recover its investments due to the ability of the counterparty 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; municipal bonds with credit ratings not lower than the credit rating of the Tollway's senior bonds outstanding; 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; and repurchase agreements of government securities as defined in the Government Securities Act of 1986. Investment policy further requires that the investment portfolio be diversified in terms of specific maturity, specific issuer, or specific class of securities. Final maturities are limited to ten years; the majority of Tollway funds should be invested in maturities of less than one year. The Tollway was in compliance with these policies during 2011.

The Tollway's investments in debt securities (or the securities underlying the repurchase agreements) were rated by Moody's/Standard & Poors as follows for the year ended December 31, 2011:

Investment type	2011 (Moody's/S&P) Fair value	Rating
Repurchase agreements	$ 435,070,000	Aaa/AA+
Money market funds	380,101,772	Aaa-mf/AAAm
Illinois Funds	149,229,810	N/R/AAAm

(3) Current Accounts Receivable

The Tollway's accounts receivable consist of various toll charges and other amounts due from individuals and commercial and other entities. A provision for doubtful accounts has been recorded for estimated uncollectible amounts. As of December 31, 2011, the Tollway's accounts receivable balance consists of the following:

	Gross accounts receivables	Allowance for doubtful accounts	Net accounts receivables
Tolls	$ 2,360,302	(426,330)	1,933,972
Toll evasion recovery	316,090,767	(303,216,202)	12,874,565
Oases receivable	125,875	—	125,875
Damage claims/emergency service	188,597	(154,627)	33,970
Insufficient I-PASS	2,016,684	(1,435,547)	581,137
Over dimension vehicle permit	35,410	—	35,410
Fiber optic agreements	53,593	—	53,593
Workers' compensation	7,891	—	7,891
Other	2,286,898	(1,945,275)	341,623
Total non-governmental receivables	323,166,017	(307,177,981)	15,988,036
Various local and municipal government	9,065,877	—	9,065,877
IAG Agencies	5,922,329	—	5,922,329
Other agencies of the state of Illinois	4,429,374	—	4,429,374
Total intergovernmental receivables	19,417,580	—	19,417,580
Total receivables	$ 342,583,597	(307,177,981)	35,405,616

(4) Prepaid Insurance

In the normal course of business the Tollway pays for services that will be consumed beyond the current year. These are established as prepaid expenses. As of December 31, 2011 the Tollway has $10.2 million in prepaid insurance.

(5) Leases Receivable

In 2011, the Tollway reviewed its leases with oasis operators and determined that they should be recorded as operating leases. This caused removal of assets and liabilities each in the amount of $28.4 million for leases previously deemed capital leases; no change in net assets resulted.

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 is financially responsible for rebuilding and renovating the oasis 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 requires the parties to complete a remediation program to ensure that the oasis system is in compliance with current environmental laws and that compliance continues for the term of the lease. The Tollway is solely responsible for the remediation program until it has received “No Further Remediation” (NFR) letters from the Illinois Environmental Protection Agency (IEPA), except for the DeKalb oases and the Belvidere North, which are the responsibility of ExxonMobil. The IEPA issues the letters along with approval for reimbursement of approved expenses from the LUST (Leaking Underground Storage Tank) Fund established by Congress. Remediation work has been completed at all oasis sites. NFR letters have been received for seven remediation sites controlled by the Tollway and by ExxonMobil for the DeKalb Oasis. The remaining sites are being contested over reimbursement and other technical issues. The Tollway believes that the remaining NFR letters, relating to five additional sites, will be issued without further material remediation costs being incurred.

The future minimum lease payments receivable under these agreements as of December 31, 2011 are as follows:

Year ended December 31		Retail lease	Fuel lease	Total leases
2012	$	814,333	900,250	1,714,583
2013		850,000	900,250	1,750,250
2014		850,000	900,250	1,750,250
2015		850,000	900,250	1,750,250
2016		850,000	900,250	1,750,250
Thereafter		8,783,332	9,302,586	18,085,918
	$	12,997,665	13,803,836	26,801,501

The future minimum leases receivable do not include contingent rents that maybe 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.

(6) Capital Assets

Changes in capital assets for the year ended December 31, 2011 are as follows:

	Balance January 1	Additions and transfers in	Deletions and transfers out	Balance December 31
Nondepreciable capital assets:				
Land and improvements	$ 313,258,059	1,870,889	—	315,128,948
Construction in progress	74,417,230	114,539,658	(113,078,864)	75,878,024
Total nondepreciable capital assets	387,675,289	116,410,547	(113,078,864)	391,006,972
Depreciable capital assets:				
Buildings	47,126,097	4,940,338	—	52,066,435
Infrastructure	6,803,140,467	145,998,450	(70,996,903)	6,878,142,014
Machinery and equipment	201,813,099	14,797,186	(7,592,616)	209,017,669
Total depeciable capital assets	7,052,079,663	165,735,974	(78,589,519)	7,139,226,118
Less accumulated depreciation:				
Buildings	(34,776,862)	(2,531,846)	—	(37,308,708)
Infrastructure	(2,021,829,196)	(303,987,539)	70,996,903	(2,254,819,832)
Machinery and equipment	(119,648,419)	(11,646,533)	5,439,216	(125,855,736)
Total accumulated depreciation	(2,176,254,477)	(318,165,918)	76,436,119	(2,417,984,276)
Total depreciable capital assets, net	4,875,825,186	(152,429,944)	(2,153,400)	4,721,241,842
Total capital assets, net	$ 5,263,500,475	(36,019,397)	(115,232,264)	5,112,248,814

(7) Long-Term Accounts Receivable

As of December 31, 2012, long-term accounts receivable consisted of the following:

		2011 Long-term receivables
Will County – I-355 South Intergovernmental Agreement	$	642,857
Village of Lemont – I-355 South Intergovernmental Agreement		642,857
City of Lockport – I-355 South Intergovernmental Agreement		642,857
Village of Homer Glen – I-355 South Intergovernmental Agreement		642,857
Village of New Lenox – I-355 South Intergovernmental Agreement		642,857
Various Other Intergovernmental Agreements		1,949,439
Illinois Department of Transportation		110,205,486
	$	115,369,210

(8) Revenue Bonds Payable

Changes in revenue bonds payable for the year ended December 31, 2011 are as follows:

	Balance January 1	Additions	Deletions	Balance December 31	Amounts due within one year
1992 Series A	$ 100,665,000	—	(48,795,000)	51,870,000	51,870,000
1998 Series A	193,050,000	—	(1,115,000)	191,935,000	1,170,000
1998 Series B	123,100,000	—	—	123,100,000	123,100,000
2005 Series A	770,000,000	—	—	770,000,000	—
2006 Series A-1	291,660,000	—	—	291,660,000	—
2007 Series A-1 & A-2	700,000,000	—	—	700,000,000	—
2008 Series A-1 & A-2	478,900,000	—	—	478,900,000	—
2008 Series B	350,000,000	—	—	350,000,000	—
2009 Series A	500,000,000	—	—	500,000,000	—
2009 Series B	280,000,000	—	—	280,000,000	—
2010 Series A-1	279,300,000	—	—	279,300,000	—
Totals	4,066,675,000	—	(49,910,000)	4,016,765,000	$ 176,140,000
Unamortized deferred amounts on refunding	(58,351,768)	—	4,458,174	(53,893,594)	
Unamortized bond premium	58,604,264	378,290	(5,496,587)	53,485,967	
Current portion of revenue bonds payable	(49,910,000)	(176,140,000)	49,910,000	(176,140,000)	
Revenue bonds payable, net of current portion	$ 4,017,017,496	(175,761,710)	(1,038,413)	3,840,217,373	

(a) *Series 1992A Bonds*

On October 14, 1992, the Tollway issued $459,650,000 of Priority Revenue Bonds (1992 Series A). The bonds financed certain capital projects, a deposit to the Debt Reserve Account and costs of issuance. A portion of the bonds were advance refunded. The bonds that remain outstanding were sold bearing an interest rate of 6.30% at a price of 99.75% and mature on January 1, 2012. Such outstanding bonds in the amount of $51,870,000 are not subject to redemption prior to maturity and are not insured.

(b) *Series 1998A and 1998B Bonds*

On December 30, 1998, the Tollway issued $325,135,000 of Refunding Revenue Bonds, consisting of $202,035,000 of Fixed Rate Bonds (1998 Series A) and $123,100,000 of Variable Rate Bonds (1998 Series B). The bonds financed the refunding of a portion ($313,105,000) of the Tollway's Series 1992A Bonds and also financed costs of issuance and accrued interest on the Series 1998 Series A Bonds. The Series 1998A Bonds were sold with fixed interest rates ranging from 4.0% to 5.5% at yields which produced a net Original Issue Premium of $17,414,484. The Series 1998A

Bonds, of which $191,935,000 were outstanding as of December 31, 2011, are not subject to redemption prior to maturity. The Series 1998B Bonds were initially issued in a weekly mode and were in a weekly mode during all of 2011. Interest rates on the Series 1998B Bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the Series 1998B Bonds are subject to demand for purchase from bondholders. Any such Series 1998B Bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Series 1998B Bonds tendered for purchase that are not remarketed to new bondholder(s) are funded, subject to certain conditions, under a Standby Bond Purchase Agreement among the Tollway, the Trustee, and Helaba Landesbank Hessen Thuringen Girozentale, New York Branch.

Any such funded bonds that remain unremarketed on the expiration date of the Standby Bond Purchase Agreement and such Standby Bond Purchase Agreement is not replaced are required to be repaid by the Tollway on the earlier of: (i) their originally scheduled payment date; and (ii) over a five-year period in five equal annual installments, commencing on the expiration date of the Standby Bond Purchase Agreement. The cost of the Standby Bond Purchase Agreement is a per annum fee of 60 basis points times the commitment amount of $129,339,315, which consists of $123,100,000 for payment of principal and $6,239,315 for payment of interest. While in the weekly mode, the Series 1998B Bonds are subject to optional redemption by the Tollway. The expiration date of the Standby Bond Purchase Agreement is December 28, 2012. The Series 1998B Bonds are classified as a current liability due to the supporting liquidity facility expiring on December 28, 2012. The scheduled 1998 Series B principal payments are $53,900,000 on January 1, 2016 and $69,200,000 on January 1, 2017. The final maturity of the 1998A and 1998B bonds is January 1, 2016 and January 1, 2017, respectively. The scheduled payments of principal and interest of the Series 1998A Bonds and the Series 1998B Bonds 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 variable interest rate of the Series 1998B Bonds as of December 31, 2011 was 0.20%.

(c) Series 2005A Bonds

On June 22, 2005, the Tollway issued $770,000,000 of Senior Priority Revenue Bonds (2005 Series A). This issuance was the first bond sale utilized to fund capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. All maturities of the bonds were sold bearing 5.0% interest rates except for the $101,935,000 par amount maturing on January 1, 2020 which was sold bearing an interest rate of 4.125%. The bonds were sold at yields which produced a net Original Issue Premium of $60,405,414. The bonds are subject to optional redemption on or after July 1, 2015 at a redemption price of 100% of the principal amount plus accrued interest. The scheduled payments of principal and interest of this bond series 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, except for the principal and interest of the $101,935,000 maturing January 1, 2020, which is not insured. The final maturity of the bonds is January 1, 2023.

(d) Series 2006A Bonds

On June 7, 2006, the Tollway issued $1,000,000,000 of Senior Priority Revenue Bonds (2006 Series A-1 and Series A-2). This issuance was the second bond sale utilized to fund capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. All maturities of the bonds were sold bearing 5.0% interest rates at yields which produced an Original Issue Premium of $40,019,000. The bonds are subject to optional redemption on or after July 1, 2016 at a redemption price of 100% of the principal amount plus accrued interest. The scheduled payments of principal and interest of the bonds 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. On February 7, 2008, $708,340,000 of the 2006 Series A bonds was advance refunded by the Tollway's $766,200,000 Variable Rate Senior Refunding Revenue Bonds (2008 Series A-1 and Series A-2). The final maturity of the bonds is January 1, 2025.

(e) Series 2007A Bonds

On November 1, 2007, the Tollway issued $700,000,000 of Variable Rate Senior Priority Revenue Bonds (2007 Series A-1 and Series A-2). 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 initially issued in a weekly mode and remained in a weekly mode through fiscal year end 2011. Interest rates on the bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the bonds are subject to optional redemption by the Tollway. While in the weekly mode, the bonds are subject to bondholder tender for purchase. Any such bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Funding for any bonds tendered for purchase that failed to be remarketed was available, under certain circumstances, from a Liquidity Facility in the form of a Standby Bond Purchase Agreement provided by Dexia Credit Local, New York Branch, through March 18, 2011, the effective expiration date of that Standby Bond Purchase Agreement. On March 18, 2011, the 2007 Series A Bonds were mandatorily tendered and, on the same day, subsequently remarketed as six separate sub-series, each sub-series secured by a direct-pay letter of credit that qualified as a Substitute Credit Facility under the Supplemental Indenture for the 2007 Series A Bonds. The following provides information regarding each of those sub-series and their respective letters of credit.

(f) 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"). While in the weekly mode, the Series 2007A-1a Bonds are secured by a direct-pay letter of credit from Citibank, N.A. pursuant to the terms of the Letter of Credit Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-1a Credit Facility"). The 2007A-1a Credit Facility provides up to $175,000,000 for payment of principal and up to $3,595,891 for payment of interest (equivalent to 50 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-1a Credit Facility is utilized to purchase bonds tendered and not remarketed, and such bonds continue to fail to be remarketed, then such bonds are required to be repaid by the Authority thirteen months after the termination date of the 2007A-1a Credit Facility. The 2007A-1a Credit Facility, if not extended, is currently scheduled to expire on January 31, 2014. The cost of the 2007A-1a Credit Facility is a per annum fee of 75 basis points times the stated amount of $178,595,891. The variable interest rate of the Series 2007A-1a Bonds as of December 31, 2011 was 0.10%.

(g) 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"). While in the weekly mode, the Series 2007A-1b Bonds are secured by a direct-pay letter of credit from PNC Bank, National Association pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-1b Credit Facility"). The 2007A-1b Credit Facility provides up to $175,000,000 for payment of principal and up to $3,236,302 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-1b Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either (a) remain unremarketed for 180 days or (b) remain unremarketed on the termination date of the Series 2007A-1b Credit Facility, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the earlier of (i) 180 days after the date the bonds were purchased and (ii) the termination date of the 2007A-1b Credit Facility, and ending on the date three years following the date the bonds were purchased. The 2007A-1b Credit Facility, if not extended, is currently scheduled to expire on March 18, 2014. The cost of the 2007A-1b Credit Facility is a per annum fee of 75 basis points times the stated amount of $178,236,302. The variable interest rate of the Series 2007A-1b Bonds as of December 31, 2011 was 0.08%.

(h) 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"). While in the weekly mode, the Series 2007A-2a Bonds are 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 between the Tollway and such bank (the "2007A-2a Credit Facility"). The 2007A-2a Credit Facility provides up to $100,000,000 for payment of principal and up to $1,849,316 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2a Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed on the first business day of the fourth calendar month immediately succeeding the date the bonds were purchased, then such funded bonds are required to be repaid by the Authority in equal quarterly principal installments commencing on such first business day of the fourth calendar month immediately succeeding the date the bonds were purchased, and ending on the date four (4) years after the date the bonds were purchased. The 2007A-2a Credit Facility, if not extended, is currently scheduled to expire on March 17, 2014. The cost of the 2007A-2a Credit Facility is a per annum fee of 75 basis points times the stated amount of $101,849,316. The variable interest rate of the Series 2007A-2a Bonds as of December 31, 2011 was 0.09%.

(i) 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"). While in the weekly mode, the Series 2007A-2b Bonds are secured by a direct-pay letter of credit from Harris, N.A. pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-2b Credit Facility"). The 2007A-2b Credit Facility provides up to $107,500,000 for payment of principal and up to $1,988,014 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2b Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either (a) remain unremarketed for 180 days or (b) remain unremarketed on the termination date of the Series 2007A-2b Credit Facility, then such funded bonds are required to be repaid by the Authority in equal quarterly principal installments commencing on the date one year following the earlier of (i) 180 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2b Credit Facility, and ending on the date two years following the earlier of (i) 180 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2b Credit Facility. The 2007A-2b Credit Facility, if not extended, is currently scheduled to expire on March 18, 2014. The cost of the 2007A-2b Credit Facility is a per annum fee of 75 basis points times the stated amount of $109,488,014. The variable interest rate of the Series 2007-2b Bonds as of December 31, 2011 was 0.08%.

(j) 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"). While in the weekly mode, the Series 2007A-2c Bonds are secured by a direct-pay letter of credit from The Northern Trust Company pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-2c Credit Facility"). The 2007A-2c Credit Facility provides up to $55,000,000 for payment of principal and up to $1,017,123 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2c Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either (a) remain unremarketed for 270 days or (b) remain unremarketed on the termination date of the Series 2007A-2c Credit Facility, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the next ensuing January 1 or July 1 after the earlier of (i) 270 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2c Credit Facility, and ending on the date three years following the earlier of (i) 270 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2c Credit Facility. The 2007A-2c Credit Facility, if not extended, is currently scheduled to expire on March 18, 2014. The cost of the 2007A-2c Credit Facility is a per annum fee of 70 basis points times the stated amount of $56,017,123. The variable interest rate of the Series 2007A-2c Bonds as of December 31, 2011 was 0.07%.

(k) 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"). While in the weekly mode, the Series 2007A-2d Bonds are secured by a direct-pay letter of credit from Wells Fargo Bank, National Association pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-2d Credit Facility"). The 2007A-2d Credit Facility provides up to $87,500,000 for payment of principal and up to $1,618,151 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2d Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either (a) remain unremarketed for 181 days or (b) remain unremarketed on the termination date of the Series 2007A-2d Credit Facility, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the earlier of (i) 181 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2d Credit Facility, and ending on the date three years following the date the bonds were purchased. The 2007A-2d Credit Facility, if not extended, is currently scheduled to expire on March 18, 2013. The cost of the 2007A-2d Credit Facility is a per annum fee of 85 basis points times the stated amount of $89,118,151. The variable interest rate of the Series 2007A-2d Bonds as of December 31, 2011 was 0.08%.

(l) Series 2008A Bonds

On February 7, 2008, the Tollway issued $766,200,000 of Variable Rate Senior Refunding Revenue Bonds ($383,100,000 2008 Series A-1 and $383,100,000 2008 Series A-2). The bonds advance refunded $708,340,000 of the then-outstanding 2006 Series A Bonds and financed costs of issuance. 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 initially issued in a weekly mode and have remained in a weekly mode through fiscal year end 2011. On July 1, 2010, $287,300,000 of the 2008 Series A-2 bonds was refunded by the Tollway's $279,300,000 Toll Highway Senior Refunding Revenue Bonds (2010 Series A-1). $383,100,000 of the 2008 Series A-1 Bonds and $95,800,000 of the 2008 Series A-2 Bonds remain outstanding. Interest rates on the bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the bonds are subject to optional redemption by the Tollway. While in the weekly mode, the bonds are subject to bondholder tender for purchase. Any such bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Funding for any bonds tendered for purchase that failed to be remarketed was available, under certain circumstances, from a Liquidity Facility in the form of a Standby Bond Purchase Agreement provided by Dexia Credit Local, New York Branch, through February 7, 2011, the effective expiration date of that Standby Bond Purchase Agreement. On February 7, 2011, the 2008 Series A Bonds were mandatorily tendered and, on the same day, subsequently remarketed as three separate sub-series, each sub-series secured by a standby bond purchase agreement that qualified as a Substitute Liquidity Facility under the Supplemental Indenture for the 2008 Series A Bonds. The following provides information regarding each of those sub-series and their respective standby bond purchase agreements.

(m) 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”). While in the weekly mode, liquidity support is provided for the Series 2008A-1a Bonds by a Standby Bond Purchase Agreement dated February 1, 2011 among the Tollway, the Trustee, and JPMorgan Chase Bank, National Association (the “2008A-1a Liquidity Facility”). The 2008A-1a Liquidity Facility provides up to $191,500,000 for payment of principal and up to $2,203,562 for payment of interest (equivalent to 35 days’ accrued interest at 12%) for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2008A-1a Liquidity Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed for 91 days, then such funded bonds are required to be repaid by the Authority in ten equal semi-annual principal installments commencing on the first business day of the sixth full month following the date 91 days after the date the bonds were purchased. The 2008A-1a Liquidity Facility, if not extended, is currently scheduled to expire on February 7, 2013. The cost of the 2008A-1a Liquidity Facility is a per annum fee of 75 basis points times the commitment amount of $193,703,562. The variable interest rate of the Series 2008A-1a Bonds as of December 31, 2011 was 0.13%.

(n) 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”). While in the weekly mode, liquidity support is provided for the Series 2008A-1b Bonds by a Standby Bond Purchase Agreement dated February 1, 2011 among the Tollway, the Trustee, and PNC Bank, National Association (the “2008A-1b Liquidity Facility”). The 2008A-1b Liquidity Facility provides up to $191,600,000 for payment of principal and up to $2,141,721 for payment of interest (equivalent to 34 days’ accrued interest at 12%) for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2008A-1b Liquidity Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed for 180 days, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the first business day of the sixth full month following the date 180 days after the date the bonds were purchased and ending on the date five years after the date the bonds were purchased. The 2008A-1b Liquidity Facility, if not extended, is currently scheduled to expire on February 7, 2014. The cost of the 2008A-1b Liquidity Facility is a per annum fee of 75 basis points times the commitment amount of $193,741,721. The variable interest rate of the Series 2008A-1b Bonds as of December 31, 2011 was 0.12%.

(o) 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"). While in the weekly mode, liquidity support is provided for the Series 2008A-2 Bonds by a Standby Bond Purchase Agreement dated February 1, 2011 among the Tollway, the Trustee, and JPMorgan Chase Bank, National Association (the "2008A-2 Liquidity Facility"). The 2008A-2 Liquidity Facility provides up to $95,800,000 for payment of principal and up to $1,102,357 for payment of interest (equivalent to 35 days' accrued interest at 12%) for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2008A-2 Liquidity Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed for 91 days, then such funded bonds are required to be repaid by the Authority in ten equal semi-annual principal installments commencing on the first business day of the sixth full month following the date 91 days after the date the bonds were purchased. The 2008A-2 Liquidity Facility, if not extended, is currently scheduled to expire on February 7, 2013. The cost of the 2008A-2 Liquidity Facility is a per annum fee of 75 basis points times the commitment amount of $96,902,357. The variable interest rate of the Series 2008A-2 Bonds as of December 31, 2011 was 0.09%.

(p) Series 2008B Bonds

On November 18, 2008, the Tollway issued $350,000,000 of Toll Highway Senior Priority Revenue Bonds (2008 Series B). This issuance was the fourth bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed capitalized interest through June 30, 2009 and costs of issuance. The bonds were sold as a term bond maturing on January 1, 2033 bearing a 5.50% interest rate and priced to yield 5.70%, which produced an Original Issue Discount of $9,142,000. The bonds are subject to optional redemption on or after January 1, 2018 at a redemption price of 100% of the principal amount plus accrued interest. The bonds are not insured. In connection with the bond issue, a Surety Policy in the face amount of $100,000,000 was purchased from Berkshire Hathaway Assurance Corporation for deposit in the Debt Reserve Account. The Surety Policy expires on January 1, 2033.

(q) 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. The Series 2009A Bonds and Series 2009B Bonds are taxable Build America Bonds. All other Tollway bonds are tax-exempt bonds.

(r) 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 maturing on January 1, 2024 and January 1, 2034. The bonds maturing January 1, 2024 bear an interest rate of 5.293%, were sold at a price of 100% of the par amount of the bonds, and are subject to optional redemption on or after January 1, 2019 at a redemption price of 100% of the principal amount plus accrued interest. 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(s) to maturity as of such redemption date of the United States Treasury security(ies) with a constant maturity(ies) most nearly equal to the period from the redemption date to the maturity date(s) of the bonds to be redeemed, plus 30 basis points, plus, in each case, accrued interest. The bonds are not insured.

(s) 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 United States Treasury security with a constant maturity most nearly equal to the period from the redemption date to the maturity date of the bonds, plus 25 basis points. The bonds are not insured.

(t) 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. Maturities of the bonds ranging from January 1, 2018 through January 1, 2031 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. In connection with the refunding, the Tollway terminated a variable-to-fixed interest rate exchange (swap) agreement with Depfa Bank plc. The swap agreement was in a notional amount of $287,325,000 and was terminated in its entirety on June 10, 2010. The Tollway made a termination payment of $10,331,527 from Tollway funds on hand in connection with the termination of the swap agreement.

(u) Defeased Bonds

On February 7, 2008, the Tollway issued $766.2 million of Variable Rate Senior Refunding Bonds (2008 Series A-1 and A-2) to advance refund $708.3 million of the 2006A ($208.3 million of A-1 and $500 million of A-2) Senior Priority Revenue Bonds with an interest rate of 5.0%. The net proceeds of $758.6 million (after payment of $7.6 million in underwriting fees, insurance and other issuance costs) plus an additional $8.8 million of 2006A Trustee-held monies were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of 2006A Senior Priority Revenue Bonds. As a result, the refunded portion of 2006A Senior Priority Revenue Bonds is considered to be defeased and the liability for those bonds was removed from the Balance Sheet in 2008.

As of December 31, 2011 the principal amount of Tollway defeased bonds outstanding is $708.3 million.

(v) All Series

Details of outstanding revenue bonds as of December 31, 2011, are as follows:

Issue of 1992 Series A, 6.30%, due on various dates through January 1, 2012	$	51,870,000
Issue of 1998 Series A, 5.00% to 5.50%, due on various dates through January 1, 2016		191,935,000
Issue of 1998 Series B, variable rates, due on various dates through January 1, 2017		123,100,000
Issue of 2005 Series A, 4.125% to 5.00%, due on various dates through January 1, 2023		770,000,000
Issue of 2006 Series A-1, 5.00%, due on various dates through January 1, 2025		291,660,000
Issue of 2007 Series A-1, variable rates, due on various dates through July 1, 2030		350,000,000
Issue of 2007 Series A-2, variable rates, due on various dates through July 1, 2030		350,000,000
Issue of 2008 Series A-1, variable rates, due on various dates through January 1, 2031		383,100,000
Issue of 2008 Series A-2, variable rates, due on various dates through January 1, 2031		95,800,000
Issue of 2008 Series B, 5.50%, due on various dates through January 1, 2033		350,000,000
Issue of 2009 Series A, 5.293% to 6.184%, due on various dates through January 1, 2034		500,000,000
Issue of 2009 Series B, 5.851%, due on various dates through December 1, 2034		280,000,000
Issue of 2010 Series A-1, 3.50%, to 5.25% due on various dates through January 1, 2031		279,300,000
Totals		4,016,765,000
Less current maturities		(176,140,000)
Less unamortized deferred amount on refunding		(53,893,595)
Plus unamortized bond premium		53,485,968
Total long-term portion	$	3,840,217,373

Accrued interest payable for the year ended December 31, 2011, was $84,247,303.

The annual requirements to retire the principal and interest amount for all bonds outstanding at December 31, 2011, are as follows:

Year ended December 31,		**Principal**	**Interest**	**Total debt service**
2012	$	53,040,000	195,249,343	248,289,343
2013		56,365,000	191,950,985	248,315,985
2014		92,855,000	187,973,493	280,828,493
2015		97,795,000	182,901,743	280,696,743
2016		102,910,000	177,921,276	280,831,276
2017		107,850,000	172,952,072	280,802,072
2018		111,315,000	167,735,342	279,050,342
2019		137,785,000	161,521,928	299,306,928
2020		144,640,000	154,936,177	299,576,177
2021		150,695,000	147,910,700	298,605,700
2022		157,980,000	140,239,276	298,219,276
2023		165,615,000	132,153,899	297,768,899
2024		223,660,000	123,726,708	347,386,708
2025		198,605,000	113,557,786	312,162,786
2026		181,350,000	105,852,728	287,202,728
2027		246,565,000	97,873,162	344,438,162
2028		206,045,000	89,094,937	295,139,937
2029		215,850,000	80,346,158	296,196,158
2030		225,550,000	71,189,600	296,739,600
2031		110,295,000	61,617,710	171,912,710
2032		237,545,000	53,606,386	291,151,386
2033		249,790,000	39,734,988	289,524,988
2034		542,665,000	24,504,402	567,169,402
Total	$	4,016,765,000	2,874,550,799	6,891,315,799

The table above was prepared assuming the Tollway will renew the standby bond purchase agreement for the 1998B variable rate bonds prior to its expiration on December 28, 2012. In the event the Tollway is unable to renew or replace this agreement, the bonds will be subject to a mandatory tender and repayment in accordance with the terms described in footnote 8(b). The outstanding principal of $123,100,000 has been classified as a current liability on the balance sheet.

(w) Capitalized Interest

In 2011 the Tollway's total interest accrued for revenue bonds equaled $196.9 million, of which $3.1 million was capitalized in respect of construction in progress.

(x) Trust Indenture Agreement

On March 31, 1999, the Tollway executed an Amended and Restated Trust Indenture with the Trustee acting as fiduciary for bondholders. The Indenture establishes the conditions under which the Tollway may issue bonds and the security to be pledged to bondholders. The 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 Project Accounts – one for each bond issue that finances new project(s). 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 Operation and Maintenance 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 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 classification of Trustee-held funds in these financial statements is detailed in note 11.

(y) Arbitrage Rebate

In the 1980's, 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, 2011, no arbitrage rebate liability had accrued.

(9) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2011, classified by type, and the changes in fair value of such derivatives instruments for the year then ended as reported in the 2011 financial statements are as follows (amounts in thousands; debit (credit))

	Changes in fair value		**December 31, 2011**		**Notional**
Cash flow hedges:	**Classification**	**Amount**	**Classification**	**Amount**	**amount**
Pay fixed, receive variable, interest rate swaps	Deferred outflow	$ 187,843	Derivative instrument liability	$ (307,308)	$ 1,301,975

As a means of lowering its borrowing costs, the Tollway had entered into ten separate variable-to-fixed interest rate exchange agreements (swaps) in connection with its three variable rate bond issues. Per the terms of the swaps, the Tollway pays 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 into 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.

Four of the swaps became effective February 7, 2008, two of which are associated with the 2008 Series A-1 bonds and two of which were associated with the 2008 Series A-2 bonds. One of the swaps associated with the 2008 Series A-2 Bonds was terminated on June 10, 2010 in connection with the Tollway's refunding of a portion of its 2008 Series A-2 Bonds on July 1, 2010. Four of the swaps became effective November 1, 2007, two of which are associated with the 2007 Series A-1 bonds and two of which are associated with the 2007 Series A-2 bonds. Two of the swaps became effective December 30, 1998 and are associated with the 1998 Series B bonds.

Details of these derivative instruments outstanding are as follows (amounts in thousands):

Bond Series	Current notional amount	Effective date	Fixed rate paid	Variable rate received	Fair value as of 12/31/11	Swap Termination Date	Counterparty	Estimated counterparty credit ratings
1998B	$ 67,705	12/30/98	4.3250%	Actual bond rate	$ (11,751)	1/1/17	Goldman Sachs Mitsui Marine Derivatives Products, L.P.	Aa1/AAA
1998B	55,395	12/30/98	4.3250%	Actual bond rate	(9,615)	1/1/17	JPMorgan Chase Bank, National Association	Aa1/A+
2007A-1	175,000	11/1/07	3.9720%	SIFMA	(45,400)	7/1/30	Citibank N.A.	A1/A
2007A-1	175,000	11/1/07	3.9720%	SIFMA	(45,400)	7/1/30	Goldman Sachs Bank USA	Aa3/A-
2007A-2	262,500	11/1/07	3.9925%	SIFMA	(68,860)	7/1/30	Bank of America, N.A.	A2/A
2007A-2	87,500	11/1/07	3.9925%	SIFMA	(22,953)	7/1/30	Wells Fargo Bank, N.A.	Aa3/AA-
2008A-1	191,550	2/7/08	3.7740%	SIFMA	(41,396)	1/1/31	The Bank of New York Mellon, N.A.	Aa1/AA-
2008A-1	191,550	2/7/08	3.7740%	SIFMA	(41,375)	1/1/31	Deutsche Bank AG, New York Branch	Aa3/A+
2008A-2	95,775	2/7/08	3.7640%	SIFMA	(20,558)	1/1/31	Bank of America, N.A.	A2/A
Totals	$ 1,301,975				$ (307,308)			

The swap counterparty ratings included in the chart are from Moody's Investors Service and Standard & Poor's Corporation, respectively.

The notional amounts of the swaps match the outstanding principal amounts of the associated bonds, with the exception that the swap associated with the Tollway's $95,800,000 outstanding 2008 Series A-2 bonds is in a notional amount of $95,775,000. The amortizations of the 2008 Series A-2 Bonds and the related swap result in the bond amount outstanding always exceeding the swap notional amount outstanding, with the difference between the two never exceeding $25,000.

Interest rate swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market values of the swaps were calculated using the zero coupon method as described in GASB 53.

Risks

(a) Credit Risk

Counterparty credit risk is the risk that a swap is terminated and the counterparty fails to make one or more required payments. The termination payment is a market-based payment approximating the value of the swap at the time of termination. The Tollway was not exposed to termination payment credit risk as of December 31, 2011 because the negative market values of each swap would render no payments owing by the counterparties in the event of a termination. If changes in interest rates were to create positive market values for the swaps in the future, the Tollway would be exposed to counterparty credit risk in the amount of those positive fair values. The swaps require full collateralization from the counterparty of any positive fair value of the swaps in the event the counterparty's credit rating falls below a Standard & Poor's rating of A- or a Moody's Investor Services' rating of A3. The swaps require full collateralization from the counterparty of positive market value of the swaps in the event the counterparty's credit rating falls below a Standard & Poor's rating of AA- or a Moody's Investor Services' rating of Aa3 and the amount of the positive market value exceeds certain thresholds as specified in the swap agreements. The swaps require such collateral to be held by a third party custodian in the form of cash, debt obligations issued by the U.S. Treasury or debt issued by federally sponsored agencies. The nine swaps outstanding as of December 31, 2011 are with eight different counterparties from seven different financial firms. The financial firm with the largest notional amount holds 28% of the total notional amount of the outstanding swaps.

(b) Basis Risk

Basis risk is the extent to which the Tollway's variable rate interest payments to bondholders differs from the variable rate payments received from the swap counterparties. The Tollway's variable rate interest payments to bondholders are determined by rates established by remarketing agents on a weekly basis. In the case of the 1998 Series B swaps, the variable rate interest payments received from the swap counterparties are equal to the variable rate interest payments owed to bondholders, which renders this swap to be currently without basis risk. Under certain circumstances as specified in the 1998 Series B swap agreements and upon notice from the swap counterparties, the variable rate payments received from swap counterparties may change from a basis of the actual bond interest rate to the SIFMA 7-day Municipal Swap Index plus eight basis points. During 2011, the average interest rate paid to 1998 Series B bondholders was 0.29%, compared to a SIFMA 7-day Municipal Swap Index of 0.18%. In the case of the 2007 Series A-1 and Series A-2 swaps, the variable rate payments received from the swap counterparties is equal to the SIFMA 7-day Municipal Swap Index, so basis risk is incurred to the extent the rates set by remarketing agents on the Tollway's 2007 Series A-1 and A-2 bonds exceed the SIFMA 7-day Municipal Swap Index. During 2011, the average interest rate paid to Series 2007A bondholders was 0.18%, compared to a SIFMA 7-day Municipal Swap Index of 0.18%. In the case of the 2008 Series A-1 and Series A-2 swaps, the variable rate payments received from the swap counterparties are equal to the SIFMA 7-day Municipal Swap Index, so basis risk is incurred to the extent the rates set by remarketing agents on the Tollway's 2008 Series A-1 and A-2 bonds exceed the SIFMA 7-day Municipal Swap Index. During 2011, the average interest rate paid to Series 2008A bondholders was 0.20%, compared to a SIFMA 7-day Municipal Swap Index of 0.18%.

Low interest rates contributed to the negative December 31, 2011 market valuations (fair values) included in the preceding chart for the Tollway's swaps. At the time of the swaps, the synthetic fixed rates achieved by the swaps were less than the fixed rates that could have been achieved by issuing fixed rate bonds.

(c) Termination Risk

The Tollway's swap agreements do not contain any out-of-the-ordinary termination provisions that would expose it to significant termination risk. Consistent with agreements of this type, the Tollway and the counterparty each have the ability to terminate a swap agreement if the other party fails to perform under the terms of the agreement. The agreements allow either party to terminate in the event of a significant loss of creditworthiness by the other party. If a swap were to be terminated, the associated variable rate bonds would no longer be hedged and the Tollway would be subject to variable rate risk, unless it entered into a new hedge following termination. In addition, if the swap were to have a negative market value at the time of termination, the Tollway would be liable to the counterparty for a payment approximately equal to the market value of the swap.

(d) Rollover Risk

There is no rollover risk, given that the swap agreements have final maturities and amortizations that approximately match the final maturities and amortizations of the related bond issues.

Derivative Instrument Payments and Hedged Debt

As of December 31, 2011, aggregate projected debt service requirements of the Tollway's hedged debt and net receipts/payments on associated hedging derivative instruments are presented below. The projected amounts assume that the interest rates on variable-rate debt and reference rates on associated hedging derivative instruments as of December 31, 2011 will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the associated hedging derivative instruments will vary. The hedging derivative instruments column reflects only the net receipts/payments on derivative instruments that qualify for hedge accounting. All of the Tollway's derivative instruments as of December 31, 2011 qualified for hedge accounting.

Fiscal year ending December 31,	Hedged debt		Hedging derivative instruments – net payments	Total
	Principal	Interest		
2012	$ —	1,410,768	49,837,915	51,248,683
2013	—	1,410,768	49,837,915	51,248,683
2014	—	1,410,768	49,837,915	51,248,683
2015	—	1,410,768	49,837,915	51,248,683
2016	53,900,000	1,302,968	47,614,540	102,817,508
2017 – 2021	79,450,000	5,793,358	222,882,200	308,125,558
2022 – 2026	349,125,000	5,230,775	202,019,107	556,374,882
2027 – 2031	819,500,000	1,603,662	62,052,842	883,156,504
	$ 1,301,975,000	19,573,835	733,920,349	2,055,469,184

(Continued)

(10) Deferred Revenue

During 2002, the Tollway, as lessor, entered into two 25-year capital lease agreements for the refurbishing and operation of the oasis system. Rental payments earned have been recorded as concession revenue. In 2011, the Tollway reviewed these leases and determined that they should be recorded as operating leases. This caused removal of assets and offsetting liabilities for leases previously deemed capital leases. This removal is illustrated in the table below. There was no effect to the Statement of Revenues, Expenses and Changes in Net Assets.

In the year 2000, the Tollway upgraded its communications network with the addition of a fiber optic system. Excess capacity on the fiber optic lines was leased to other organizations in order to offset the cost of the system. In 1999 and 2000, the Tollway entered into eight twenty-year fiber optic system lease agreements and at those times collected $26,086,389 in total upfront payments; the related revenue was deferred and has been and is being amortized over the lease terms. From 2002 through 2011 the Tollway entered into additional fiber optic leases in the total amount of $6,439,816. As before monies were collected at the beginning of each lease. These leases are being accounted for in the same manner.

The total deferred revenue balance for the fiber optic system was $32,526,205 at December 31, 2011, and accumulated amortization of deferred revenue was $16,111,853 as of December 31, 2011.

A summary of changes in deferred revenue for the year ended December 31, 2011, is as follows:

		Balance at January 1	Current year activity	Balance at December 31
Deferred revenue:				
Fiber optics	$	29,995,988	2,530,217	32,526,205
Accumulated amortization		(14,502,684)	(1,609,169)	(16,111,853)
		15,493,304	921,048	16,414,352
Lease receivable		42,394,250	(42,394,250)	—
Accumulated amortization		(13,949,500)	13,949,500	—
Totals		28,444,750	(28,444,750)	—
Deferred revenue		72,390,238	(39,864,033)	32,526,205
Accumulated amortization		(28,452,184)	12,340,331	(16,111,853)
Net deferred revenue	$	43,938,054	(27,523,702)	16,414,352

(11) Restricted Net Assets

As of December 31, 2011, the Tollway reported the following restricted net assets:

Description		December 31, 2011
Revenue bond trust indenture agreement restrictions	$	242,817,893
Portion classified as invested in capital assets net of related debt		53,040,000
Net assets restricted under trust indenture agreement		295,857,893
Restricted for pension benefit obligations		69,473
Total	$	295,927,366

(12) Contributions to 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 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 (PERS) in which state employees participate, except those covered by the State Universities, Teachers, General Assembly and Judges' Retirement Systems. SERS issues a separate comprehensive annual financial report (CAFR). The financial position and results of operations for SERS for fiscal year 2011 are also included in the state's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011.

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 SERS' CAFR, write, call, or email:

State Employees Retirement System
2101 S. Veterans Parkway
Springfield, IL. 62794-9255
(217) 785-2340
sers@mail.state.il.us

(Continued)

Funding Policy: The contribution requirements of SERS members and the State are established by State statute and may be amended by action of the General Assembly and the Governor. Tollway employees covered by SERS contribute between 4.0% and 8.5% of their annual covered payroll. The State contribution rates for the State's fiscal years ended June 30, 2011 and 2010 were determined according to the statutory schedule.

Tollway contribution rates to SERS for the Tollway's SERS covered employees for the State fiscal years ended June 30, 2012, 2011 and 2010 were 34.190%, 30.253%, (revised on January 1, 2011 to 27.988% retroactive to July 1, 2010) and 28.377% respectively. Tollway contributions for the calendar years ended December 31, 2011, 2010 and 2009 were \$32,790,627, \$30,279,821 and \$33,618,063, respectively. The retroactive contribution rate adjustment did result in approximately a \$1.2 million reduction of Tollway contributions.

In addition to contributions to this retirement plan, effective July 1, 1990, the Tollway adopted, under the provisions of the Tollway Act (605 ILCS 10/1 et. seq.), a noncontributory defined-benefit pension plan which covered employees who were members of SERS and who were not members of any collective bargaining unit. The plan was intended to meet the requirements of a tax-qualified plan under Section 401(a) of the Internal Revenue Code. The plan provided benefits based upon years of service and employee compensation levels. The Tollway's policy was to make contributions consistent with sound actuarial practice. Annual cost was determined using the projected unit credit actuarial method. The Tollway suspended the plan's benefits as of September 15, 1994, and terminated the plan effective December 31, 1994. As of December 31, 2011 the net assets available for these benefits were \$287,770, (valued at the lesser of market value or actuarial value) and the pension benefit obligation was recorded as \$218,297. As of December 31, 2011, 7 beneficiaries remained in the plan.

Other Post Employment Benefits (OPEB): Under provisions of SERS, the State of Illinois provides certain health, dental, and life insurance benefits to annuitants who are former Tollway employees. Substantially all Tollway employees may become eligible for post-employment benefits if they eventually become annuitants. Currently, 921 retirees meet the eligibility requirements. Life insurance benefits are limited to \$5,000 per annuitant age 60 or older. For the year ended December 31, 2011, the Tollway contributed \$4,317,857 towards the state's current cost of benefits.

The actuarially determined annual OPEB cost for providing these benefits and the related OPEB obligations are recorded in the financial statements of the state agencies responsible for paying these benefits. The Department of Healthcare and Family Services (HFS) administers the Health Insurance Reserve Fund (for payment of health benefits), and the Department of Central Management Services (CMS) administers the Group Life Insurance Funds (for payment of life insurance benefits).

A summary of OPEB benefit provisions, changes in benefit provisions, and the authority under which benefit provisions are established are included as an integral part of the state's CAFR. Also included therein is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

(Continued)

(13) Risk Management

The Tollway has self-insured risk retention programs for workers' compensation claims. The Tollway's exposure under this program is limited to self-insured retentions per workers' compensation incident. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimated liabilities for asserted workers' compensation claims of $12,931,689 and both asserted and unasserted employee health claims of $445,790 are included in the accompanying financial statements. Amounts are reported as current because the Tollway generally pays the self-insured retention portion in the subsequent fiscal year.

Year	Estimated claims payable January 1	Current claims	Claims payments	Estimated claims payable December 31
2011	$ 15,065,704	3,571,763	5,259,988	13,377,479
2010	16,022,848	6,064,517	7,021,661	15,065,704

Additionally, the Tollway purchases commercial insurance policies for general liability insurance and vehicle liability insurance which have a level of retention of $250,000 per occurrence. 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.

(14) Compensated Absences

The liability reported in the Balance Sheet represents the vacation 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.

Amounts accrued as compensated absences payable at December 31, 2011 are as follows:

Balance at January 1	Accrued	Used	Balance at December 31	Due within one year
$ 9,682,966	5,042,837	4,745,254	9,980,549	4,690,858

(15) 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.

Bond issue	Purpose	Future pledged revenues	Term of commitment
1992 Series A Priority Revenue Bonds	Fund Construction for Tri-State Tollway Widening Project	$ 53,503,905	2012
1998 Series A Priority Refunding Revenue Bonds (Fixed Rate)	Refund Outstanding Bonds	219,886,788	2016
1998 Series B Priority Refunding Revenue Bonds (Variable Rate)	Refund Outstanding Bonds	150,051,238	2017
2005 Series A Senior Priority Revenue Bonds	Fund Congestion Relief Program	1,077,631,836	2023
2006 Series A-1 Senior Priority Revenue Bonds	Fund Congestion Relief Program	454,280,500	2025
2007 Series A-1 & A-2 Variable Rate Senior Priority Revenue Bonds	Fund Congestion Relief Program	1,159,335,274	2030
2008 Series A-1 & A-2 Variable Rate Senior Refunding Revenue Bonds	Refund Outstanding Bonds	764,355,401	2031
2008 Series B Senior Priority Revenue Bonds	Fund Congestion Relief Program	754,507,675	2033
2009 Series A Senior Priority Revenue Bonds (Build America Bonds – Direct Payment)	Fund Congestion Relief Program	1,095,429,910	2034
2009 Series B Senior Priority Revenue Bonds (Build America Bonds – Direct Payment)	Fund Congestion Relief Program	656,804,400	2034
2010 Series A-1 Senior Priority Refunding Revenue Bonds	Refund Outstanding Bonds	505,528,872	2031
		$ 6,891,315,799	

Proceeds from the bonds identified above provided financing for the construction and/or improvement of the various toll highway systems in Illinois. Annual principal and interest payments on the bonds are expected to require approximately 25 percent of the currently projected pledged net revenues (based on approved future rate scheduled for passenger and commercial vehicles). The total principal and interest remaining to be paid on the bonds is $6.9 billion. Principal and interest paid in the current year and total pledged net revenues were $248.4 million and $451.4 million, respectively. Annual principal and interest payments for synthetic fixed rate bonds (1998 Series B, 2007 Series A and 2008 Series A) are estimated based on rates applicable on December 31, 2011.

(16) Commitments

At December 31, 2011, there remain open for capital projects contracts totaling $84 million. The Tollway plans to fund remaining payments under these contracts through revenues and accumulated cash.

(17) Pending Litigation

There are lawsuits pending against the Tollway claiming, among other things, damages for wrongful discharge, personal injuries and from the operation of the Tollway's evasion recovery Workers' compensation lawsuits are also pending. The Tollway's exposure is limited to the self-insured retention of $250,000 per general liability incident.

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 adverse effect on the financial position of the Tollway.

(18) 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 contingent liabilities as of December 31, 2011.

(19) New Governmental Accounting Standards

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

Statement No. 57 - *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* (provisions related to the frequency and timing of measurements). The provisions of this Statement related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2012.

Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2013.

Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance contained in pre-November 1989 FASB and AICPA Pronouncements*, was established to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2012.

Management has not yet determined what impact these Statements will have on the financial position and results of operations of the Tollway.

(20) 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 $111 million are recorded at December 31, representing construction projects performed by the Tollway that pertain to the infrastructure owned by IDOT. Accrued liabilities totaling approximately $60 million are recorded for amounts owed to IDOT for construction projects IDOT has performed for infrastructure assets owned by the Tollway.

(21) Subsequent Events

Effective January 1, 2012 a toll rate increase for passenger vehicles took effect. The rate increase was approved by the Tollway board of directors in 2011.

Also on January 1, 2012 the Tollway established a department of Diversity and Strategic Development.

SUPPLEMENTARY INFORMATION

Schedule 1

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)

Year ended December 31, 2011

	Revenue fund	Construction fund	Total
Increases:			
Toll revenue	$ 652,673,895	—	652,673,895
Toll evasion recovery	33,268,033	—	33,268,033
Concessions	2,346,143	—	2,346,143
Interest	1,064,067	—	1,064,067
Miscellaneous	8,064,286	—	8,064,286
Total increases	697,416,424	—	697,416,424
Decreases:			
Engineering and maintenance of roadway and structures	43,666,796	—	43,666,796
Services and toll collection	88,737,420	—	88,737,420
Traffic control, safety patrol, and radio communications	23,060,557	—	23,060,557
Procurement, IT, finance and administration	20,521,788	—	20,521,788
Insurance and employee benefits	69,987,945	—	69,987,945
Construction	142,697,902	—	142,697,902
Bond principal payments	49,910,000	—	49,910,000
Build America bond subsidy	(16,244,130)	—	(16,244,130)
Bond interest and other financing costs	204,512,923	—	204,512,923
Total decreases	626,851,201	—	626,851,201
Net increases	70,565,223	—	70,565,223
Other changes in fund balances:			
Unrealized gain/loss on investments-IPASS	(299,150)	—	(299,150)
Amortization of other financing costs	—	—	—
	(299,150)	—	(299,150)
Change in fund balance	70,266,073	—	70,266,073
Fund balance, January 1	646,269,515	—	646,269,515
Fund balance, December 31	$ 716,535,588	—	716,535,588

See accompanying independent auditors' report.

Schedule 2

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)

Year ended December 31, 2011

	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	$ 652,673,895	—	—	—	—	—	—	652,673,895
Toll evasion recovery	33,268,033	—	—	—	—	—	—	33,268,033
Concessions	2,346,143	—	—	—	—	—	—	2,346,143
Interest	742,790	—	—	8,720	12,711	192,997	106,849	1,064,067
Miscellaneous	8,064,286	—	—	—	—	—	—	8,064,286
Intrafund transfers	(712,004,365)	247,544,455	—	244,042,073	—	174,000,000	46,417,837	—
Total increases	(14,909,218)	247,544,455	—	244,050,793	12,711	174,192,997	46,524,686	697,416,424
Decreases:								
Engineering and maintenance of roadway and structures	—	43,666,796	—	—	—	—	—	43,666,796
Services and toll collection	—	88,737,420	—	—	—	—	—	88,737,420
Traffic control, safety patrol, and radio communications	—	23,060,557	—	—	—	—	—	23,060,557
Procurement, IT, finance and administration	—	20,521,788	—	—	—	—	—	20,521,788
Insurance and employee benefits	—	69,987,945	—	—	—	—	—	69,987,945
Construction expenses	—	—	—	—	—	121,731,699	20,966,203	142,697,902
Bond principal payments	—	—	—	49,910,000	—	—	—	49,910,000
Build America bond subsidy	—	—	—	(16,244,130)	—	—	—	(16,244,130)
Interest and other financing costs	—	—	—	204,306,026	206,897	—	—	204,512,923
Total decreases	—	245,974,506	—	237,971,896	206,897	121,731,699	20,966,203	626,851,201
Net increase (decrease)	(14,909,218)	1,569,949	—	6,078,897	(194,186)	52,461,298	25,558,483	70,565,223
Unrealized gain/loss on investments	(299,150)	—	—	—	—	—	—	(299,150)
Transfer of funds for swap termination	13,475,782	—	—	—	—	—	(13,475,782)	—
Change in fund balance	(1,732,586)	1,569,949	—	6,078,897	(194,186)	52,461,298	12,082,701	70,266,073
Fund balance, January 1	23,122,117	7,449,579	17,000,000	89,936,130	207,479,573	176,098,866	125,183,250	646,269,515
Fund balance, December 31	$ 21,389,531	9,019,528	17,000,000	96,015,027	207,285,387	228,560,164	137,265,951	716,535,588

See accompanying independent auditors’ report.

(1) Summary of Significant Accounting Policies

The 1999 Amended and Restated Trust Indenture (the Trust Indenture) requires the Tollway to provide separate funds for construction (Construction Fund) and for operations (Revenue Fund), which funds are not 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 custodian account. This account is part of the Maintenance and Operation Account within the Revenue Fund.

Prior to fiscal year 2005, the Tollway issued separate financial statements, prepared on the basis of accounting described below, in order to demonstrate compliance with the requirements of the Trust Indenture (Trust Indenture 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 requirements of the Trust Indenture. As a result, separate Trust Indenture 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 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 Statements included "Infrastructure and Long-term Debt of Accounts," which was optional reporting allowed under the Trust Indenture.

(a) 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. Bond issuance costs are expensed as incurred.

8. Capital lease obligations are not recorded. Payments under capital leases are expensed in the period payments are made.

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

10. Recoveries of expenses are classified as decreases in operating expenses for trust indenture and as miscellaneous operating revenue for GAAP.

11. In trust indenture, transponder purchase expense is reflected in the Renewal and Replacement fund as construction expense. For GAAP the expenses are reflected as an operating expense.

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

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:

(b) 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 thirty percent 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.

(Continued)

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 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.

(c) 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 $25 million fund balance in this account and has subsequently authorized a fund balance of $17 million.

(Continued)

(d) 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 Service 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(Continued)

(2) Miscellaneous

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

Components of Bond Interest and Other Financing Costs – 2011

	Debt service	Debt reserve	Total
Amortization of bond premium (discounts) insurance and remarketing fees	$ 7,385,546	206,897	7,592,443
Bond interest expense	196,920,480	—	196,920,480
	$ 204,306,026	206,897	204,512,923

Other Information:

- Construction and other capital expenses for Renewal and Replacement and Improvement include accrued expenses.
- Bond Interest expense represents accrued interest payable.
- 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 balances held by the Trustee at December 31, 2011 are $177 million in the Debt Service accounts and $203 million in the Debt Reserve account.
- During 2010 the Tollway Board of Directors authorized $30 million to be transferred from the Improvement fund to the Debt Service fund for swap termination payments only. $10.3 million of these funds were used to terminate swaps associated with the 2008 A-2 bond series. The remaining balance cannot be used to meet debt service obligations. This amount is included in the $177 million Debt Service amount above.
- Improvement construction expenses include $642k of bad debt expense reversal.
- During the preparation of the Trust Indenture statement for the period ending December 31, 2011, it was determined that the total of $13.5 million was incorrectly allocated within the Revenue Fund to the Improvement Account during prior years. These allocations are reversed through the entry “reallocation of fund balances” list in this statement. Prior year revenue and expenditures are not affected by this change.
- Insurance and Employee Benefits includes expense for retirement, workers compensation, the employer portion of FICA, and medical insurance.

Schedule 3

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

Schedule of Capital Assets by Source [1]

December 31, 2011

		2011
Capital assets (at original cost):		
Land and improvements	$	315,128,948
Buildings		52,066,435
Infrastructure [2]		6,743,340,271
Vehicles		41,419,697
Office equipment		32,461,205
Information systems		135,136,767
Construction in progress		75,878,024
Total capital assets	$	7,395,431,347
Capital assets provided from:		
Bond proceeds net of related interest income	$	5,552,273,927
Revenues		1,843,157,420
Total sources of capital assets	$	7,395,431,347

[1] Prepared in accordance with the Trust Indenture (non-GAAP).
[2] Infrastructure assets do not include capitalized interest totaling $3.1 million.

See accompanying independent auditors' report.

Schedule 4

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Schedule of Changes in Capital Assets [1]

Year ended December 31, 2011

		Balance January 1, 2011	Additions	Deletions[2]	Balance December 31, 2011
Land and improvements	$	313,258,059	1,870,889	—	315,128,948
Buildings		47,126,097	4,940,338	—	52,066,435
Infrastructure		6,671,712,756	142,624,418	(70,996,903)	6,743,340,271
Vehicles		41,890,084	7,122,229	(6,861,872)	42,150,441
Office equipment		31,035,451	1,425,754	(686,146)	31,775,059
Information systems		128,887,564	6,249,203	(44,598)	135,092,169
Construction in progress		74,417,230	114,539,658	(113,078,864)	75,878,024
Total capital asset	$	7,308,327,241	278,772,489	(191,668,383)	7,395,431,347

[1] Prepared in accordance with the Trust Indenture (non-GAAP), infrastructure assets do not include capitalized interest totaling $3.1 million.

[2] Infrastructure deletions above represent assets that are fully depreciated on a GAAP basis.

See accompanying independent auditors' report.

STATISTICAL SECTION (UNAUDITED)

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

Comprehensive Annual Financial Report

Statistical Section (Unaudited)

Year ended December 31, 2011

This part of the Tollway's comprehensive annual financial report presents detailed information to amplify the information in the Tollway's financial statements, note disclosures, and required supplementary, information.

Financial Trends − *These schedules contain trend information to assist the reader in understanding how the Tollway's financial performance and well-being have changed over time.*

Revenue Capacity – *These schedules contain information to help the reader assess the Tollway's most significant revenue source (tolls).*

Debt Capacity – *These schedules present information to help the reader assess the affordability of the Tollway's current levels of outstanding debt and its ability to issue additional debt in the future.*

Demographic and Economic Information – *This schedule offers deomographic indicators to help the reader understand the environment within which the Tollway's operations take place.*

Operating Information – *These schedules contain service and other data to help the reader understand how the information in the Tollway's report relates to the services it provides.*

Sources: Unless otherwise noted, the information in these schedules is derived from the Tollway's comprehensive annual financial reports for the relevant years.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Net Asset by Type (GAAP Basis)
Last Ten Fiscal Years (Unaudited)

Net Assets by Type	2011	2010	2009	2008	2007 (Restated)	2006	2005	2004 (Restated)	2003	2002
Invested in capital assets, net of related debt	$1,095,891,441	1,196,572,979	1,284,350,633	1,622,755,006	1,577,006,044	1,337,313,700	1,355,863,781	1,183,582,118	1,116,030,103	1,072,332,198
Restricted under trust indenture agreements	295,857,893	272,539,329	234,633,390	282,076,511	288,359,204	249,169,152	167,271,355	74,848,940	108,522,545	111,753,002
Restricted for supplemental pension benefits obligations	69,473	74,407	360,441	—	—	—	—	—	—	—
Unrestricted	458,931,125	452,800,823	498,549,013	200,324,808	218,238,576	347,153,490	248,815,433	301,687,060	282,517,463	282,994,233
Total net assets	$1,850,749,932	1,921,987,538	2,017,893,477	2,105,156,325	2,083,603,824	1,933,636,342	1,771,950,569	1,560,118,118	1,507,070,111	1,467,079,433

The Tollway only has business-type activities.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Changes in Net Assets (GAAP Basis)
Last Ten Fiscal Years (Unaudited)

	2011	2010	2009	2008	2007 (Restated)	2006	2005	2004 (Restated)	2003	2002
Operating revenues:										
Toll revenue	$ 652,673,895	628,753,508	592,063,529	583,646,592	572,092,902	567,499,808	580,441,697	391,586,232	377,453,858	363,235,305
Toll evasion recovery	33,268,033	34,923,828	54,828,660	77,653,862	6,516,958	196,461	13,256,859	15,767,091	37,249,197	46,079
Concessions	2,421,164	2,387,581	2,338,841	2,236,551	3,788,756	3,031,576	2,790,847	2,654,668	3,701,249	4,076,456
Miscellaneous	9,507,791	7,385,229	8,759,200	4,273,563	2,819,131	2,868,573	2,266,957	3,445,212	3,571,209	3,722,324
Total operating revenues	$ 697,870,883	673,450,146	657,990,230	667,810,568	585,217,747	573,596,418	598,756,360	413,453,203	421,975,513	371,080,164
Operating expenses:										
Engineering and maintenance of roadway and structures	44,803,170	45,768,938	48,942,122	46,309,976	44,833,917	35,261,319	34,886,799	32,579,707	35,274,963	30,537,090
Services and toll collection	106,466,995	112,640,323	116,613,280	110,681,535	86,550,454	84,164,027	82,716,282	78,646,218	71,893,237	65,285,543
Traffic control, safety patrol and radio communications	23,071,556	22,821,776	22,649,767	22,374,844	21,246,925	18,743,387	18,034,485	15,340,985	16,147,314	15,266,993
Procurement, IT, finance, and administration	22,176,542	24,369,106	22,406,891	22,100,592	24,261,781	19,983,865	22,018,346	20,933,265	19,524,219	14,600,472
Insurance and employee benefits	69,987,945	71,681,925	72,493,677	59,634,767	52,414,462	49,640,432	44,659,657	47,756,919	41,343,365	38,813,064
Depreciation and amortization	318,165,918	314,933,272	297,371,719	278,626,714	219,434,538	186,283,372	152,195,010	142,835,466	162,785,493	146,304,077
Total operating expenses	$ 584,672,126	592,215,340	580,477,456	539,728,428	448,742,077	394,076,402	354,510,579	338,092,560	346,968,591	310,807,239
Operating income	$ 113,198,757	81,234,806	77,512,774	128,082,140	136,475,670	179,520,016	244,245,781	75,360,643	75,006,922	60,272,925
Nonoperating revenues (expenses):										
Investment income	1,064,068	1,749,894	3,199,960	22,979,654	43,367,461	74,738,940	32,298,872	6,966,085	8,255,543	10,672,163
Capital contributed under intergovernmental agreements	2,262,302	(1,858,125)	—	—	—	—	—	—	—	—
Revenues under intergovernmental agreements	6,753,264	10,734,092	97,983,825	81,091,003	—	—	—	—	—	—
Bond interest subsidy (Build America Bonds)	16,244,130	16,132,636	6,422,870	—	—	—	—	—	—	—
Net increase (decrease) in fair value of investments	(299,150)	287,425	(1,365,846)	(221,181)	3,297,367	(2,471,262)	(2,092,025)	(72,859)	(301,544)	3,248,780
Net gain (loss) on disposal of property	(1,157,639)	(26,357)	(3,249,477)	377,214	(8,491,090)	(2,240,196)	175,863	1,776,272	206,450	(1,105,919)
Interest expense and amortization of financing costs	(206,933,905)	(197,804,008)	(190,168,729)	(130,889,438)	(92,553,608)	- (93,613,153)	- (62,796,040)	- (39,768,842)	- (43,176,693)	- (44,257,135)
Expenses under intergovernmental agreements	(6,753,264)	(10,734,092)	(97,983,825)	(81,091,003)	—	—	—	—	—	—
Miscellaneous revenue (expense)	4,383,831	4,007,969	13,424,947	542,517	(11,461,519)	5,751,428	—	—	—	—
Total nonoperating revenues (expenses)	$ (184,436,363)	(177,510,566)	(171,736,275)	(107,211,234)	(65,841,389)	(17,834,243)	(32,413,330)	(31,099,344)	(35,016,244)	(31,442,111)
Change in net assets	(71,237,606)	(96,275,760)	(94,223,501)	20,870,906	70,634,281	161,685,773	211,832,451	44,261,299	39,990,678	28,830,814
Capital contributions	—	369,821	6,570,819	1,071,429	—	—	—	—	—	—
Net assets at beginning of year	$ 1,921,987,538	2,017,893,477	2,105,546,159	2,083,603,824	2,012,969,543	1,771,950,569	1,560,118,118	1,515,856,819	1,467,079,433	1,438,248,619
Net assets at end of year	$ 1,850,749,932	1,921,987,538	2,017,893,477	2,105,546,159	2,083,603,824	1,933,636,342	1,771,950,569	1,560,118,118	1,507,070,111	1,467,079,433

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Revenue by Source (GAAP Basis)
Last Ten Fiscal Years (Unaudited)

	Toll Revenue	Toll Evasion Recovery	Concessions (1)	Miscellaneous (1)	Total Revenue
2002	$ 363,235,305	46,079	4,076,456	3,722,324	371,080,164
2003	377,453,858	37,249,197	3,701,249	3,571,209	421,975,513
2004	391,586,232	15,767,091	2,654,668	3,445,212	413,453,203
2005	580,441,697	13,256,859	2,790,847	2,266,957	598,756,360
2006	567,499,808	196,461	3,031,576	2,868,573	573,596,418
2007	572,092,902	6,516,958	3,788,756	2,819,131	585,217,747
2008	583,646,592	77,653,862	2,236,551	4,273,563	667,810,568
2009	592,063,529	54,828,660	2,338,841	8,759,200	657,990,230
2010	628,753,508	34,923,828	2,387,581	7,385,229	673,450,146
2011	652,673,895	33,268,033	2,421,164	9,507,791	697,870,883
Change from 2002 to 2011	79.7%	72097.8%	-40.6%	155.4%	88.1%

(1) - Revenue represented in these columns may not be based on consistent categorization between fiscal years.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Toll Revenue by Toll Plaza (GAAP Basis) - Continued
Last Ten Fiscal Years (Unaudited)

Toll Plaza	Plaza Number	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
JANE ADDAMS MEMORIAL TOLLWAY (NORTHWEST):												
WESTERN SECTION:												
South Beloit	1	$ 27,882,663	26,907,318	25,235,627	25,322,241	26,830,755	26,383,291	27,583,000	12,958,687	10,447,747	10,406,233	10,013,857
Riverside Drive	2	1,314,702	1,230,394	1,168,112	1,117,439	1,035,965	843,952	774,838	515,755	414,449	390,089	347,334
South Rockford	3	—	—	—	—	—	—	—	917,798	1,622,134	1,764,638	1,523,999
Route 173	4	807,356	698,887	614,479	570,041	278,404	—	—	—	—	—	—
Belvidere	5	14,871,366	14,842,534	14,026,981	14,072,128	14,305,341	13,969,134	14,453,671	8,066,087	7,609,730	7,770,070	7,601,125
Marengo	7	16,123,502	16,193,501	15,901,593	16,224,587	15,775,474	15,811,292	16,109,600	9,290,906	8,701,938	8,871,863	8,644,019
Randall Road	8	1,274,610	1,306,386	1,257,254	1,284,311	1,242,444	1,191,452	1,160,792	834,950	673,515	620,200	551,383
Elgin	9	24,880,101	25,262,130	24,781,191	24,961,460	24,676,302	23,961,580	24,330,122	15,658,922	14,761,417	14,094,990	13,822,505
EASTERN SECTION												
Barrington Road	10	1,021,221	1,075,842	1,091,722	1,119,303	1,134,063	1,254,969	1,287,160	1,066,524	1,077,456	951,219	1,109,697
Route 31	11	2,776,034	2,946,956	3,099,635	3,093,940	3,221,424	3,502,222	3,507,383	2,927,477	2,528,554	2,332,747	2,601,335
Roselle Rd	12	1,228,114	1,197,206	1,163,776	1,132,132	1,068,669	1,105,596	1,145,233	989,433	932,678	810,171	919,773
Route 25	13	913,462	1,018,094	956,875	1,032,590	1,084,534	1,177,995	1,200,037	914,070	815,146	739,323	852,500
Route 59	14	635,214	694,209	692,618	691,510	664,398	637,033	627,252	535,065	493,921	462,725	378,942
Route 53	15	3,345,242	3,164,487	3,527,547	3,415,206	3,440,463	3,551,472	3,458,449	2,540,640	2,126,918	2,137,907	2,008,362
Route 16 (Beverly Rd)	16	1,497,924	1,637,385	1,655,483	1,606,868	1,456,851	1,611,084	1,703,091	1,266,745	1,191,014	1,017,333	1,156,060
Devon Avenue	17	19,151,556	19,806,345	18,073,323	18,593,856	18,475,502	18,098,289	21,095,490	15,167,605	14,917,430	14,173,821	15,516,284
Arlington Heights Rd	18	2,810,731	2,948,562	2,926,321	2,914,846	3,001,904	2,927,023	2,778,785	2,250,750	2,122,100	1,838,625	1,957,906
River Road	19	12,975,006	13,617,594	13,221,147	13,177,712	12,604,155	13,195,475	15,332,230	11,749,287	11,718,731	11,470,555	12,284,035
		$ 133,508,804	134,547,830	129,393,684	130,330,170	130,296,648	129,221,859	136,547,133	87,650,701	82,154,878	79,852,509	81,289,116

(Continued)

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Toll Revenue by Toll Plaza (GAAP Basis) - Continued
Last Ten Fiscal Years (Unaudited)

Toll Plaza	Plaza Number	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
REGAN MEMORIAL TOLLWAY (EAST-WEST):												
EASTERN SECTION:												
York Road	51	$ 17,779,544	16,327,184	14,098,853	13,611,550	15,594,535	28,825,800	34,024,883	24,710,761	23,571,972	22,677,694	22,952,175
Meyers Road	52	17,201,189	15,616,653	13,299,792	13,688,586	15,037,979	3,918,875	—	—	—	—	—
Spring Road	53	1,385,023	1,337,560	1,092,645	1,117,416	1,308,128	1,281,111	1,247,968	1,135,959	1,129,873	1,122,042	1,237,336
Route 83	54	1,388,837	1,303,527	1,256,377	1,303,216	1,378,382	411,950	—	—	—	—	—
Midwest Road	55	590,361	538,088	513,693	465,140	421,554	971,091	1,420,687	1,311,106	1,247,112	1,221,598	1,295,660
Highland Avenue	56	1,903,676	1,844,849	1,782,123	1,792,728	1,724,252	1,803,764	1,663,700	1,444,287	1,374,887	1,297,580	1,333,902
Naperville Road	57	689,984	685,372	620,527	561,807	247,083	499,242	591,286	585,687	549,182	543,593	531,590
Winfield Road	58	529,411	521,157	509,667	567,139	785,807	605,029	456,027	413,509	375,302	350,917	295,034
Farnsworth Road	59	4,463,965	4,264,887	4,354,527	4,193,611	3,977,423	4,245,236	4,027,012	2,973,155	2,437,770	2,361,911	2,553,581
Eola Road	60	1,207,219	1,046,808	92,745	—	—	—	—	—	—	—	—
Aurora	61	20,138,094	18,664,376	17,449,421	16,976,347	18,127,767	18,531,965	17,773,521	12,555,650	12,316,697	11,449,956	9,998,674
WESTERN SECTION:												
Route 31	63	521,275	486,043	335,656	268,255	545,239	552,436	525,237	386,881	330,237	331,795	367,202
Orchard Rd.	64	671,352	669,882	752,448	732,731	640,503	580,702	520,004	387,590	317,910	276,842	276,523
DeKalb East (Peace Rd)	65	2,181,399	1,851,725	2,094,029	2,058,003	2,023,308	2,045,837	1,748,966	1,254,582	1,060,129	987,337	969,628
DeKalb Main	66	19,200,594	17,189,127	16,351,774	15,667,524	15,647,288	14,498,904	12,932,195	7,872,356	8,207,759	7,115,704	6,391,585
DeKalb (Annie Glidden Rd)	67	1,577,427	1,925,863	1,549,878	1,468,141	1,484,467	1,596,770	2,061,710	1,664,610	1,656,923	1,479,739	1,174,440
Dixon Mainline	69	15,028,416	14,280,918	13,676,669	13,177,619	13,114,045	11,174,733	9,858,706	5,983,539	6,109,396	5,702,005	5,487,356
Dixon Ramp 1	70	—	—	—	—	—	198,327	336,070	219,309	188,956	179,868	151,570
Dixon Ramp 2	71	—	—	—	—	—	880,429	1,343,021	941,532	805,853	773,121	683,114
		$ 106,457,766	98,554,019	89,830,824	87,649,813	92,057,760	92,622,201	90,530,993	63,840,513	61,679,958	57,871,702	55,699,370

(Continued)

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Toll Revenue by Toll Plaza (GAAP Basis) - Continued
Last Ten Fiscal Years (Unaudited)

Toll Plaza	Plaza Number	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
TRI-STATE TOLLWAY:												
NORTHERN SECTION:												
Buckley Road	20	$ 937,786	977,658	1,088,014	908,583	822,451	807,752	885,087	776,180	735,539	664,564	682,003
Waukegan	21	44,340,887	42,052,993	38,835,619	37,611,917	39,495,418	42,136,567	43,461,370	24,156,452	23,854,103	22,693,247	22,532,414
Route 60	22	1,208,165	1,084,973	1,094,784	950,758	1,064,386	1,116,365	1,131,062	937,919	983,699	913,918	986,496
Half Day Road	23	1,109,245	1,038,093	904,295	1,042,946	1,144,347	1,194,063	1,247,086	988,235	838,003	940,522	1,148,228
Edens Spur	24	16,138,598	14,697,860	15,440,293	14,406,731	15,842,507	16,912,037	18,038,128	11,885,624	11,931,403	11,539,505	10,765,756
Lake Cook Road	26	3,687,200	3,818,083	3,546,201	3,565,800	3,828,910	3,739,047	3,629,646	2,657,684	2,381,347	2,058,080	1,281,999
Willow Road	27	3,792,851	3,764,022	3,368,255	3,302,397	3,050,296	3,481,053	3,293,200	2,842,712	2,536,281	2,385,463	2,806,436
Golf Road	28	3,619,463	3,523,318	3,420,611	3,416,909	3,711,393	3,903,549	3,822,194	2,986,869	2,705,086	2,904,131	3,277,272
CENTRAL SECTION:												
Touhy Avenue	29	26,180,031	25,038,552	21,875,432	21,501,911	21,990,791	25,301,960	25,565,231	17,941,304	17,758,932	17,188,466	17,580,265
Balmoral Avenue	30	61,098	—	—	—	—	—	—	—	—	—	—
O'Hare West	31	4,068,810	3,698,064	3,581,919	3,831,869	4,075,336	4,173,715	4,074,305	3,181,501	2,899,042	3,004,786	3,266,109
O'Hare East	32	3,933,770	3,867,781	3,600,944	4,058,177	4,260,308	4,276,021	3,957,574	3,085,216	2,791,380	2,945,824	3,100,720
Irving Park Road	33	23,922,769	23,945,428	20,902,093	21,375,825	22,699,363	22,838,478	23,370,770	16,683,523	16,389,690	15,778,468	15,302,589
75th St.(Willow Springs Rd)	34	1,914,905	1,926,293	1,956,474	1,977,680	1,914,772	1,974,737	1,932,731	1,106,766	988,326	1,054,582	1,014,065
Cermak Road	35	43,806,207	42,787,256	39,446,102	39,351,136	41,486,213	40,841,586	41,780,596	27,532,155	27,197,949	25,510,913	23,921,345
SOUTHERN SECTION:												
82nd Street	36	22,614,216	21,379,401	18,283,772	18,538,749	22,322,985	21,654,345	22,214,041	14,627,647	14,365,694	13,661,569	12,480,695
I-55 (Stevenson Expressway)	37	6,920,622	6,992,320	6,601,247	6,163,670	5,848,223	6,703,122	6,664,951	4,190,522	3,992,882	3,520,472	3,712,902
95th Street	38	2,988,119	2,762,586	2,489,008	2,661,269	2,712,443	2,625,874	2,746,034	1,785,107	1,520,842	1,543,479	1,545,992
83rd Street	39	22,284,370	20,886,442	18,171,747	18,797,801	21,948,441	20,838,615	21,274,482	14,388,180	14,131,225	13,469,173	12,324,789
159th Street	40	2,266,922	2,044,704	2,031,375	2,293,107	3,461,818	5,155,368	3,826,158	2,130,938	1,664,960	1,724,525	2,198,972
163rd Street	41	39,489,367	37,103,594	31,154,805	31,424,656	36,002,318	31,651,475	33,917,099	20,676,961	20,847,280	20,044,131	17,197,231
I-80 Westbound	43	10,103,925	9,764,886	9,480,275	9,003,061	7,849,812	5,997,921	6,496,000	3,891,744	3,915,560	3,905,039	3,751,867
I-80 Eastbound	45	9,772,974	9,596,884	9,329,820	8,860,204	7,790,133	5,631,042	7,306,771	3,790,107	3,885,604	3,825,252	3,677,405
Halsted Street	47	2,229,936	2,217,167	2,049,649	1,971,568	1,530,762	1,142,316	1,356,371	1,225,401	1,127,229	1,202,580	1,151,032
		$297,392,236	284,968,358	258,652,734	257,016,724	274,853,426	274,097,008	281,990,887	183,468,747	179,442,056	172,478,689	165,706,582

(Continued)

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Toll Revenue by Toll Plaza (GAAP Basis)
Last Ten Fiscal Years (Unaudited)

Toll Plaza	Plaza Number	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
VETERANS MEMORIAL TOLLWAY (NORTH-SOUTH):												
NORTHERN SECTION:												
Army Trail Road	73	$ 28,495,629	26,883,297	29,307,534	29,291,830	28,276,067	28,401,464	28,653,765	22,673,411	21,601,027	20,998,969	20,706,113
North Avenue	75	6,135,998	5,862,790	5,777,117	5,696,651	5,751,292	5,789,741	5,650,694	4,458,268	4,230,735	4,571,936	4,560,085
Roosevelt Road	77	2,299,650	2,183,817	2,140,078	2,048,499	2,043,047	2,068,631	2,037,189	1,765,074	1,615,944	1,564,973	1,680,145
Butterfield Road	79	1,897,076	1,871,201	1,866,968	1,868,556	1,744,271	1,730,117	1,632,444	1,465,721	1,369,738	1,277,168	1,273,899
SOUTHERN SECTION:												
Ogden Avenue	81	499,283	500,053	471,477	513,554	503,718	454,930	411,798	363,392	360,225	325,609	336,206
Maple Avenue	83	1,675,154	1,605,583	1,587,843	1,635,285	1,692,871	1,643,775	1,602,975	1,435,226	1,307,007	1,224,729	1,181,751
63rd Street	85	2,483,847	2,380,574	2,388,491	2,407,346	2,497,638	2,532,161	2,390,546	2,157,229	1,883,689	2,000,161	2,092,897
75th Street	87	2,999,514	2,883,422	2,859,632	3,072,069	3,387,915	3,571,094	3,527,218	3,083,565	2,902,724	2,735,677	2,917,960
Boughton Road	89	31,887,683	30,469,118	30,724,140	29,484,987	24,726,212	24,469,221	24,746,569	18,575,052	18,278,807	17,729,499	16,712,214
Boughton Ramp	90	1,438,746	1,383,175	1,299,068	1,193,429	774,066	601,929	470,624	362,058	307,444	264,987	263,159
127th Street	93	1,604,978	1,545,658	1,544,261	1,331,573	172,240	—	—	—	—	—	—
Archer Ave/143Rd Street	95	2,386,403	2,261,939	2,165,616	1,783,164	182,742	—	—	—	—	—	—
Route 7 (159th Street)	97	4,327,510	4,056,050	3,882,286	3,466,494	372,119	—	—	—	—	—	—
Spring Creek	99	26,389,476	26,060,650	27,450,317	24,313,287	2,461,905	—	—	—	—	—	—
Route 6	101	407,137	383,754	357,860	266,496	25,245	—	—	—	—	—	—
		114,928,084	110,331,081	113,822,688	108,373,220	74,611,348	71,263,063	71,123,822	56,338,996	53,857,340	52,693,708	51,724,429
Over Dimension Vehicles		387,005	352,220	363,599	276,665	273,720	295,677	248,862	287,275	319,626	338,697	354,466
Total toll revenue		$ 652,673,895	628,753,508	592,063,529	583,646,592	572,092,902	567,499,808	580,441,697	391,586,232	377,453,858	363,235,305	354,773,963

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Historical Toll Rates by Vehicle Class (at typical mainline plazas)
For the Years 1959 to 2011 (Unaudited)

Vehicle Class		Period					
Classification	**Description**	**1959–1963**	**1964–1970**	**1971–1983**	**1983–2004**	**2005 – 2011** [1][2] **Non-Discounted**	**Discounted**
1	Automobile, motorcycle, taxi, station wagon, ambulance, single unit truck or tractor, tow axles, four or less tires	$0.30	$0.35	$0.30	$0.40	$0.80[3]	$0.40[3]
2	Single unit truck or tractor, buses, two axles, six tires	$0.40	$0.45	$0.30	$0.50	$1.50	$1.00
3	Three axle trucks and buses	$0.50	$0.50	$0.45	$0.75	$2.25	$1.75
3	Trucks with four axles	$0.50	$0.60	$0.60	$1.00	$2.25	$1.75
3	Class 1 vehicle with one axle trailer	$0.50	$0.50	$0.45	$0.60	$2.25	$1.75
3	Class 1 vehicle with two axle trailer	$0.50	$0.60	$0.60	$0.80	$2.25	$1.75
4	Trucks with five axles	$0.50	$0.75	$0.75	$1.25	$4.00	$3.00
4	Trucks with six axles	$0.50	$0.90	$0.90	$1.50	$4.00	$3.00
4	Miscellaneous, special or unusual vehicles classified above	$0.50	$0.90	$1.00	$1.75	$4.00	$3.00

(1) Class 1 vehicles making payment via I-PASS or E-Zpass are tolled at the Discounted rate.

(2) Commercial vehicles (Tiers 2–4) discounted rate applies overnight from 10 PM - 6 AM on weekdays and weekends.

(3) The toll rate for Class 1 on I-355 is $0.50 (I-PASS) and $1.00 (Cash) ; I-355 Extension is $1.00 (I-PASS) and $2.00 (Cash).

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Toll Revenue Versus Traffic (GAAP Basis)
Last Nine Fiscal Years (Unaudited)
(Amounts in thousands)

		2011	2010	2009	2008	2007	2006	2005	2004	2003
Passenger	*Revenue*	$ 354,186	348,946	334,520	335,653	321,008	324,556	341,352	287,218	275,751
	Traffic	743,195	730,797	694,837	688,516	696,055	678,535	695,378	714,120	693,507
Commercial	*Revenue*	$ 298,488	279,808	257,543	247,994	251,085	242,943	239,090	104,368	101,703
	Traffic	89,633	86,286	80,516	89,366	92,237	85,590	85,068	109,025	108,096
Total	*Revenue*	$ 652,674	628,754	592,063	583,647	572,093	567,499	580,442	391,586	377,454
	Traffic	832,828	817,083	775,353	777,882	788,292	764,125	780,446	823,145	801,603

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue Percentage									
Passenger	54%	55%	57%	58%	56%	57%	59%	73%	73%
Commercial	46%	45%	43%	42%	44%	43%	41%	27%	27%
Traffic Percentage									
Passenger	89%	89%	90%	89%	88%	89%	89%	87%	87%
Commercial	11%	11%	10%	11%	12%	11%	11%	13%	13%

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

Schedule of Toll Revenue by Class of
Vehicles and Other Revenue Sources (Unaudited)

Years ended December 31, 2011

	2011		
	Average daily transactions*		**Revenue**
Class of vehicle:			
1. Auto, motorcycle, taxi, station wagon, ambulance, single-unit truck, or tractor: 2 axles, 4 tires	2,036,151	$	354,186,392
2. Single-unit truck or tractor, buses: 2 axles, 6 tires	35,736		18,258,236
3. Trucks and buses with 3 and 4 axles	37,159		29,459,153
4. Trucks with 5 or more axles, other vehicles and toll adjustments	172,674		250,770,114
Total	2,281,720		652,673,895
Other revenues:			
Concessions			2,346,143
Toll evasion recovery			33,268,033
Interest – revenue fund			1,064,067
Miscellaneous			8,064,286
Total		$	697,416,424

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

See accompanying independent auditors’ report.

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

Rehabilitation Repair and Replacement Program (Unaudited)

Years ended December 31, 1996 through 2011

		Total funds credited [1]
Year:		
1996	$	71,480,356
1997		31,632,184
1998		30,493,591
1999		59,505,292
2000		87,517,692
2001		91,073,256
2002		121,375,438
2003		157,366,445
2004		157,375,682
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
	$	1,940,966,135

[1] – Includes earnings on the renewal and replacement account.

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
Trust Indenture Basis (Unaudited)

Years ended December 31, 2005 through December 31, 2011

(Amounts in thousands)

		2011	**2010**	**2009[3]**	**2008**	**2007**	**2006**	**2005**
Operating revenue:								
Toll revenue	$	652,674	628,754	592,063	583,647	572,093	567,500	580,442
Toll evasion recovery		33,268	34,924	54,829	77,654	10,080	195	13,257
Concession and other revenue		10,410	7,332	7,960	6,832	5,775	5,900	8,014
Interest income[1]		1,064	1,750	3,200	22,980	49,846	33,359	11,321
Total operating revenue		697,416	672,760	658,052	691,113	637,794	606,954	613,034
Maintenance and operating expenses:								
Engineering and maintenance		43,667	45,627	47,895	43,899	44,834	35,559	31,644
Toll services		88,737	88,580	91,541	100,464	79,538	85,887	86,089
Police, safety and communication		23,061	22,811	22,650	21,895	21,247	19,145	18,034
Procurement, IT, finance and administration		20,522	22,165	20,605	18,382	24,262	23,279	27,698
Insurance and employee benefits		69,988	71,674	72,494	59,635	52,414	49,640	42,110
Total expenses		245,975	250,857	255,185	244,275	222,295	213,510	205,575
Net operating revenues	$	451,441	421,903	402,867	446,838	415,499	393,444	407,459
Total debt service[2][3]	$	249,960	248,108	173,319	198,429	172,284	145,633	99,366
Net revenues after debt service[2]	$	201,481	173,795	229,548	248,409	243,215	247,811	308,093
Debt service coverage[2]		1.81	1.70	2.32	2.25	2.41	2.70	4.10

[1] -Excludes interest income on construction funds.

[2] -Includes annual 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.

[3] - In January 2009 the Tollway early retired the 1993B bonds ($44.4 million of principal) from the existing funds. The amount is not shown as part of the Total Debt Service above.

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

Annual Toll Transactions
Passenger and Commercial Vehicles (Unaudited)

For selected years from 1959 to 2011

(Transactions in thousands)

	Passenger	**Commercial**	**Total**	**Percentage passenger**
Year:				
1959	37,884	5,050	42,934	88.23%
1964	72,721	7,005	79,726	91.21
1969	146,476	14,488	160,964	91.00
1974	204,360	28,446	232,806	87.78
1979	268,051	42,606	310,657	86.29
1984	308,104	42,890	350,994	87.78
1989	428,745	57,193	485,938	88.23
1994	565,601	66,693	632,294	89.45
1999	648,269	71,835	720,104	90.02
2000	664,002	72,308	736,310	90.18
2001	687,856	76,429	764,285	90.00
2002	715,073	77,763	792,836	90.19
2003	693,507	108,096	801,603	86.52
2004	714,120	109,025	823,145	86.76
2005	695,378	85,068	780,446	89.10
2006	678,535	85,590	764,125	88.80
2007	696,055	92,237	788,292	88.30
2008	688,516	89,366	777,882	88.51
2009	694,837	80,516	775,353	89.62
2010	730,797	86,286	817,083	89.44
2011	743,195	89,633	832,828	89.24

1959 was the first full year of toll operations for the Illinois State Toll Highway Authority.

In 2003 with a change to the toll collection system, vehicles were classified by a combination of axle count and actual toll paid. In 2003 and 2004 commercial vehicle counts were inflated by the system due to passenger vehicle overpayments at ramp plazas.

In 2006 the Tollway converted from bidirectional to one-way tolling at the Belvidere and Marengo Mainline Toll Plazas in conjunction with a doubling of the fares at these plazas. Due to this reconfiguration total transactions were reduced by 14.6 million in 2006 with no localized revenue impact.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Annual Toll Revenues
Passenger and Commercial Vehicles (Unaudited)

For selected years from 1959 to 2011

(Transactions in thousands)

	Passenger	Commercial	Total	Percentage passenger
Year:				
1959	$ 11,943	$ 2,593	$ 14,536	82.16%
1964	26,284	4,888	31,172	84.32
1969	46,872	8,803	55,675	84.19
1974	55,419	14,891	70,310	78.82
1979	73,048	24,068	97,116	75.22
1984	114,233	43,094	157,327	72.61
1989	155,394	57,387	212,781	73.03
1994	215,221	66,922	282,143	76.28
1999	259,448	73,178	332,626	78.00
2000	268,277	75,668	343,945	78.00
2001	276,724	78,050	354,774	78.00
2002	276,763	86,472	363,235	76.19
2003	275,751	101,703	377,454	73.06
2004	287,218	104,368	391,586	73.35
2005	341,352	239,090	580,442	58.81
2006	324,556	242,943	567,499	57.19
2007	321,008	251,085	572,093	56.11
2008	335,653	247,994	583,647	57.51
2009	334,520	257,543	592,063	56.50
2010	348,946	279,808	628,754	55.50
2011	354,186	298,488	652,674	54.27

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 1964 to 2011

(Dollars in thousands)

		Operating revenue	Maintenance and operating expenses	Net operating revenues
Year:				
1964	$	32,135	6,832	25,303
1969		57,395	13,015	44,380
1974		72,737	23,715	49,022
1979		100,436	39,733	60,703
1984		162,108	56,639	105,469
1989		254,734	85,065	169,669
1994		309,949	116,996	192,953
1995		341,636	121,103	220,533
1996		343,743	127,704	216,039
1997		352,176	131,437	220,739
1998		362,726	134,334	228,392
1999		366,092	146,881	219,211
2000		398,215	150,372	247,843
2001		389,827	160,565	229,262
2002		381,329	166,009	215,320
2003		430,804	187,300	243,504
2004		423,427	198,302	225,125
2005		613,034	205,575	407,459
2006		606,954	213,510	393,444
2007		637,794	222,295	415,499
2008		691,113	244,275	446,838
2009		658,052	255,185	402,867
2010		672,760	250,857	421,903
2011		697,416	245,975	451,441

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

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Debt Service Coverage (GAAP Basis) (Unaudited) [(1)]

	Gross Revenue [(2)]	Operating Expenses [(3)]	Net Revenue Available for Debt Service [(5)]	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Debt Service Requirements: Total	Debt Service Coverage
2011	$ 728,578,478	266,506,208	462,072,270	53,040,000	196,920,480	249,960,480	1.849
2010	706,731,983	277,282,065	429,449,918	49,910,000	198,198,124	248,108,124	1.731
2009 [(6)]	785,592,651	283,105,737	502,486,914	1,065,000	172,254,062	173,319,062	2.899
2008	773,872,385	261,101,715	512,770,670	52,750,000	145,678,579	198,428,579	2.584
2007	646,613,131	252,529,185	394,083,946	50,030,000	122,254,166	172,284,166	2.287
2006	660,874,141	219,291,843	441,582,298	47,350,000	98,283,402	145,633,402	3.032
2005	642,619,648	215,796,147	426,823,501	45,035,000	54,330,616	99,365,616	4.295
2004 [(4)]	428,790,126	200,524,681	228,265,445	13,455,000	35,262,960	48,717,960	4.685
2003 [(4)]	441,655,172	195,702,308	245,952,864	71,130,000	38,422,260	109,552,260	2.245
2002	384,861,187	165,469,161	219,392,026	39,360,000	40,302,840	79,662,840	2.754

(1) - Note that for purposes of this chart, debt service owed on January 1st is treated as though due on December 31st of the preceding year.

(2) - Gross revenue includes operating and nonoperating revenue. Losses pertaining to non-operating items are excluded (depreciation in fair value of investments, losses on sale of capital assets, etc.)

(3) - Operating expenses exclusive of depreciation and amortization.

(4) - Includes impact of $29,895,000 series 1993B bonds originally due January 1, 2005 retired early in December, 2003.

(5) - All debt represents revenue bonds. The Tollway reports only business-type activities. Details about the Tollway's outstanding revenue bonds can be found in the notes to its financial statements.

(6) - In January 2009 the Tollway early retired the 1993B bonds ($44.4 million of principal) from existing funds. The amount is not shown as part of the Total Debt Service above. The 2009 operating expenses reflect a correction to the prior year presentation.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Population, Commuting and Migration Statistics - Continued
For the Years 2003 through 2011 (Unaudited)

Year	*County*	*Population*	*Workers Commuting to Work*	*Percentage that Carpool*	*Percentage that drive alone*	*Travel Time in Minutes*	**Migration Statistics** *In*	*Out*
2011	Boone	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Cook	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	DeKalb	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	DuPage	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Kane	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Lake	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	McHenry	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Will	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Winnebago	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2010	Boone	54,165	n/a	n/a	n/a	n/a	n/a	n/a
	Cook	5,194,675	2,214,074	9.4%	62.5%	31.4	n/a	n/a
	DeKalb	105,160	47,255	7.2%	78.5%	25.8	n/a	n/a
	DuPage	916,924	432,347	7.5%	78.0%	29.2	n/a	n/a
	Kane	515,269	224,714	6.7%	83.1%	29.5	n/a	n/a
	Lake	703,462	308,288	8.2%	78.0%	29.4	n/a	n/a
	McHenry	308,760	141,058	9.2%	79.6%	33.6	n/a	n/a
	Will	677,560	290,684	6.9%	81.5%	33.5	n/a	n/a
	Winnebago	295,266	120,405	9.1%	83.7%	22.1	n/a	n/a
		8,771,241						
2009	Boone	54,020	21,950	9.9%	82.7%	31.7	n/a	n/a
	Cook	5,287,037	2,316,366	9.7%	62.9%	31.9	n/a	n/a
	DeKalb	107,333	48,944	9.0%	78.6%	24.8	n/a	n/a
	DuPage	932,541	446,261	7.4%	78.7%	28.9	n/a	n/a
	Kane	511,892	225,732	9.7%	79.9%	28.7	n/a	n/a
	Lake	712,567	322,462	9.1%	77.3%	30.7	n/a	n/a
	McHenry	320,961	147,237	8.1%	81.5%	33.7	n/a	n/a
	Will	685,251	305,101	8.4%	81.6%	33.1	n/a	n/a
	Winnebago	299,702	129,197	9.2%	84.4%	21.7	n/a	n/a
		8,911,304						
2008	Boone	54,142	24,690	10.9%	83.2%	32.3	n/a	n/a
	Cook	5,294,664	2,425,243	9.7%	63.5%	32.0	n/a	n/a
	DeKalb	106,321	52,790	8.7%	79.9%	24.9	n/a	n/a
	DuPage	930,528	474,062	7.2%	78.9%	28.9	n/a	n/a
	Kane	507,579	242,035	10.3%	79.3%	28.9	n/a	n/a
	Lake	712,453	349,971	9.4%	77.4%	30.9	n/a	n/a
	McHenry	318,641	159,013	8.3%	81.1%	33.2	n/a	n/a
	Will	681,097	327,594	7.9%	82.2%	33.9	n/a	n/a
	Winnebago	300,252	136,231	9.5%	84.6%	21.6	n/a	n/a
		8,905,677						
2007	Boone	53,531	23,669	11.3%	81.9%	30.7	4,450	3,215
	Cook	5,285,107	2,379,962	9.9%	63.9%	31.8	116,866	165,586
	DeKalb	103,729	50,768	8.5%	80.6%	24.4	6,358	5,329
	DuPage	929,192	466,098	7.1%	79.3%	28.9	44,781	52,600
	Kane	501,021	235,466	11.2%	79.1%	28.7	27,194	24,531
	Lake	710,241	342,154	8.5%	78.7%	30.6	28,893	31,141
	McHenry	315,943	154,228	8.2%	81.6%	33.6	14,929	12,910
	Will	673,586	314,656	8.6%	81.3%	33.8	38,748	30,801
	Winnebago	298,759	134,092	9.5%	84.5%	21.6	12,211	9,786
		8,871,109						

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Population, Commuting and Migration Statistics - Continued
For the Years 2003 through 2011 (Unaudited)

Year	County	Population	Workers Commuting to Work	Percentage that Carpool	Percentage that drive alone	Mean Travel Time in Minutes	Migration Statistics In	Migration Statistics Out
2006	Boone	52,617	n/a	n/a	n/a	n/a	4,753	3,253
	Cook	5,288,655	2,365,196	1.00%	64.0%	31.7	115,732	185,552
	DeKalb	100,139	51,295	10.0%	77.7%	24.1	6,681	5,363
	DuPage	932,670	496,226	6.2%	75.9%	28.6	49,701	59,133
	Kane	493,735	239,453	10.9%	79.2%	28.3	28,001	26,706
	Lake	713,076	351,677	8.9%	78.3%	30.6	32,547	33,177
	McHenry	312,373	160,378	7.0%	82.9%	32.5	17,393	13,765
	Will	668,217	332,924	8.4%	81.4%	33.0	47,918	31,155
	Winnebago	295,635	136,215	10.8%	83.0%	21.3	11,460	9,877
		8,857,117						
2005	Boone	50,419	n/a	n/a	n/a	n/a	4,461	2,942
	Cook	5,303,943	2,323,617	10.12%	64.80%	31.9	107,743	183,991
	DeKalb	97,770	46,262	7.55%	84.22%	24.9	6,669	5,221
	DuPage	931,219	462,182	8.22%	79.02%	27.4	48,366	58,085
	Kane	483,208	206,014	11.88%	80.46%	27.1	26,802	26,187
	Lake	704,086	327,738	8.54%	80.14%	30.7	32,646	32,690
	McHenry	304,701	149,936	8.07%	82.23%	34.4	17,055	13,475
	Will	642,625	266,490	10.25%	81.64%	32.1	46,469	30,046
	Winnebago	291,639	131,148	9.09%	85.28%	21.4	9,984	9,799
		8,809,610						
2004	Boone	48,399	n/a	n/a	n/a	n/a	4,252	2,836
	Cook	5,326,269	2,294,564	10.70%	64.50%	32.4	103,308	183,166
	DeKalb	95,358	n/a	n/a	n/a	n/a	6,545	5,640
	DuPage	929,439	470,816	7.41%	80.25%	27.4	54,863	63,405
	Kane	473,533	220,983	12.62%	78.48%	27.7	27,453	23,140
	Lake	693,425	320,526	8.80%	80.60%	30.4	32,999	32,777
	McHenry	296,625	148,824	7.79%	80.95%	34.6	16,531	13,442
	Will	617,846	291,934	10.76%	80.65%	32.7	40,557	23,294
	Winnebago	288,549	127,966	10.59%	83.68%	21.2	9,562	9,840
		8,769,443						
2003	Boone	46,575	n/a	n/a	n/a	n/a	4,008	2,772
	Cook	5,348,906	2,324,996	10.50%	65.40%	30.8	102,830	179,682
	DeKalb	93,616	n/a	n/a	n/a	n/a	6,065	5,326
	DuPage	925,554	453,655	7.63%	80.23%	27	54,646	64,207
	Kane	458,770	222,139	9.93%	80.80%	27.6	27,060	21,894
	Lake	682,705	316,525	10.30%	78.90%	30.1	32,565	32,433
	McHenry	288,634	144,272	9.16%	81.04%	35.1	16,801	12,538
	Will	585,526	266,490	10.25%	81.64%	32.1	35,587	19,381
	Winnebago	286,193	134,839	10.42%	83.33%	20.3	9,640	9,375
		8,716,479						

n/a = not available

Source: US Census Bureau - American Fact Finder Website (American Community Surveys)
Source: Population Migration Characteristics - illinoisdata.com
time series: 1990-2005 (US Internal Revenue Service)

10 years of data is not available for presentation.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Population, Commuting and Migration Statistics - Continued
For the Years 2007 Through 2011 (Unaudited)

Year	*County*	*Population*	*Population in Labor Force*	*% of Population in Labor Force*	*Unemployment Rate*	*Median Household Income*	*Per Capita Income in $*
2011	Boone	n/a	n/a	n/a	n/a	n/a	n/a
	Cook	n/a	n/a	n/a	n/a	n/a	n/a
	DeKalb	n/a	n/a	n/a	n/a	n/a	n/a
	DuPage	n/a	n/a	n/a	n/a	n/a	n/a
	Kane	n/a	n/a	n/a	n/a	n/a	n/a
	Lake	n/a	n/a	n/a	n/a	n/a	n/a
	McHenry	n/a	n/a	n/a	n/a	n/a	n/a
	Will	n/a	n/a	n/a	n/a	n/a	n/a
	Winnebago	n/a	n/a	n/a	n/a	n/a	n/a
2010	Boone	54,165	n/a	n/a	n/a	n/a	n/a
	Cook	5,194,675	2,597,450	n/a	n/a	61,889	85,367
	DeKalb	105,160	54,898	n/a	n/a	68,940	22,258
	DuPage	916,924	486,104	n/a	n/a	86,698	35,302
	Kane	515,269	257,568	n/a	n/a	75,107	28,266
	Lake	703,462	353,053	n/a	n/a	86,087	34,339
	McHenry	308,760	162,860	n/a	n/a	79,221	29,227
	Will	677,560	336,488	n/a	n/a	71,016	27,557
	Winnebago	295,266	139,799	n/a	n/a	43,792	21,943
		8,771,241					
2009	Boone	54,020	38,751	66.4%	9.4%	59,202	n/a
	Cook	5,287,037	4,103,900	66.3%	9.3%	53,903	n/a
	DeKalb	107,333	83,907	70.4%	9.1%	53,291	n/a
	DuPage	932,541	719,483	71.1%	6.1%	76,355	n/a
	Kane	511,892	361,976	71.7%	6.7%	68,327	n/a
	Lake	712,567	527,010	71.1%	6.8%	78,423	n/a
	McHenry	320,961	236,335	72.2%	6.6%	77,314	n/a
	Will	685,251	492,110	71.3%	7.1%	74,118	n/a
	Winnebago	299,702	229,348	65.5%	9.0%	46,882	n/a
		8,911,304					
2008	Boone	54,142	27,484	68.1%	7.9%	59,641	n/a
	Cook	5,294,664	3,499,773	66.1%	8.2%	54,355	n/a
	DeKalb	106,321	76,445	71.9%	8.3%	56,373	n/a
	DuPage	930,528	664,397	71.4%	5.1%	103,460	n/a
	Kane	507,579	365,457	72.0%	5.8%	87,639	n/a
	Lake	712,453	512,966	72.0%	6.4%	111,405	n/a
	McHenry	318,641	231,971	72.8%	5.8%	90,376	n/a
	Will	681,097	489,028	71.8%	6.0%	88,853	n/a
	Winnebago	300,252	197,266	65.7%	7.7%	61,283	n/a
		8,905,677					
2007	Boone	53,531	26,415	49.3%	n/a	59,405	23,753
	Cook	5,285,107	2,691,444	50.9%	n/a	52,554	27,899
	DeKalb	103,729	58,048	56.0%	n/a	54,945	23,647
	DuPage	929,192	507,302	54.6%	n/a	73,818	36,532
	Kane	501,021	258,010	51.5%	n/a	68,513	28,579
	Lake	710,241	342,154	52.7%	n/a	77,904	36,968
	McHenry	315,943	154,228	53.6%	n/a	74,115	30,900
	Will	673,586	314,656	51.3%	n/a	71,597	28,763
	Winnebago	298,759	134,092	50.3%	n/a	48,394	23,194
		8,871,109					

10 years of data is not available for presentation.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Average Number of Employees by Function (Unaudited)
For the Years Ended December 31, 2005 through 2011

	2011	2010	2009	2008	2007	2006	2005
Tollway Employees							
Executive Director	4	6	3	4	4	3	5
Directors	10	10	10	10	10	10	10
Inspector General/							
Internal Audit	14	12	13	13	11	12	7
Legal	10	11	11	11	12	12	12
State Police	15	16	17	18	16	16	14
Finance	43	44	49	51	49	51	50
Administration	29	31	31	40	35	36	84
Operations							
Toll Collectors	430	495	539	568	582	591	599
Lane Walkers	—	—	—	—	—	—	18
Plaza Supervisors							
and Assistants	33	34	39	47	53	53	48
Other	144	147	154	141	139	178	196
Office of Info.Tech	50	54	61	63	62	66	65
Engineering:							
Maintenance:							
Roadway	368	358	381	381	371	362	379
Transportation	68	69	69	72	65	69	72
Engineers	35	35	35	34	32	42	34
Others	75	75	73	75	70	62	38
Planning	16	16	17	17	18	15	9
Procurement	47	50	52	51	51	50	—
Communications	10	11	10	11	11	5	7
Business Systems	62	61	63	58	48	12	10
Total Authority Employe	1,463	1,535	1,627	1,665	1,639	1,645	1,657
State Troopers	168	174	193	196	188	138	148
Total Personnel	1,631	1,709	1,820	1,861	1,827	1,783	1,805

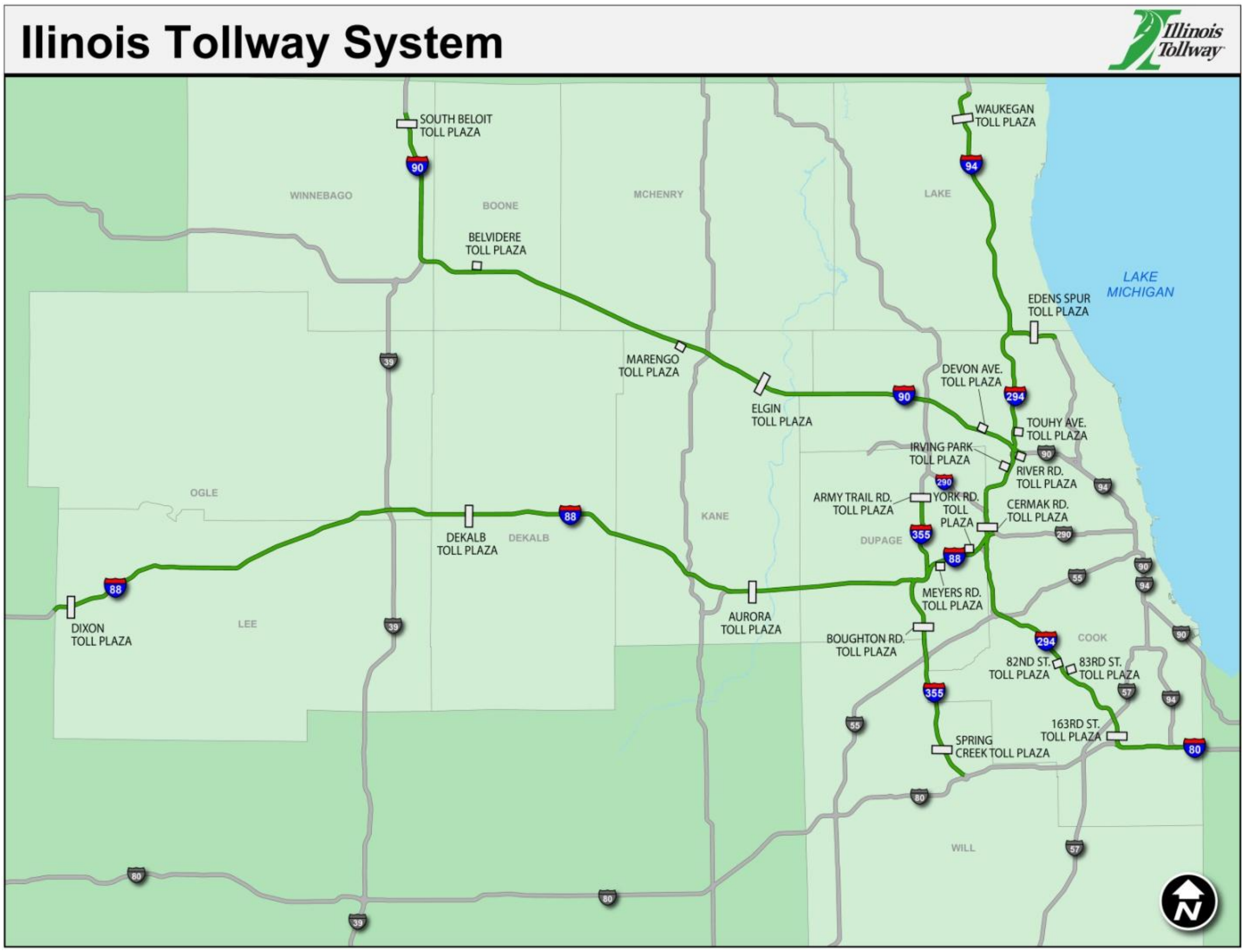
10 years of data is not available for presentation.

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

Comprehensive Annual Financial Report

Location Map (Unaudited)

For the Year Ended December 31, 2011



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

Comprehensive Annual Financial Report

Service Efforts and Accomplishments (Unaudited)

For the Year Ended December 31, 2011

Agency Mission

The Illinois State Toll Highway Authority is dedicated to providing and promoting a safe and efficient system of toll supported highways while ensuring the highest possible level of customer service.

Strategic Priorities

With the above Mission Statement in mind, the Illinois Tollway is guided by five Strategic Priorities:

- Promote the regional economy
- Foster environmental responsibility and sustainability in roadway and agency operations
- Increase collaboration with regional transportation and planning agencies
- Further transparency and accountability
- Enhance customer service for its 1.4 million daily drivers

Summary of Agency Operations

The Illinois Tollway maintains and operates 286 miles of interstate tollways in 12 counties in Northern Illinois, including the Reagan Memorial Tollway (I-88), the Veterans Memorial Tollway (I-355), the Jane Addams Memorial Tollway (I-90) and the Tri-State Tollway (I-94/I-294/I-80).

The Tollway is a user-fee system. No state or federal tax dollars are used to support the maintenance and operation of the Tollway System. The Tollway depends on toll revenues and proceeds from the issuance of revenue bonds for the expansion, reconstruction and improvement of the Tollway system. The Tollway's budget is a balanced budget in which revenues provide sufficient resources for operating and maintenance expenses, debt service and required deposits to the Renewal and Replacement and Improvement Accounts as required by the Trust Indenture.

Key Performance Measures

The following metrics were reported for the year ending December 31, 2011.

1. The percentage of vehicles using I-PASS during rush hour: 89%
2. The percentage of vehicles using I-PASS for all hours: 84%
3. Travel Time Index Congestion Measure for the A.M. rush hour: 1:00
4. The average Accident Clearance Time for personal injury incidents: 30:32 minutes

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

Comprehensive Annual Financial Report

Miscellaneous Data and Statistics (Unaudited)

Year ended December 31, 2011

Legislation enabled Illinois State Toll Highway Commission to issue bonds	1953
Construction began on tollways	September, 1956
Jane Addams Tollway opened	August, 1958
Tri-State Tollway opened	August, 1958
Ronald Reagan Tollway opened	November, 1958
Veterans Memorial Tollway opened	December, 1989
Veterans Memorial South Extension Tollway opened	November, 2007

Length of Illinois Tollways:

Jane Addams Memorial Tollway	76 miles
Tri-State Tollway	84 miles
Reagan Memorial Tollway	96 miles
Veterans Memorial Tollway	30 miles

Tollway Oases:

Jane Addams Memorial Tollway (I-90)	Tri-State Tollway (I-94/I-294/I-80)	Reagan Memorial Tollway (I-88)
Des Plaines	Chicago Southland Lincoln	DeKalb
Belvidere	Hinsdale	
	O'Hare	
	Lake Forest	

Each oasis includes service stations and concessions.

Number of Employees:

Engineering and maintenance of roadway and structures	562
Services and toll collection	607
Traffic control, safety, patrol, and radio communication	183
Administrative	279

Note: The Tollway does not receive any tax revenue from the State of Illinois.

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