

# THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

# ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2012

### 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 the Finance Department

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# **INTRODUCTORY SECTION**



*The Illinois Tollway  
2700 Ogden Avenue  
Downers Grove, Illinois 60515-1703  
Phone: 630/241-6800  
Fax: 630/241-6100  
TTY: 630/241-6898*

July 29, 2013

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, 2012, 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.

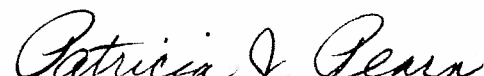
The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes the letter of transmittal, a list of Tollway Directors and the Tollway's organizational chart. The financial section includes the independent auditors' report, management's discussion 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 2012 financial and operational activities and describes how the Tollway is prepared to meet its financial and operational responsibilities in the years to come.

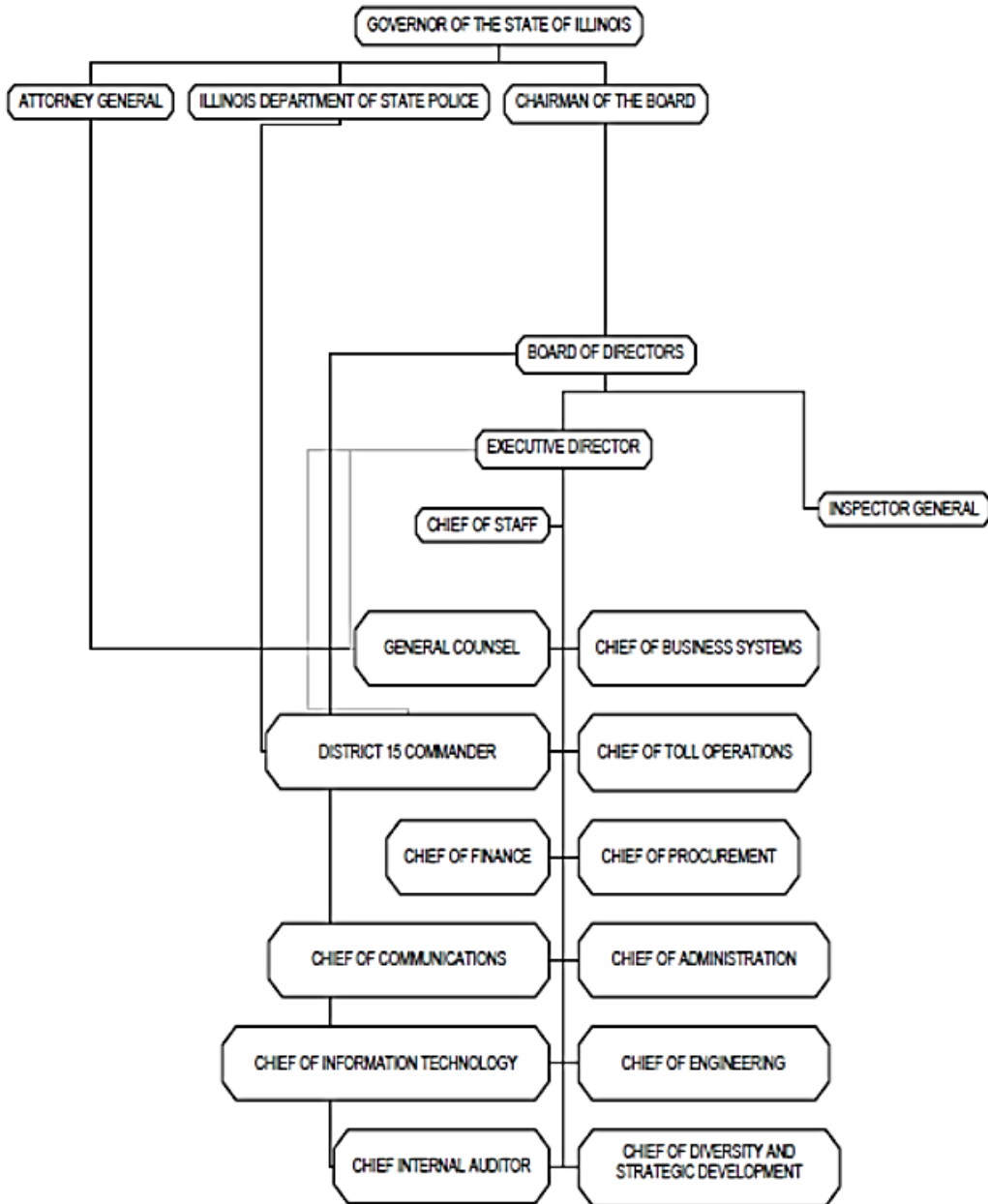
Respectfully submitted,

  
\_\_\_\_\_  
Kristi Lafleur  
Executive Director

  
\_\_\_\_\_  
Michael J. Colsch,  
Chief of Finance

  
\_\_\_\_\_  
Patricia J. Pearn,  
Controller

# ILLINOIS TOLLWAY TABLE OF ORGANIZATION



May 1, 2013

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY  
AS OF DECEMBER 31, 2012**

**Board of Directors**

	<b>Term Expires<sup>(1)</sup></b>
Pat Quinn, Governor, State of Illinois (Ex-Officio)	
Ann L. Scheinder, Secretary, Illinois Department of Transportation (Ex-Officio)	
Paula Wolff, Chair .....	05/01/13 <sup>(2)</sup>
James J. Banks .....	05/01/13 <sup>(3)</sup>
Terry D'arcy .....	05/01/15
David Gonzalez .....	05/01/15
Mark Peterson .....	05/01/15
Jeff Redick .....	05/01/15
James Sweeney .....	05/01/13 <sup>(3)</sup>
Carl O. Towns .....	05/01/13 <sup>(4)</sup>
Tom Weisner .....	05/01/15

- (1) In accordance with Public Act 97-582, effective August 26, 2011 (the effective date), a director appointed after the Effective Date shall not continue in office longer than 60 calendar days after the expiration of that term of office, unless reappointed and qualified in accordance with law.
- (2) The Chair was reappointed by the Governor of Illinois on June 28, 2013, to a four year term expiring on 5/1/17.
- (3) Director was reappointed by the Governor of Illinois on June 28, 2013, to a four year term expiring on 5/1/17.
- (4) Earl Dotson, Jr. was appointed by the Governor of Illinois on June 28, 2013, to a four year term expiring on 5/1/17. Mr. Dotson replaced Director Towns.



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**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 14 primary departments: Executive, Legal, Engineering, Diversity and Strategic Development, 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.

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### 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-three years later, in 2012, the total annual transactions for passenger vehicles have increased to 711.7 million and for commercial vehicles to 92.1 million. Annual revenues from tolls have risen from \$14.5 million in 1959 to \$922.4 million in 2012.

## 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.

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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, 2012, H.E.L.P. Trucks have assisted 32,426 Tollway patrons, driving 1.3 million miles and dispensing 4,146 gallons of gasoline.

#### **MAJOR INITIATIVES**

In 2012 the Tollway implemented a toll increase for passenger vehicles to help fund the "Move Illinois, the Illinois Tollway Driving the Future" capital program, a \$12 billion effort.

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**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, 2012 and 2011.

**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.

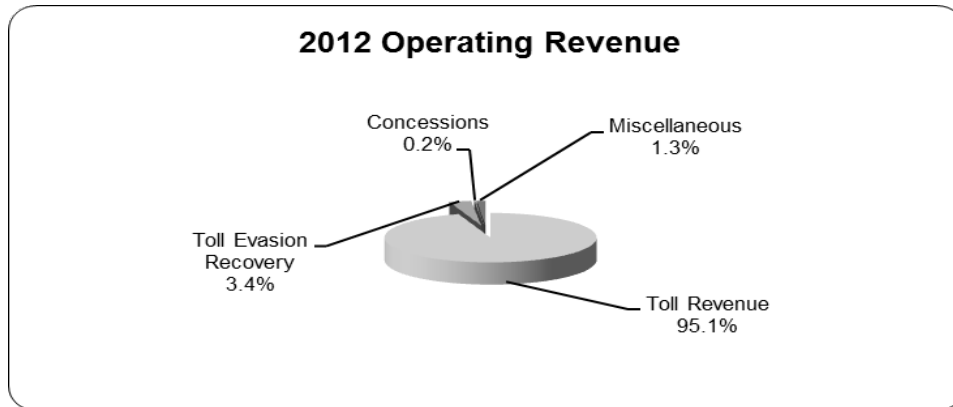
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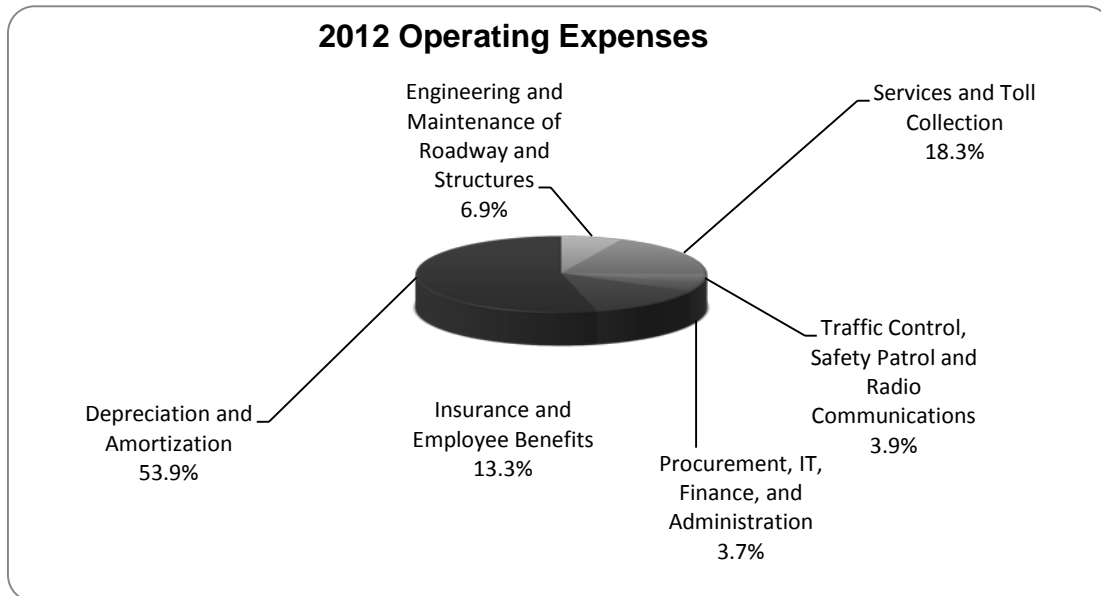
December 31, 2012

**Operating Revenue and Expense**

Total operating revenue increased approximately 39% from \$698 million in 2011, to \$970 million in 2012. Toll revenue increased 41% over the prior year, due to the toll rate increase. Changes across other types of operating revenues remained fairly flat across the years when taken in aggregate.



Total operating expenses, excluding depreciation, increased by approximately 1.0% in 2012. This was largely due to an increase in the retirement contribution rate. See the Management Discussion and Analysis contained within these statements for further information.



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**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, 2012 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.

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**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, 2011. This was the seventeenth 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, 2011

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.

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 2012 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.



*Christopher P. Merrill*  
President

*Jeffrey R. Evans*  
Executive Director

# **FINANCIAL SECTION**





**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:

### **Report on the Financial Statements**

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, 2012, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### ***Opinion***

In our opinion, the basic 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, 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Report on Summarized Comparative Information***

We have previously audited the Tollway's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 – 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.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on 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.

The accompanying supplementary information in Schedules 1 through 4 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 have 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 them.

KPMG LLP

Chicago, Illinois  
July 12, 2013

# ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Management's Discussion and Analysis (Unaudited)  
December 31, 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, 2012. Readers should use this section of this report in conjunction with the Tollway's basic financial statements.

## 2012 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. During 2012, contracts with a combined value of \$528.2 million were awarded under this program.
- The Move Illinois program provides capital investments in addition to investments programmed in the previously approved Congestion Relief program (CRP). About \$900 million is approved in the current capital plans to be invested under the CRP for years 2012 through 2016.
- 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 were effective January 1, 2012.
- The anticipated funding for the capital plan will be new revenue bonds to be issued in 2013 through 2022 totaling \$5 billion. No bonds were issued in 2012.
- The Tollway's 2012 operating revenue exceeded that of the previous year by \$272 million, resulting in net operating income that was \$273 million higher than the previous year.
- Amounts on deposit on behalf of I-PASS account holders increased by 6.1% at year-end to \$155 million; the percentage of Tollway users paying by I-PASS was 86.3% in 2012.

## 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:

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

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

The Statement of Revenues, Expenses and Changes in Net Position presents revenue and expense information and the change in the Tollway's net position during the measurement period as a result of these transactions.

The Statement of Cash Flows presents sources and uses of cash for the fiscal year, displayed in the following categories: cash flows from operating activities, cash flows from 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**

### *2012 Results Compared to 2011*

#### **Operating Revenue**

The Tollway's total 2012 operating revenues exceeded those of the previous year, up \$272 million (39%) at \$970 million, versus \$698 million in 2011. Nearly all of this increase came from toll revenue which totaled \$922 million in 2012 (up from \$653 million in 2011), due to the toll rate increase that went into effect on January 1, 2012. Revenue from evasion recovery was slightly less than 2011, at \$32.6 million in 2012 (versus \$33.3 million in 2011).

Concession revenue declined slightly to \$2.3 million, compared to \$2.4 million in 2011.

#### **Operating Expenses**

Operating expenses, excluding depreciation, increased \$2.6 million (.97%) in 2012. The increased operating cost was due mainly to increased retirement contributions. Depreciation expense was stable year over year, 1.3% lower at \$314 million, from \$318 million in 2011. The resulting operating income for the year, \$387 million, was up by \$273 million from the previous year due to the toll revenue increase.

#### **Non-operating Revenue and Expense**

Net non-operating expense decreased this year (by 1.7%) from \$184 million in 2011 to \$181 million for 2012, primarily the result of a \$7.4 million (3.6%) decrease in interest and other financing costs which totaled \$200 million this year versus \$207 million in 2011. Again this year the Tollway received an interest rebate from the federal treasury relating to bonds which were issued as Build America Bonds. The 2012 rebate totaled \$16.2 million, the same as 2011.

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

Management's Discussion and Analysis (Unaudited)  
December 31, 2012

Statement of Changes in Net Position

	<u>2012</u>	<u>2011</u>
Revenues		
Operating revenues:		
Toll revenue	\$ 922,390,189	\$ 652,673,895
Toll evasion recovery	32,598,735	33,268,033
Concessions	2,272,864	2,421,164
Miscellaneous	12,569,929	9,507,791
Nonoperating revenues:		
Investment income	1,389,324	1,064,068
Capital contributed under intergovernmental agreements	701,954	2,262,302
Revenues under intergovernmental agreements	7,405,421	6,753,264
Bond interest subsidy (Build America Bonds)	16,244,130	16,244,130
Miscellaneous	-	4,383,831
Total revenues	<u>995,572,546</u>	<u>728,578,478</u>
Expenses		
Operating expenses:		
Engineering and maintenance of roadway and structures	40,054,392	44,803,170
Services and toll collection	107,225,405	106,466,995
Traffic control, safety patrol, and radio communications	22,818,258	23,071,556
Procurement, IT, finance, and administration	21,452,099	22,176,542
Insurance and employee benefits	77,543,643	69,987,945
Depreciation and amortization	314,107,807	318,165,918
Nonoperating expenses:		
Expenses under intergovernmental agreements	7,405,421	6,753,264
Net gain on disposal of property	70,480	1,157,639
Miscellaneous	360	-
Net decrease in fair value of investments	-	299,150
Interest expense and amortization of financing costs	199,542,713	206,933,905
Total expenses	<u>790,220,578</u>	<u>799,816,084</u>
Increase (decrease) in net position	205,351,968	(71,237,606)
Net position, beginning of year	<u>1,850,749,932</u>	<u>1,921,987,538</u>
Net position, end of year	<u>\$ 2,056,101,900</u>	<u>\$ 1,850,749,932</u>

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**  
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**Changes in Net Position**

Operating income increased in 2012 by \$273 million to \$387 million. After deducting this year's net nonoperating expense of \$181 million, the Tollway posted an increase in net position for the year of \$205 million. This result was much improved from the \$71 million decrease in 2011. This positive change is the result of the toll rate increase that was effective January 1, 2012. After this year's result, the Tollway's net position totaled nearly \$2.1 billion.

STATEMENT OF NET POSITION  
December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Current and other assets	\$ 1,361,438,630	\$ 1,171,571,226
Capital assets - net	5,158,406,316	5,112,248,814
Total assets	\$ 6,519,844,946	\$ 6,283,820,040
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in fair value of hedging derivatives	\$ 308,754,779	\$ 307,308,634
 <b>LIABILITIES</b>		
Current debt outstanding	\$ 179,465,000	\$ 176,140,000
Long-term debt outstanding	3,782,265,242	3,840,217,373
Other liabilities	810,767,583	724,021,369
Total liabilities	\$ 4,772,497,825	\$ 4,740,378,742
 <b>NET POSITION</b>		
Invested in capital assets, net of related debt	\$ 1,196,676,074	\$ 1,095,891,441
Restricted under trust indenture agreements	291,539,463	295,857,893
Restricted for supplemental pension benefits obligations	65,755	69,473
Unrestricted	567,820,608	458,931,125
Total Net Position	\$ 2,056,101,900	\$ 1,850,749,932

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**  
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Management's Discussion and Analysis (Unaudited)  
December 31, 2012

**Capital Assets and Debt Administration**

**Capital Assets**

Capital assets continue to represent the largest category of Tollway assets, totaling \$5.2 billion at year-end (\$5.1 billion a year ago) comprising 79% of total Tollway assets. See the accompanying Notes to the Financial Statements for further information about capital assets.

CAPITAL ASSETS

December 31, 2012

	January 1, 2012	2012	2012	December 31, 2012
	Net Balance	Net Activity	Depreciation	Net Balance
Land	\$ 315,128,948	12,848,075	-	\$ 327,977,023
Construction in progress	75,878,024	56,877,310	-	132,755,334
Buildings	14,757,727	1,959,171	(1,825,533)	14,891,365
Infrastructure	4,623,322,182	277,931,944	(298,753,904)	4,602,500,222
Machinery and equipment	83,161,933	9,694,371	(12,573,932)	80,282,370
Total	<u>\$ 5,112,248,814</u>	<u>359,310,871</u>	<u>(313,153,369)</u>	<u>\$ 5,158,406,314</u>

	January 1, 2011	2011	2011	December 31, 2011
	Net Balance	Net Activity	Depreciation	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	<u>\$ 5,263,500,475</u>	<u>166,914,257</u>	<u>(318,165,918)</u>	<u>\$ 5,112,248,814</u>

**Long-Term Debt**

At year-end 2012, total revenue bonds payable had been reduced by \$53 million (from \$4.017 billion to \$3.964 billion), the result of a principal payment for 2012. 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 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, 2012.



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## Management's Discussion and Analysis (Unaudited) December 31, 2012

Two swap agreements are associated with the 1998 Series B bonds, in original amounts totaling \$123.1 million, both of which is outstanding as of December 31, 2012 and 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 are outstanding as of December 31, 2012 and 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 are outstanding as of December 31, 2012 and 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.

As of December 31, 2012 and 2011, respectively, 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 \$16.694 million for the two 1998 Series B swap agreements; a total of \$181.097 million for the four 2007 Series A-1 and A-2 swap agreements; and a total of \$110.964 million for the three 2008 Series A-1 and A-2 swap agreements.

The amount of additional senior 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 2012 was 2.84.

## ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

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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. The 1998 Series B issue has been classified as a Current Liability due to the supporting liquidity facility that expires within one year, and has not been renewed prior to this report's issuance date.

## ILLINOIS STATE TOLL HIGHWAY AUTHORITY

### LONG TERM DEBT ANALYSIS

December 31, 2012

	2012		
	Noncurrent	Current	Total
Revenue bonds payable:			
Issue of 1998 Series A	\$ 134,400,000	\$ 56,365,000	\$ 190,765,000
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	<u>\$ 3,784,260,000</u>	<u>\$ 179,465,000</u>	<u>\$ 3,963,725,000</u>

### Factors Impacting Operations

In 2012 the passenger vehicle toll increase took effect and the Tollway commenced the work of its \$12 billion Move Illinois capital program. Land acquisition and design work began 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 led to the Tollway posting a positive change in net position for 2012. 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.
- The first bond issue that will finance the Move Illinois projects was issued in May 2013.

# **ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

(A Component Unit of the State of Illinois)

Management's Discussion and Analysis (Unaudited)  
December 31, 2012

## **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)

Statement of Net Position  
December 31, 2012  
(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current assets:		
Current unrestricted assets:		
Cash and cash equivalents	\$ 656,519,154	\$ 453,263,176
Accounts receivable, less allowance for doubtful accounts of \$ 21,972,461 and \$307,177,981, in 2012 and 2011, respectively	6,668,496	15,988,036
Intergovernmental receivables	35,973,926	19,417,580
Accrued interest receivable	4,276	774
Risk management reserved cash and cash equivalents	12,853,085	15,024,842
Prepaid expenses	1,400,778	1,129,204
Total current unrestricted assets	<u>713,419,715</u>	<u>504,823,612</u>
Current restricted assets:		
Cash and cash equivalents restricted for debt service	171,221,885	177,231,234
Cash and cash equivalents - I-PASS accounts	155,398,888	146,510,701
Accrued interest receivable	50,533	3,425
Supplemental pension benefit assets	28,638	31,800
Total current restricted assets	<u>326,699,944</u>	<u>323,777,160</u>
Total current assets	<u>1,040,119,659</u>	<u>828,600,772</u>
Noncurrent assets:		
Capital assets:		
Land, improvements and construction in progress	460,732,357	391,006,972
Other capital assets, net of accumulated depreciation	4,697,673,959	4,721,241,842
Total capital assets	<u>5,158,406,316</u>	<u>5,112,248,814</u>
Other noncurrent assets:		
Accounts receivable less current portion	95,210,088	115,369,210
Prepaid expenses less current portion	8,422,087	9,053,234
Deferred bond issuance costs, net of accumulated amortization of \$ 15,576,904 and \$ 10,967,644 in 2012 and 2011, respectively	14,537,967	15,421,503
Total non-current unrestricted assets	<u>118,170,142</u>	<u>139,843,947</u>
Noncurrent restricted assets:		
Cash and cash equivalents - debt service reserve	130,925,234	202,870,537
Investments - restricted for debt service	72,000,000	
Supplemental pension benefit assets	223,595	255,970
Total non-current restricted assets	<u>203,148,829</u>	<u>203,126,507</u>
Total assets	<u>6,519,844,946</u>	<u>6,283,820,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in fair value of hedging derivatives	308,754,779	307,308,634

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

(A Component Unit of the State of Illinois)

Statement of Net Position  
December 31, 2012  
(With Comparative Totals for 2011)**Liabilities and Net Position**

	<u>2012</u>	<u>2011</u>
<b>LIABILITIES</b>		
Current liabilities		
Payable from unrestricted current assets:		
Accounts payable	\$ 9,876,536	\$ 8,460,515
Accrued liabilities	107,816,976	61,966,498
Accrued compensated absences	4,611,853	4,690,858
Intergovernmental agreement payable	82,688,729	67,688,724
Risk management claims payable	13,602,326	13,377,479
Deposits and retainage	15,201,590	7,848,313
	<u>233,798,010</u>	<u>164,032,387</u>
Payable from current restricted assets:		
Supplemental pension benefit obligation	186,478	218,297
Current portion of revenue bonds payable	179,465,000	176,140,000
Accrued interest payable	82,527,649	84,247,303
Deposits and deferred revenue - I-PASS accounts	155,529,428	146,510,701
	<u>417,708,555</u>	<u>407,116,301</u>
	<u>651,506,565</u>	<u>571,148,688</u>
Noncurrent liabilities:		
Revenue bonds payable, less current portion	3,782,265,242	3,840,217,373
Accrued compensated absences	5,200,600	5,289,691
Derivative instrument liability	308,754,779	307,308,634
Deferred revenue, less accumulated amortization of \$17,740,210 and \$28,452,184 in 2012 and 2011, respectively	24,770,639	16,414,356
	<u>4,120,991,260</u>	<u>4,169,230,054</u>
	<u>4,772,497,825</u>	<u>4,740,378,742</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	1,196,676,074	1,095,891,441
Restricted under trust indenture agreements	291,539,463	295,857,893
Restricted for supplemental pension benefit obligations	65,755	69,473
Unrestricted	567,820,608	458,931,125
	<u>2,056,101,900</u>	<u>1,850,749,932</u>

See accompanying notes to the financial statements

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

Statement of Revenues, Expenses, and Changes in Net Position  
December 31, 2012  
(With Comparative Totals for 2011)

	<b>2012</b>	<b>2011</b>
Operating revenues:		
Toll revenue	\$ 922,390,189	\$ 652,673,895
Toll evasion recovery	32,598,735	33,268,033
Concessions	2,272,864	2,421,164
Miscellaneous	12,569,929	9,507,791
Total operating revenues	969,831,717	697,870,883
Operating expenses:		
Engineering and maintenance of roadway and structures	40,054,392	44,803,170
Services and toll collection	107,225,405	106,466,995
Traffic control, safety patrol and radio communications	22,818,258	23,071,556
Procurement, IT, finance, and administration	21,452,099	22,176,542
Insurance and employee benefits	77,543,643	69,987,945
Depreciation and amortization	314,107,807	318,165,918
Total operating expenses	583,201,604	584,672,126
Operating income	386,630,113	113,198,757
Nonoperating revenues (expenses):		
Capital contributed under intergovernmental agreements	701,954	2,262,302
Revenues under intergovernmental agreements	7,405,421	6,753,264
Expenses under intergovernmental agreements	(7,405,421)	(6,753,264)
Net decrease in fair value of investments	-	(299,150)
Net loss on disposal of property	(70,480)	(1,157,639)
Interest expense and amortization of financing costs	(199,542,713)	(206,933,905)
Bond interest subsidy (Build America Bonds)	16,244,130	16,244,130
Miscellaneous revenue/(expense)	(360)	4,383,831
Investment income	1,389,324	1,064,068
Total nonoperating expenses	(181,278,145)	(184,436,363)
Change in net assets	205,351,968	(71,237,606)
Net position at beginning of year	1,850,749,932	1,921,987,538
Net position at end of year	\$ 2,056,101,900	\$ 1,850,749,932

See accompanying notes to the financial statements.

# ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

## Statement of Cash Flows Year Ended December 31, 2012 (With Comparative Totals for 2011)

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Cash received from sales and services	\$ 1,003,554,289	\$ 766,304,571
Cash received from other governments for services	16,529,606	34,158,585
Cash paid for intergovernmental services	-	(1,278,111)
Cash payments to suppliers	(119,782,450)	(134,221,172)
Cash payments to employees	(143,200,049)	(140,565,396)
Net cash provided by operating activities	757,101,396	524,398,477
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(312,471,396)	(196,030,399)
Cash paid to other governments for capital assets	701,954	984,191
Proceeds from sale of property	379,967	995,761
Principal paid on revenue bonds	(53,040,000)	(49,910,000)
Bond subsidy (Build America Bonds)	16,244,130	16,244,130
Interest expense and issuance costs paid on revenue bonds	(206,323,155)	(211,492,881)
Net cash used in capital and related financing activities	(554,508,500)	(439,209,198)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	-	25,150,950
Purchase of investments	(72,000,000)	-
Interest on investments	1,389,324	1,292,158
Net cash provided by (used in) investing activities	(70,610,676)	26,443,108
Net increase in cash and cash equivalents	131,982,220	111,632,387
Cash and cash equivalents at beginning of year	995,188,260	883,555,873
Cash and cash equivalents at end of year	\$ 1,127,170,480	\$ 995,188,260
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 656,519,154	\$ 453,263,176
Risk management reserved cash and cash equivalents	12,853,085	15,024,842
Cash and cash equivalents restricted for debt service	302,147,119	380,101,771
Cash and cash equivalents – I-PASS accounts	155,398,889	146,510,701
Supplemental pension benefit assets	252,233	287,770
Total cash and cash equivalents at end of year	\$ 1,127,170,480	\$ 995,188,260

See accompanying notes to the financial statements.

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

(A Component Unit of the State of Illinois)

Statement of Cash Flows  
Year Ended December 31, 2012  
(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	\$ 386,630,113	\$ 113,198,757
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	314,107,807	318,165,918
Provision for bad debt	17,012,217	47,642,875
Amortization of deferred revenue	(1,628,357)	(27,523,698)
Intergovernmental revenues	7,405,421	6,753,264
Intergovernmental expenses	(7,405,421)	(6,753,264)
Miscellaneous revenue (expense)	(360)	4,383,831
Effects of changes in operating assets and liabilities:		
Decrease in accounts receivable	9,319,540	7,881,080
Decrease in intergovernmental receivables	3,602,776	25,356,952
Decrease in lease receivable	-	28,444,750
Increase (decrease) in prepaid expenses	(359,573)	1,658,112
Decrease in net assets available for pension benefits	35,537	35,436
Increase in accounts payable	1,416,021	922,608
Increase (decrease) in accrued liabilities	2,922,011	(9,252,240)
Increase (decrease) in accrued compensated absences	(168,096)	297,583
Decrease in supplemental pension obligation	(31,819)	(30,502)
Increase in intergovernmental agreement payable	15,000,005	7,523,522
Increase in deposits and deferred revenue – I-PASS	9,018,727	7,381,718
Increase (decrease) in risk management claims payable	224,847	(1,688,225)
Net cash provided by operating activities	<u>\$ 757,101,396</u>	<u>\$ 524,398,477</u>

The fair value of investments decreased by \$-0- in 2012 and increased by \$586,575 in 2011, respectively.

See accompanying notes to the financial statements.



# ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Notes to the Financial Statements

December 31, 2012

## (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).

### (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 Statement of Net Position. Revenue is recognized in the period in which it is earned and expenses are recognized in the period in which incurred.

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

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

Notes to the Financial Statements  
December 31, 2012

**(c) Cash Equivalents**

With the exception of \$34.5 million in locally held funds at December 31, 2012, 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 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 Statement of Net Position with the corresponding changes in fair value being recognized as an increase or decrease to nonoperating revenue in the Statement of Revenues, Expenses and Changes in Net Position. All investments are held for the Tollway either by the Treasurer as custodian or by the 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.

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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 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, 2012.

**(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 Statement of Net Position.

**(h) *Capital Assets***

Capital assets include the historical cost of land and improvements, easements, roadway and transportation structures (infrastructure), buildings and related improvements, software and equipment, with a cost exceeding \$5,000. 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.

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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 Statement of Net Position. 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 Position, 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.

When the Tollway is lessor: A lease receivable (current and noncurrent) is established on the Statement of Net Position 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 Positions 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 collectability 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.

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**(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 resources or deferred inflows of resources in the Statement of Net Position.

**(o) Net Position**

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

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At December 31, 2012, restrictions on net positions 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 positions 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. The fines attributed to Toll Evasion Recovery are recorded as revenue when received in cash. Both tolls and fines recovered under the evasion recovery enforcement system are recorded as Toll Evasion Recovery revenue.

**(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.

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

**(r) Risk Management**

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

**(s) Comparative Data**

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Tollway's assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses. Such prior year information does not include notes to the financial statements which are required to constitute a presentation

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in conformity with accounting principles generally accepted in the United States of America. Accordingly, such prior information should be read in conjunction with the Tollway's financial statements for the year ended December 31, 2011, from which such partial information was derived. Certain 2011 balances have been reclassified in order to conform to 2012 presentation.

*(t) 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, 2012, the Tollway's deposits were not exposed to custodial credit risk.

*(b) Schedule of Investments*

As of December 31, 2012 the Tollway had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less Than 1</u>	<u>1 - 5</u>
Repurchase agreements	\$ 626,760,000	\$ 626,760,000	\$ -
Money market funds*	302,147,120	302,147,120	-
US Treasury Cert. of Indebtedness-SLGS	72,000,000	72,000,000	-
Illinois Funds*	163,354,323	163,354,323	-
	<u>\$ 1,164,261,443</u>	<u>\$ 1,164,261,443</u>	<u>-</u>

\* Weighted average maturity is less than one year.

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**(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 issuer to fulfill its obligation. The Tollway's investment policy limits investment of Tollway funds to securities guaranteed by the United States government; obligations of agencies and instrumentalities of the United States; interest-bearing savings accounts, certificates of deposit, or bank time deposits with institutions which meet specified capitalization requirements; money market mutual funds registered under the Investment Company Act of 1940; the Illinois Funds; 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 2012.

The Tollway's investments in debt securities (or the securities underlying the repurchase agreements) were rated by Moody's and Standard & Poor's as follows for the year ended December 31, 2012:

<b>Investment Type</b>	<b>2012 (Moody's/S&amp;P)</b>	
	<b>Fair Value</b>	<b>Rating</b>
Repurchase agreements	\$ 626,760,000	AAA/AA+
Money market funds	302,147,120	Aaa-mf/AAAm
Illinois Funds	163,354,323	N/R/AAAm
US Treasury Cert. of Indebtedness-SLGS	72,000,000	AAA/AA+



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**(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, 2012, the Tollway's accounts receivable balance consists of the following:

	December 31, 2012		
	<u>Gross accounts receivables</u>	<u>Allowance for doubtful accounts</u>	<u>Net accounts receivable</u>
Tolls	\$ 3,660,180	\$ (434,868)	\$ 3,225,312
Toll evasion recovery	19,443,719	(17,627,677)	1,816,042
Oases receivables	109,962	-	109,962
Damage claims/emergency services	197,023	(188,032)	8,991
Insufficient I-PASS	2,354,882	(1,827,215)	527,667
Over dimension vehicle permit	54,270	-	54,270
Fiber optic agreements	199,202	-	199,202
Other	<u>2,621,719</u>	<u>(1,894,669)</u>	<u>727,050</u>
Total non-governmental receivables	<u>28,640,957</u>	<u>(21,972,461)</u>	<u>6,668,496</u>
Various local and municipal government	24,581,235	-	24,581,235
IAG Agencies	9,228,405	-	9,228,405
Other agencies of the state of Illinois	<u>2,164,286</u>	<u>-</u>	<u>2,164,286</u>
Total intergovernmental receivables	<u>35,973,926</u>	<u>-</u>	<u>35,973,926</u>
Total receivables	<u>\$ 64,614,883</u>	<u>\$ (21,972,461)</u>	<u>\$ 42,642,422</u>

**(4) Prepaid Expenses**

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, 2012, the Tollway has \$9.8 million in prepaid expenses. These are categorized as both current and noncurrent.

**(5) Leases Receivable**

During 2002, the Tollway, as lessor, entered into two 25-year lease agreements for the oasis system (a retail lease and a fuel lease). Under the terms of each lease, the lessee 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

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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, 2012 are as follows:

<u>Year Ended December 31</u>	<u>Retail Lease</u>	<u>Fuel Lease</u>	<u>Total Leases</u>
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
2017	850,000	900,250	1,750,250
Thereafter	<u>7,933,332</u>	<u>8,402,336</u>	<u>16,335,668</u>
	<u>\$ 12,183,332</u>	<u>\$ 12,903,586</u>	<u>\$ 25,086,918</u>

The future minimum leases receivable do not include contingent rents that may be owed under these leases should the lessees generate revenues in excess of specific target amounts. The future minimum lease amounts above will be treated as revenue in the year they are earned.

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**(6) Capital Assets**

Changes in capital assets for the year ended December 31, 2012, are as follows:

	Balance January 1	Additions and transfers in	Deletions and transfers out	Balance December 31
Nondepreciable capital assets:				
Land and improvements	\$ 315,128,948	\$ 12,848,075	\$ -	\$ 327,977,023
Construction in progress	75,878,024	313,330,000	(256,452,690)	132,755,334
Total nondepreciable capital assets	<u>391,006,972</u>	<u>326,178,075</u>	<u>(256,452,690)</u>	<u>460,732,357</u>
Depreciable capital assets				
Buildings	52,066,435	1,959,171		54,025,606
Infrastructure	6,878,142,014	277,931,945	(99,710,657)	7,056,363,302
Machinery and equipment	209,017,669	10,144,818	(2,329,374)	216,833,113
Total depreciable capital assets	<u>7,139,226,118</u>	<u>290,035,933</u>	<u>(102,040,031)</u>	<u>7,327,222,021</u>
Less accumulated depreciation				
Buildings	(37,308,708)	(1,825,533)		(39,134,241)
Infrastructure	(2,254,819,832)	(298,753,905)	99,710,657	(2,453,863,080)
Machinery and equipment	(125,855,736)	(12,573,932)	1,878,927	(136,550,741)
Total accumulated depreciation	<u>(2,417,984,276)</u>	<u>(313,153,369)</u>	<u>101,589,584</u>	<u>(2,629,548,062)</u>
Total depreciable assets, net	<u>4,721,241,842</u>	<u>(23,117,436)</u>	<u>(450,447)</u>	<u>4,697,673,959</u>
Total capital assets, net	<u>\$ 5,112,248,814</u>	<u>\$ 303,060,639</u>	<u>\$ (256,903,137)</u>	<u>\$ 5,158,406,316</u>

**(7) Long-Term Accounts Receivable**

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

Will County - I-355 South Intergovernmental Agreement	\$ 428,571
Village of Lemont - I-355 South Intergovernmental Agreement	250,000
City of Lockport - I-355 South Intergovernmental Agreement	428,571
Village of Homer Glen - I-355 South Intergovernmental Agreement	428,571
Village of New Lenox - I-355 South Intergovernmental Agreement	428,571
Various Other Intergovernmental Agreements	1,948,859
Illinois Department of Transportation	<u>91,296,945</u>
	<u>\$ 95,210,088</u>

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**(8) Revenue Bonds Payable**

Changes in revenue bonds payable for the year ended December 31, 2012 are as follows:

	<b>Year Ending December 31, 2012</b>				<b>Amounts due within one year*</b>
	<b>Balance January 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31</b>	
1992 Series A	\$ 51,870,000	\$ -	\$ (51,870,000)	\$ -	\$ -
1998 Series A	191,935,000	-	(1,170,000)	190,765,000	56,365,000
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	<u>4,016,765,000</u>	<u>-</u>	<u>(53,040,000)</u>	<u>3,963,725,000</u>	<u>179,465,000</u>
Unamortized deferred amount on refunding	(53,893,595)	-	4,458,174	(49,435,421)	
Unamortized bond premium	53,485,968	378,290	(6,423,595)	47,440,663	
Current portion of revenue bonds payable	<u>(176,140,000)</u>	<u>(56,365,000)</u>	<u>53,040,000</u>	<u>(179,465,000)</u>	
Revenue bonds payable, net of current portion	<u>\$ 3,840,217,373</u>	<u>\$ (55,986,710)</u>	<u>\$ (1,965,421)</u>	<u>\$ 3,782,265,242</u>	

\*Principal amounts either due or for which required third-party liquidity is expiring within one year and was not renewed prior to report issuance date.

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**(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 final maturity of the bonds was January 1, 2012. No interest expense accrued during the year ended December 31, 2012.

**(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 1998A 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 \$190,765,000 were outstanding as of December 31, 2012, 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 2012. 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 Landesbank Hessen-Thüringen Girozentrale, 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 53 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 27, 2013. The Series 1998B Bonds are classified as a current liability due to the supporting liquidity facility expiring within one year and not renewed prior to report issuance. The scheduled Series 1998B 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.

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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, 2012 was 0.27%.

**(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 finance 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

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**(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 2012. 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, 2012 was 0.12%.

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**(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 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, 2012 was 0.11%.

**(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



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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, 2012 was 0.11%.

**(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 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, 2012 was 0.11%.

**(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

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(a) remain unremarketed for 270 days or (b) remain unremarketed on the termination date of the 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, 2012 was 0.10%.

***(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 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. (See note 21 – Subsequent Events). 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, 2012 was 0.12%.

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***(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 2012. 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

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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. (See note 21 – Subsequent Events). 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, 2012 was 0.16%.

***(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, 2012 was 0.14%.

***(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

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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. (See note 21 – Subsequent Events). 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, 2012 was 0.17%.

**(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

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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, plus, in each case, accrued interest. The bonds are not insured.

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**(s) 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.

**(t) 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 Statement of Net Position in 2008.

As of December 31, 2012 the principal amount of Tollway defeased bonds outstanding is \$708.3 million.

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*All Series*

Details of outstanding revenue bonds as of December 31, 2012, are as follows:

Issue of 1998 Series A, 5.50%, due on January 1, 2012-2016	\$ 190,765,000
Issue of 1998 Series B, variable rates, due on January 1, 2016-2017	123,100,000
Issue of 2005 Series A, 4.125% to 5.00%, due January 1, 2014-2023	770,000,000
Issue of 2006 Series A-1, 5.00%, due on January 1, 2018-2025	291,660,000
Issue of 2007 Series A-1, variable rates, due on July 1, 2024-2030	350,000,000
Issue of 2007 Series A-2, variable rates, due on July 1, 2024-2030	350,000,000
Issue of 2008 Series A-1, variable rates, due on January 1, 2018-2031	383,100,000
Issue of 2008 Series A-2, variable rates, due on January 1, 2018-2031	95,800,000
Issue of 2008 Series B, 5.50%, due on January 1, 2032-2033	350,000,000
Issue of 2009 Series A, 5.293% to 6.184% , due on January 1, 2019-2024	500,000,000
Issue of 2009 Series B, 5.851%, due on December 1, 2034	280,000,000
Issue of 2010 Series A-1, 3.50%, to 5.25% due on January 1, 2018-2031	279,300,000
Totals	\$ 3,963,725,000
Less current maturities *	(179,465,000)
Less unamortized deferred amount on refunding	(49,435,421)
Plus unamortized bond premium	47,440,662
Total long-term portion	\$ 3,782,265,241

\*Principal amounts either due within one year or for which required third party liquidity is expiring within one year and were not renewed prior to report issuance.

Accrued Interest payable for the year ended December 31, 2012 was \$ 82,527,649.



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The annual requirements to retire the principal and interest amount for all bonds outstanding at December 31, 2012, are as follows:

<u>Year ended December 31</u>	<u>Principal <sup>(1)</sup></u>	<u>Interest <sup>(1)</sup></u>	<u>Total debt service <sup>(1)</sup></u>
2013	56,365,000	191,960,972	248,325,972
2014	92,855,000	187,983,483	280,838,483
2015	97,795,000	182,911,733	280,706,733
2016	102,910,000	177,931,268	280,841,268
2017	107,850,000	172,962,060	280,812,060
2018	111,315,000	167,745,206	279,060,206
2019	137,785,000	161,531,643	299,316,643
2020	144,640,000	154,945,737	299,585,737
2021	150,695,000	147,920,092	298,615,092
2022	157,980,000	140,248,500	298,228,500
2023	165,615,000	132,162,947	297,777,947
2024	223,660,000	123,736,133	347,396,133
2025	198,605,000	113,564,691	312,169,691
2026	181,350,000	105,857,681	287,207,681
2027	246,565,000	97,876,107	344,441,107
2028	206,045,000	89,097,990	295,142,990
2029	215,850,000	80,349,130	296,199,130
2030	225,550,000	71,192,137	296,742,137
2031	110,295,000	61,618,063	171,913,063
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	<u>\$ 3,963,725,000</u>	<u>\$ 2,679,441,347</u>	<u>\$ 6,643,166,347</u>

<sup>1</sup> Totals may not foot due to rounding.

The table above was prepared assuming the Tollway will renew its standby bond purchase agreement for the Series 1998B Bonds prior to its expiration on December 27, 2013. In the event the Tollway is unable to renew or replace this agreement, the Series 1998B bonds would be subject to mandatory tender and repayment in accordance with the terms described in footnotes 8(b). The outstanding principal of the Series 1998B Bonds has been classified as a current liability on the Statement of Net Position. All Liquidity/Credit Facility agreements that reached their expiration date prior to issuance of this report have been renewed.

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**(u) Capitalized Interest**

In 2012, the Tollway's total interest expense for revenue bonds equaled \$194.4 million, of which \$4.4 million was capitalized in respect of construction in progress.

**(v) 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.

**(w) 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, 2012, no arbitrage rebate liability had accrued.

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**(9) Derivative Instruments**

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2012, classified by type, and the changes in fair value of such derivatives instruments for the year then ended as reported in the 2012 financial statements are as follows (amounts in thousands; debit (credit))

	<u>Changes in fair value</u>		<u>December 31, 2012</u>		<u>Notional amount</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Cash flow hedges:					
Pay fixed, receive variable, interest rate swaps	Deferred outflow	\$ 1,446	Derivative instrument liability	\$ (308,755)	\$ 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.

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

*All #s in 000s*

Bond Issues	Outstanding notional amount	Effective date	Swap Termination Date	Fixed rate paid	Variable rate received	Fair value as of 12/31/12	Counterparty	Estimated counterparty credit ratings (Moody's/S&P)
1998B	\$ 67,705	12/30/1998	01/01/2017	4.3250%	Bond Rate	\$ (9,182)	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2 / AAA
1998B	55,395	12/30/1998	01/01/2017	4.3250	Bond Rate	(7,512)	JP Morgan Chase Bank, N.A.	Aa3 / A+
2007A-1	175,000	11/01/2007	07/01/2030	3.9720	SIFMA Index	(45,039)	Citibank N.A.	A3 / A
2007A-1	175,000	11/01/2007	07/01/2030	3.9720	SIFMA Index	(45,039)	Goldman Sachs Bank USA	A2 / A
2007A-2	262,500	11/01/2007	07/01/2030	3.9925	SIFMA Index	(68,264)	Bank of America, N.A.	A3 / A
2007A-2	87,500	11/01/2007	07/01/2030	3.9925	SIFMA Index	(22,755)	Wells Fargo Bank, N.A.	Aa3 / AA-
2008A-1	191,550	02/07/2008	01/01/2031	3.7740	SIFMA Index	(44,435)	The Bank of New York Mellon, N.A.	Aa1 / AA-
2008A-1	191,550	02/07/2008	01/01/2031	3.7740	SIFMA Index	(44,435)	Deutsche Bank AG, New York Branch	A2 / A+
2008A-2	95,775	02/07/2008	01/01/2031	3.7640	SIFMA Index	(22,094)	Bank of America, N.A.	A3 / A
Totals	\$ <u>1,301,975</u>					\$ <u>(308,755)</u>		

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, 2012 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

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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, 2012 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 2012, the average interest rate paid to 1998 Series B bondholders was 0.33%, compared to a SIFMA 7-day Municipal Swap Index of 0.16%. 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 2012, the average interest rate paid to Series 2007A bondholders was 0.16%, compared to a SIFMA 7-day Municipal Swap Index of 0.16%. 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 2012, the average interest rate paid to Series 2008A bondholders was 0.24%, compared to a SIFMA 7-day Municipal Swap Index of 0.16%.

Low interest rates contributed to the negative December 31, 2012 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.

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**(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, 2012, 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, 2012 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, 2012 qualified for hedge accounting.

Fiscal year ending December 31,	Hedged debt		Hedging derivative instruments	Total
	Principal	Interest	net payments	
2013	\$ -	1,860,578	49,398,083	51,258,660
2014	-	1,860,578	49,398,083	51,258,660
2015	-	1,860,578	49,398,083	51,258,660
2016	53,900,000	1,715,048	47,212,438	102,827,485
2017	69,200,000	1,528,208	44,406,378	115,134,585
2018-2022	13,062,500	7,582,471	220,645,651	241,290,623
2023-2027	548,625,000	6,223,584	182,147,640	736,996,224
2028-2031	617,187,500	1,238,230	35,908,745	654,334,475
	\$ 1,301,975,000	23,869,273	678,515,100	2,004,359,372

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**(10) Deferred Revenue**

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 2012 the Tollway entered into additional fiber optic leases in the total amount of \$7,104,199. 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 \$33,190,588 at December 31, 2012, and accumulated amortization of deferred revenue was \$17,740,210 as of December 31, 2012.

In 2012, some anticipated costs due the Tollway under intergovernmental agreements were invoiced before they were incurred, resulting in deferred revenue related to intergovernmental agreements.

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A summary of changes in deferred revenue for the year ended December 31, 2012, is as follows:

	<u>Balance at January 1</u>	<u>Current year activity</u>	<u>Balance at December 31</u>
Deferred revenue			
Fiber optics	\$ 32,526,205	664,383	33,190,588
Accumulated amortization	<u>(16,111,853)</u>	<u>(1,628,356)</u>	<u>(17,740,209)</u>
	16,414,352	(963,973)	15,450,379
Intergovernmental agreements	-	9,320,260	9,320,260
Accumulated amortization	<u>-</u>	<u>-</u>	<u>-</u>
	-	9,320,260	9,320,260
Totals			
Deferred revenue	32,526,205	9,984,643	42,510,848
Accumulated amortization	<u>(16,111,853)</u>	<u>(1,628,356)</u>	<u>(17,740,209)</u>
Net deferred revenue \$	<u>16,414,352</u>	<u>8,356,287</u>	<u>24,770,639</u>

**(11) Restricted Net Position**

As of December 31, 2012, the Tollway reported the following restricted net position:

<u>Description</u>	<u>December 31, 2012</u>
Revenue bond trust indenture agreement restrictions	\$ 235,174,463
Portion classified as invested in capital assets net of related debt	<u>56,365,000</u>
Net assets restricted under Trust Indenture agreement	291,539,463
Restricted for pension benefit obligation	<u>65,755</u>
Total	<u>\$ 291,605,218</u>



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**(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 is governed by a 13 member Board of Trustees, consisting of the Illinois Comptroller, six trustees appointed by the Governor with the advice and consent of the Illinois Senate, four trustees elected by SERS members, and two trustees appointed by SERS retirees. SERS issues a separate comprehensive annual financial report (CAFR). The financial position and results of operations for SERS for fiscal years 2012 are also included in the state's Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2012.

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](mailto:sers@mail.state.il.us)

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**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. The required contributions are determined by actuaries on an annual basis. The required contributions are computed in accordance with the Pension Code and a statutory funding plan that would increase the funding ratio of SERS to 90% of actuarial accrued liabilities as of June 30, 2045, which such funding plan does not conform with principles of the Governmental Accounting Standards Board (GASB). As of June 30, 2012, SERS funding ratio was 34.7% of actuarial accrued liabilities.

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, 2012 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, 2013, 2012, 2011 and 2010 were 37.987%, 34.19%, 27.988% and 28.377%, respectively. Tollway payments in the calendar years ended December 31, 2012, 2011 and 2010 were \$37,894,514, \$32,790,627, and \$30,279,821, respectively.

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, 2012, the net positions available for these benefits were \$252,223 (valued at the lesser of market value or actuarial value), and the pension benefit obligation was recorded as \$186,478. As of December 31, 2012, 8 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. As of December 31, 2012, 958 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, 2012, the Tollway contributed \$5,047,848 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. Prior to State Fiscal Year 2013, the Illinois Department of Healthcare and Family Services (HFS) administered the Health Insurance Reserve Fund (for payment of health benefits), and the Department of Central Management

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Services (CMS) administered the Group Life Insurance Funds (for payment of life insurance benefits). The administrative responsibilities are expected to be transitioned completely to CMS by the end of Fiscal Year 2013.

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.

**(13) Risk Management**

The Tollway has a self-insured risk program for workers' compensation claims, and is liable to pay all approved claims. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimated liabilities for asserted workers' compensation claims of \$ 13,310,641 and both asserted and unasserted employee health claims of \$ 291,685 as of December 31, 2012, are included in the accompanying financial statements.

<u>Year</u>	<u>Estimated claims payable January 1</u>	<u>Current claims</u>	<u>Claims payments</u>	<u>Estimated claims payable December 31</u>
2012	\$ 13,377,479	\$ 6,269,930	\$ 6,045,083	\$ 13,602,326
2011	15,065,704	3,571,763	5,259,988	13,377,479

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.

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Amounts accrued as compensated absences payable at December 31, 2012 are as follows:

	<u>Balance at January 1</u>	<u>Accrued</u>	<u>Used</u>	<u>Balance at December 31</u>	<u>Due within one year</u>
2012	9,980,549	5,192,285	5,360,381	9,812,453	4,611,853

**(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.

<u>Bond issue</u>	<u>Purpose</u>	<u>December 31, 2012</u>	
		<u>Future pledged revenues</u>	<u>Term of commitment</u>
1998 Series A Priority Refunding Revenue Bonds (Fixed Rate)	Refund Outstanding Bonds	\$ 208,195,463	2016
1998 Series B Priority Refunding Revenue Bonds (Variable Rate)	Refund Outstanding Bonds	\$ 144,727,163	2017
2005 Series A Senior Priority Revenue Bonds	Fund Congestion Relief Program	\$ 1,040,023,766	2023
2006 Series A-1 Senior Priority Revenue Bonds	Fund Congestion Relief Program	\$ 439,697,500	2025
2007 Series A-1 & A-2 Variable Rate Senior Priority Revenue Bonds	Fund Congestion Relief Program	\$ 1,131,238,225	2030
2008 Series A-1 & A-2 Variable Rate Senior Refunding Revenue Bonds	Refund Outstanding Bonds	\$ 746,625,131	2031
2008 Series B Senior Priority Revenue Bonds	Fund Congestion Relief Program	\$ 735,257,675	2033
2009 Series A Senior Priority Revenue Bonds (Build America Bonds - Direct Payment)	Fund Congestion Relief Program	\$ 1,065,400,910	2034
2009 Series B Senior Priority Revenue Bonds (Build America Bonds - Direct Payment)	Fund Congestion Relief Program	\$ 640,421,600	2034
2010 Series A-1 Senior Priority Refunding Revenue Bonds	Refund Outstanding Bonds	<u>\$ 491,578,916</u>	2031
		<u>\$ 6,643,166,349</u>	

Proceeds from the bonds identified above provided financing or refinancing 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).

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The total principal and interest remaining to be paid on the bonds is \$6.6 billion. Principal and interest paid in the current year and total pledged net revenues were \$248.6 million and \$710.7 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, 2012.

**(16) Commitments**

At December 31, 2012, there remain open for capital programs contracts totaling \$ 561 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 and personal injury. The Tollway's exposure is limited to the self-insured retention of \$250,000 per general liability incident. Also pending are various Workers' Compensation claims and numerous Administrative Review actions in which individual parties are challenging the results of toll violation enforcement proceeding against them.

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, 2012.

**(19) New Governmental Accounting Standards**

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

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.

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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 implemented the provisions of this Statement in the year ending December 31, 2012.

Statement No. 63 – *Financial Reporting of Deferred Outflows of resources, Deferred Inflows of Resources, and Net Position*-The objective of this statement is to establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The statement is effective for years beginning after December 15, 2011. The Tollway implemented this statement in the year ended December 31, 2012.

Statement No. 65- *Items Previously Reported as Assets and Liabilities* – The objective of this statement was to issue guidance on which balances previously reported as assets and liabilities should now be reported as deferred outflows or inflows of resources. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2013.

Statement No. 66 – *Technical Corrections – 2012*, an amendment of GASB Statements No. 10 and 62 – The objective of this statement is to resolve conflicting guidance that resulted from the issuance of GASB Statement No. 54 and 62. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2013.

Management has not yet fully determined the 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 \$115.9 million are recorded at December 31, 2012, representing construction projects performed by the Tollway that pertain to the infrastructure owned by IDOT. Accrued liabilities totaling approximately \$59.6 million are recorded for amounts owed to IDOT for construction projects IDOT has performed for infrastructure assets owned by the Tollway.

**(21) Subsequent Events**

On January 14, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-1a Liquidity Facility supporting the \$191,500,000 Series 2008A-1a Bonds from February 7, 2013 to June 7, 2013.

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On January 14, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-2 Liquidity Facility supporting the \$95,800,000 Series 2008A-2 Bonds from February 7, 2013 to June 7, 2013.

On February 27, 2013, Wells Fargo Bank, N.A., at the request of the Tollway, extended the 2007A-2d Credit Facility supporting the \$87,500,000 Series 2007A-2d Bonds from March 18, 2013 to March 18, 2015.

On February 28, 2013, the Tollway's Board of Directors authorized the issuance of up to \$1 billion of fixed rate refunding revenue bonds for the purpose of advance refunding Series 2005A and Series 2006A Bonds to achieve debt service savings.

On May 7, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-1a Liquidity Facility supporting the \$191,500,000 Series 2008A-1a Bonds from June 7, 2013 to February 5, 2016.

On May 7, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-1a Liquidity Facility supporting the \$95,800,000 Series 2008A-2 Bonds from June 7, 2013 to February 5, 2016.

On May 16, 2013 the Tollway issued \$500,000,000 of Toll Highway Senior Revenue Bonds, 2013 Series A (the 2013A Bonds). The 2013A Bonds were issued to finance costs of the Move Illinois Program, a deposit to the Debt Reserve Account and costs of issuance.

The Tollway has been notified by the U.S. Treasury of an 8.7% reduction in U.S. Treasury subsidies of Build America Bond interest payments. This reduction is expected to reduce the subsidy payments received by the Tollway for the Series 2009B interest payment due June 1, 2013 and the Series 2009A interest payment due July 1, 2013 by a total amount of \$706,620.

## **Supplementary Information**



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

Schedule 1

Schedule of Changes in Fund Balance – by Fund  
Trust Indenture Basis of Accounting (Non GAAP)  
Year ended December 31, 2012

	<b>Revenue Fund</b>	<b>Construction Fund</b>	<b>Total</b>
<b>Increases:</b>			
Toll revenue	\$ 922,390,189	\$ -	\$ 922,390,189
Toll evasion recovery	32,598,735	-	32,598,735
Concessions	2,272,864	-	2,272,864
Interest	1,389,324	-	1,389,324
Miscellaneous	5,103,865	-	5,103,865
<b>Total Increases</b>	963,754,977	-	963,754,977
<b>Decreases:</b>			
Engineering and maintenance of roadway and structures	39,144,462	-	39,144,462
Services and toll collection	93,590,423	-	93,590,423
Traffic control, safety patrol, and radio communications	22,808,159	-	22,808,159
Procurement, IT, finance and administration	19,971,408	-	19,971,408
Insurance and employee benefits	77,543,642	-	77,543,642
Construction	351,491,108	-	351,491,108
Bond principal payments	53,040,000	-	53,040,000
Build America bond subsidy	(16,244,130)	-	(16,244,130)
Bond interest and other financing costs	199,165,007	-	199,165,007
<b>Total decreases</b>	840,510,079	-	840,510,079
<b>Net increases</b>	123,244,898	-	123,244,898
<b>Change in fund balance</b>	123,244,898	-	123,244,898
Fund balance, January 1	716,535,588	-	716,535,588
Fund balance, December 31	\$ 839,780,486	\$ -	\$ 839,780,486

Statement of Net Position is presented on the full accrual basis in the basic financial statements

See accompanying independent auditors' report.

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

Schedule 1

Schedule of Changes in Fund Balance – by Fund  
Trust Indenture Basis of Accounting (Non GAAP)  
Year ended December 31, 2011

	<b>Revenue Fund</b>	<b>Construction Fund</b>	<b>Total</b>
<b>Increases:</b>			
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
<b>Decreases:</b>			
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
<b>Other changes in fund balances:</b>			
Unrealized Gain/Loss on Investments	(299,150)	-	(299,150)
	(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

Statement of Net Position is presented on the full accrual basis in the basic financial statements

See accompanying independent auditors' report.

Schedule of Changes in Fund Balance – Revenue Fund – by Account  
Trust Indenture Basis of Accounting (Non GAAP)  
Year ended December 31, 2012

	Revenue fund and accounts							Total
	Revenue account	Maintenance and operations sub account	Operating reserve sub account	Debt service	Debt service reserve	Renewal and replacement	Improvement	
<b>Increases:</b>								
Toll revenue	\$ 922,390,189	-	\$ -	-	-	\$ -	-	\$ 922,390,189
Toll evasion recovery	32,598,735	-	-	-	-	-	-	32,598,735
Concessions	2,272,864	-	-	-	-	-	-	2,272,864
Interest	215,252	-	-	42,984	101,759	660,937	368,391	1,389,324
Miscellaneous	5,103,865	-	-	-	-	-	-	5,103,865
Intrafund transfers	(974,131,882)	258,502,976	10,400,000	242,294,539	-	300,000,000	162,934,367	-
Total increases	(11,550,977)	258,502,976	10,400,000	242,337,523	101,759	300,660,937	163,302,758	963,754,977
<b>Decreases:</b>								
Engineering and maintenance of roadway and structures	-	39,144,462	-	-	-	-	-	39,144,462
Services and toll collection	-	93,590,423	-	-	-	-	-	93,590,423
Traffic control, safety patrol, and radio communications	-	22,808,159	-	-	-	-	-	22,808,159
Procurement, IT, finance and administration	-	19,971,408	-	-	-	-	-	19,971,408
Insurance and employee benefits	-	77,543,643	-	-	-	-	-	77,543,643
Construction expenses	-	-	-	-	-	219,967,216	131,523,891	351,491,108
Bond principal payments	-	-	-	53,040,000	-	-	-	53,040,000
Build America bond subsidy	-	-	-	(16,244,130)	-	-	-	(16,244,130)
Interest and other financing costs	-	-	-	198,958,110	206,897	-	-	199,165,007
Total decreases	-	253,058,094	-	235,753,980	206,897	219,967,216	131,523,891	840,510,079
Net increase (decrease)	(11,550,977)	5,444,882	10,400,000	6,583,543	(105,138)	80,693,721	31,778,867	123,244,898
Unrealized gain/loss on investments	-	-	-	-	-	-	-	-
Transfer of funds for swap termination	-	-	-	-	-	-	-	-
Change in fund balance	(11,550,977)	5,444,882	10,400,000	6,583,543	(105,138)	80,693,721	31,778,867	123,244,898
Fund balance, January 1	21,389,531	9,019,528	17,000,000	96,015,027	207,285,388	228,560,164	137,265,951	716,535,588
Fund balance, December 31	\$ 9,838,554	\$ 14,464,410	\$ 27,400,000	\$ 102,598,570	\$ 207,180,250	\$ 309,253,884	\$ 169,044,817	\$ 839,780,486

Note: Totals may not foot due to rounding.  
See accompanying independent auditors' report.

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

Schedule 2

	Revenue fund and accounts						
	Maintenance and operations			Debt service reserve	Renewal and replacement	Improvement	Total
	Revenue account	Operating sub account	Operating reserve sub account				
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	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	-	46,417,837	-
	(14,909,218)	247,544,455	-	244,050,793	174,192,997	46,524,686	697,416,424
Total increases							
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	-	-	-	-	-	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	-	-	204,306,026
	(14,909,218)	245,974,506	-	237,971,896	121,731,699	20,966,203	626,851,201
Total decreases	(14,909,218)	1,569,949	-	6,078,897	52,461,298	25,558,483	70,565,223
Net increase (decrease)	(299,150)	-	-	(194,186)	-	-	(299,150)
Unrealized gain/loss on investments	(1,732,586)	1,569,949	-	(194,186)	52,461,298	(13,475,782)	-
Transfer of funds for swap termination	23,122,117	7,449,579	17,000,000	89,936,130	176,098,866	125,183,250	70,266,073
Change in fund balance	\$ 21,389,531	\$ 9,019,528	\$ 17,000,000	\$ 96,015,027	\$ 228,560,164	\$ 137,265,951	\$ 716,535,588

See accompanying independent auditors' report.

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

Notes to the Trust Indenture Basis Schedules  
December 31, 2012

**(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.

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

Notes to the Trust Indenture Basis Schedules  
December 31, 2012

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 purchases and other miscellaneous expenses are 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.

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

Notes to the Trust Indenture Basis Schedules  
December 31, 2012

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 20<sup>th</sup> 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.
- 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.

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

Notes to the Trust Indenture Basis Schedules  
December 31, 2012

- 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.



**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

(A Component Unit of the State of Illinois)

Notes to the Trust Indenture Basis Schedules

December 31, 2012

**(e) (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.

**(f) 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.

**(g) 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.

**(h) 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.

**(i) 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.

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

Notes to the Trust Indenture Basis Schedules  
December 31, 2012

**(2) Miscellaneous**

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

*Components of Bond Interest and Other Financing Costs - 2012*

	<u>Debt Service</u>	<u>Debt Reserve</u>	<u>Total</u>
Bond interest expense	\$ 193,888,119	-	193,888,119
Other financing costs	5,069,991	206,897	5,276,888
	<u>\$ 198,958,110</u>	<u>206,897</u>	<u>199,165,007</u>

Other Information:

- Construction and other capital expenses for Renewal and Replacement and Improvement include accrued expenses.
- Bond Interest expense includes accrued interest payable at December 31.
- 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, 2012, are \$171 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 Debt Service amount above.
- Insurance and Employee Benefits includes expense for retirement, workers compensation, the employer portion of FICA, and medical insurance.

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

Schedule 3

Schedule of Capital Assets by Source <sup>(1)</sup>  
Year Ended December 31, 2012

	<b>2012</b>	<b>2011</b>
<b>Capital assets (at original cost):</b>		
Land and improvements	\$ 327,977,023	\$ 315,128,948
Buildings	54,025,606	52,066,435
Infrastructure <sup>(2)</sup>	6,917,204,365	6,743,340,271
Vehicles	41,818,915	41,419,697
Office equipment	34,869,290	32,461,205
Information systems	140,144,911	135,136,767
Construction in progress	132,755,334	75,878,024
Total Capital Assets	<u>\$ 7,648,795,444</u>	<u>\$ 7,395,431,347</u>
<b>Capital assets provided from:</b>		
Bond proceeds net of related interest income	\$ 5,552,273,927	\$ 5,552,273,927
Revenues	<u>2,096,521,517</u>	<u>1,843,157,420</u>
Total sources of capital assets	<u>\$ 7,648,795,444</u>	<u>\$ 7,395,431,347</u>

<sup>(1)</sup> Prepared in accordance with the Trust Indenture (non-GAAP).

<sup>(2)</sup> Infrastructure assets do not include capitalized interest totaling \$139.1 million and \$134.8 million at December 31, 2012 and 2011, respectively.

See accompanying independent auditors' report.

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

Schedule 4

Schedule of Changes in Capital Assets <sup>(1) (3)</sup>  
Year ended December 31, 2012

	<b>Balance</b>			<b>Balance</b>
	<b>January 1,</b>	<b>Additions</b>	<b>Deletions (2)</b>	<b>December 31,</b>
	<b>2012</b>			<b>2012</b>
Land and improvements	\$ 315,128,948	\$ 12,848,075	\$ -	\$ 327,977,023
Buildings	52,066,435	1,959,171	-	54,025,606
Infrastructure	6,743,340,271	273,574,752	(99,710,657)	6,917,204,366
Vehicles	42,150,441	436,280	(767,809)	41,818,912
Office equipment	31,775,059	3,993,978	(899,747)	34,869,290
Information systems	135,092,169	5,714,560	(661,818)	140,144,911
Construction in progress	75,878,024	313,330,000	(256,452,690)	132,755,334
Total capital assets	<u>\$ 7,395,431,347</u>	<u>\$ 611,856,816</u>	<u>\$ (358,492,721)</u>	<u>\$ 7,648,795,442</u>

	<b>Balance</b>			<b>Balance</b>
	<b>January 1,</b>	<b>Additions</b>	<b>Deletions (2)</b>	<b>December 31,</b>
	<b>2011</b>			<b>2011</b>
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	41,891,084	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 assets	<u>\$ 7,308,327,241</u>	<u>\$ 278,772,489</u>	<u>\$ (191,668,383)</u>	<u>\$ 7,395,431,347</u>

<sup>(1)</sup> Prepared in accordance with state compliance requirements, infrastructure assets do not include capitalized interest totaling \$139.1 million and \$134.8 million as of December 31, 2012 and 2011, respectively.

<sup>(2)</sup> Infrastructure deletions above represent assets that are fully depreciated on a GAAP basis.

<sup>(3)</sup> No depreciation is reflected in this schedule.

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)

December 31, 2012

## Illinois State Toll Highway Authority Statistical Section

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.

**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.*

Net Position by Type	69
Changes in Net Position	70
Operating Revenue by Source	71
Toll Revenue by Toll Plaza	72 - 75
Renewal and Replacement Account	76

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

Historical Toll Rates by Vehicle Class	77
Toll Revenue Versus Traffic	78
Toll Revenue by Class of Vehicles	79
Annual Toll Transactions	80
Annual Toll Revenues	81

**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.*

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

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**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.*

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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 Position by Type (GAAP Basis)  
Last Ten Fiscal Years (Unaudited)

Net Position by Type	2012	2011	2010	2009	2008	2007 (Restated)	2006	2005	2004 (Restated)	2003
Invested in Capital Assets, net of Related Debt	\$1,196,676,074	\$ 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
Restricted Net Position	291,539,463	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
Restricted for Pension Benefit Obligation	65,755	69,473	74,407	360,441						
Unrestricted Net Position	567,820,608	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
<b>Total Net Position</b>	<b>\$ 2,056,101,900</b>	<b>\$ 1,850,749,932</b>	<b>\$ 1,921,987,538</b>	<b>\$2,017,893,477</b>	<b>\$2,105,156,325</b>	<b>\$ 2,083,603,824</b>	<b>\$ 1,933,636,342</b>	<b>\$ 1,771,950,569</b>	<b>\$ 1,560,118,118</b>	<b>\$ 1,507,070,111</b>

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

Illinois State Toll Highway Authority  
Changes in Net Position (GAAP Basis)  
Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007 (Restated)	2006	2005	2004 (Restated)	2003
<b>OPERATING REVENUES</b>										
Toll Revenue	\$ 922,390,189	\$ 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
Toll Evasion Recovery	32,598,735	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
Concessions	2,272,864	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
Miscellaneous	12,569,929	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
Total Operating Revenues	\$ 969,831,717	\$ 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
<b>OPERATING EXPENSES</b>										
Engineering and Maintenance of Roadway and Structures	40,054,392	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
Services and Toll Collection	107,225,405	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
Traffic Control, Safety Patrol and Radio Communications	22,818,258	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
Procurement, IT, Finance, and Administration	21,452,099	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
Insurance and Employee Benefits	77,543,643	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
Depreciation and Amortization	314,107,807	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
Total Operating Expenses	\$ 583,201,604	\$ 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
Operating Income	\$ 386,630,113	\$ 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
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Investment Income	1,389,324	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
Intergovernmental Contributions	701,954	2,262,302	(1,858,125)							
Intergovernmental Agreement Revenue	7,405,421	6,753,264	10,734,092	97,983,825	81,091,003	-	-	-	-	-
Build America Bond Rebate	16,244,130	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)
Net Gain (Loss) on Disposal of Property	(70,480)	(1,157,639)	(26,357)	(3,249,477)	377,214	(8,491,090)	(2,240,196)	175,863	1,776,272	206,450
Interest Expense and Amortization of Financing Costs	(199,542,713)	(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)
Intergovernmental Agreement Expense	(7,405,421)	(6,753,264)	(10,734,092)	(97,983,825)	(81,091,003)	-	-	-	-	-
Miscellaneous Income/(Expense)	(360)	4,383,831	4,007,969	13,424,947	542,517	(11,461,519)	5,751,428	-	-	-
Total Nonoperating Revenues (Expenses)	\$ (181,278,145)	\$ (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)
<b>INCREASE (DECREASE) IN NET POSITION</b>	\$ 205,351,968	(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
Capital Contributions			369,821	6,570,819	1,071,429	-	-	-	-	-
<b>NET POSITION AT BEGINNING OF YEAR</b>	\$ 1,850,749,932	\$ 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
<b>NET POSITION AT END OF YEAR</b>	\$ 2,056,101,900	\$ 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



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

**Illinois State Toll Highway Authority**  
(A Component Unit of the State of Illinois)  
Operating Revenues by Source (GAAP Basis)  
Last Ten Fiscal Years (Unaudited)

	Toll Revenue	Toll Evasion Recovery	Concessions <sup>(1)</sup>	Miscellaneous <sup>(1)</sup>	Total Operating Revenue
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
2012	922,390,189	32,598,735	2,272,864	12,569,929	969,831,717
<b>Change from 2003 to 2012</b>	144.4%	-12.5%	-38.6%	252.0%	129.8%

(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)  
Last Ten Fiscal Years (Unaudited)

Toll Plaza	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>JANE ADDAMS MEMORIAL TOLLWAY (NORTHWEST):</b>										
<b>WESTERN SECTION:</b>										
1 South Beloit	34,761,307	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
2 Riverside Drive	1,920,431	1,314,702	1,230,394	1,168,112	1,117,439	1,035,965	843,952	774,838	515,755	414,449
3 South Rockford	-	-	-	-	-	-	-	-	917,798	1,622,134
4 Route 173	1,209,218	807,356	698,887	614,479	570,041	278,404	-	-	-	-
5 Belvidere	19,309,039	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 Marengo	21,706,448	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 Randall Road	1,869,458	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
9 Elgin	35,368,361	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
<b>EASTERN SECTION</b>										
Barrington Road	1,618,660	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
Route 31	4,363,422	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
Roselle Rd	1,893,005	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
Route 25	1,347,153	913,462	1,018,094	956,875	1,032,590	1,084,534	1,177,995	1,200,037	914,070	815,146
Route 59	1,035,813	635,214	694,209	692,618	691,510	664,398	637,033	627,252	535,065	493,921
Route 53	5,195,903	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
Route 16 (Beverly Rd)	2,308,759	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
Devon Avenue	28,335,486	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
Arlington Heights Rd	3,958,170	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
River Road	21,597,563	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
	\$187,798,195	\$133,508,804	\$134,547,831	\$129,393,683	\$130,330,170	\$130,296,649	\$129,221,858	\$136,547,133	\$87,650,701	\$82,154,878

**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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>REAGAN MEMORIAL TOLLWAY (EAST-WEST):</b>										
EASTERN SECTION:										
York Road	27,091,268	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
Meyers Road	26,333,861	17,201,189	15,616,653	13,299,792	13,688,586	15,037,979	3,918,875	-	-	-
Spring Road	2,353,045	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
Route 83	2,337,468	1,388,837	1,303,527	1,256,377	1,303,216	1,378,382	411,950	-	-	-
Midwest Road	992,291	590,361	538,088	513,693	465,140	421,554	971,091	1,420,687	1,311,106	1,247,112
Highland Avenue	3,147,312	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
Naperville Road	1,270,949	689,984	685,372	620,527	561,807	247,083	499,242	591,286	585,687	549,182
Winfield Road	880,346	529,411	521,157	509,667	567,139	785,807	605,029	456,027	413,509	375,302
Farmsworth Road	6,770,561	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
Eola Road	1,909,699	1,207,219	1,046,808	92,745	-	-	-	-	-	-
Aurora	28,244,425	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
WESTERN SECTION:										
Route 31	712,569	521,275	486,043	335,656	268,255	545,239	552,436	525,237	386,881	330,237
Orchard Rd.	904,810	671,352	669,882	752,448	732,731	640,503	580,702	520,004	387,590	317,910
Dekalb East (Peace Rd)	3,368,553	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
Dekalb Main	21,872,233	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
Dekalb (Annie Glidden Rd)	2,106,818	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
Dixon Mainline	17,965,604	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
Dixon Ramp 1	-	-	-	-	-	-	198,327	336,070	219,309	188,956
Dixon Ramp 2	-	-	-	-	-	-	880,429	1,343,021	941,532	805,853
Toll Revenue Totals:										
	\$148,261,812	\$106,457,766	\$98,554,019	\$89,830,824	\$87,649,813	\$92,057,759	\$92,622,201	\$90,530,993	\$63,840,513	\$61,679,958

**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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>TRI-STATE TOLLWAY:</b>										
<b>NORTHERN SECTION:</b>										
Buckley Road	1,314,822	937,786	977,658	1,088,014	908,583	822,451	807,752	885,087	776,180	735,539
Waukegan	57,711,916	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
Route 60	1,863,473	1,208,165	1,084,973	1,094,784	950,758	1,064,386	1,116,365	1,131,062	937,919	983,699
Half Day Road	1,812,904	1,109,245	1,038,093	904,295	1,042,946	1,144,347	1,194,063	1,247,086	988,235	838,003
Eldens Spur	24,627,944	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
Lake Cook Road	5,994,838	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
Willow Road	6,049,039	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
Golf Road	5,983,043	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
<b>CENTRAL SECTION:</b>										
Touhy Avenue	40,185,456	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
Balmoral Avenue	1,924,861	61,098	-	-	-	-	-	-	-	-
O'Hare West	6,548,332	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
O'Hare East	5,289,713	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
Living Park Road	34,222,893	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
75th St. (Willow Springs Rd)	2,183,696	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
Cermak Road	56,169,335	43,806,207	42,787,256	39,446,104	39,351,136	41,486,213	40,841,586	41,780,596	27,532,155	27,197,949
<b>SOUTHERN SECTION:</b>										
82nd Street	29,042,174	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
I-55 (Stevenson Expressway)	9,281,349	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
95th Street	4,041,240	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
83rd Street	28,743,679	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
159th Street	3,493,012	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
163rd Street	48,485,195	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
I-80 Westbound	13,357,983	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
I-80 Eastbound	12,917,795	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
Halsted Street	3,293,625	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
	\$404,538,318	\$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

**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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>VETERANS MEMORIAL TOLLWAY (NORTH-SOUTH):</b>										
<b>NORTHERN SECTION:</b>										
Army Trail Road	45,404,712	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
North Avenue	9,178,507	6,135,998	5,862,790	5,777,117	5,696,651	5,751,292	5,789,741	5,650,694	4,468,268	4,230,735
Roosevelt Road	3,805,203	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
Butlerfield Road	2,941,591	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
<b>SOUTHERN SECTION:</b>										
Ogden Avenue	782,168	499,283	500,053	471,477	513,554	503,718	454,930	411,798	363,392	360,225
Maple Avenue	2,596,039	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
63rd Street	4,175,058	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
75th Street	4,625,024	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
Boughion Road	49,660,462	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
Boughion Ramp	2,218,848	1,438,746	1,383,175	1,299,068	1,193,429	774,066	601,929	470,624	362,058	307,444
127th Street	2,447,051	1,604,978	1,545,658	1,544,261	1,331,573	172,240	-	-	-	-
Archer Ave/143rd Street	3,687,539	2,386,403	2,261,939	2,165,616	1,783,164	182,742	-	-	-	-
Route 7 (159th Street)	6,870,036	4,327,510	4,056,050	3,882,286	3,466,494	372,119	-	-	-	-
Spring Creek	42,229,877	26,389,476	26,060,650	27,450,317	24,313,287	2,461,905	-	-	-	-
Route 6	664,713	407,137	383,754	357,860	266,496	25,245	-	-	-	-
<b>OVER-DIMENSION VEHICLES</b>	\$181,286,829	\$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
<b>TOTAL TOLL REVENUE</b>	\$922,390,189	\$652,673,895	\$628,753,509	\$592,063,528	\$583,646,592	\$572,092,902	\$567,499,807	\$580,441,697	\$391,586,232	\$377,453,858

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

Renewal and Replacement Account (Unaudited) <sup>(1)</sup>  
Years ended December 31, 1996 through 2012

	<u><b>Total funds credited <sup>(1)</sup></b></u>
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
2012	<u>300,660,937</u>
	<u>\$ 2,241,627,072</u>

<sup>(1)</sup> – Includes earnings on the Renewal and Replacement Account

**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 2012 (Unaudited)

Vehicle Class		Period							
Classification	Description	1959-1963	1964-1970	1971-1983	1983-2004	2005 - 2011 <sup>(1)(2)(3)</sup>		2012 <sup>(1)(2)(3)</sup>	
						Non-Discounted	Discounted	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	\$0.40	\$1.50	\$0.75
2	Single unit truck or tractor, buses, two axles, six tires	\$0.40	\$0.45	\$0.30	\$0.50	\$1.50	\$1.00	\$1.50	\$1.00
3	Three axle trucks and buses	\$0.50	\$0.50	\$0.45	\$0.75	\$2.25	\$1.75	\$2.25	\$1.75
3	Trucks with four axles	\$0.50	\$0.60	\$0.60	\$1.00	\$2.25	\$1.75	\$2.25	\$1.75
3	Class 1 vehicle with one axle trailer	\$0.50	\$0.50	\$0.45	\$0.60	\$2.25	\$1.75	\$2.25	\$1.75
3	Class 1 vehicle with two axle trailer	\$0.50	\$0.60	\$0.60	\$0.80	\$2.25	\$1.75	\$2.25	\$1.75
4	Trucks with five axles	\$0.50	\$0.75	\$0.75	\$1.25	\$4.00	\$3.00	\$4.00	\$3.00
4	Trucks with six axles	\$0.50	\$0.90	\$0.90	\$1.50	\$4.00	\$3.00	\$4.00	\$3.00
4	Miscellaneous, special or unusual vehicles not classified above	\$0.50	\$0.90	\$1.00	\$1.75	\$4.00	\$3.00	\$4.00	\$3.00

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

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

<sup>(3)</sup> The toll rates listed above are toll rates for half (11 of 22) of the mainline plazas on the existing Tollway System. Toll rates at the other 11 mainline plazas are higher by various amounts.

**Illinois State Toll Highway Authority**  
A Component Unit of the State of Illinois  
Toll Revenue Versus Traffic (GAAP Basis)  
Last Ten Fiscal Years (Unaudited)  
(Amounts in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Passenger</b>										
Revenue	\$ 615,957	\$ 354,186	\$ 348,946	\$ 334,520	\$ 335,653	\$ 321,008	\$ 324,556	\$ 341,352	\$ 287,218	\$ 275,751
Traffic	711,680	743,195	730,797	694,837	688,516	696,055	678,535	695,378	714,120	693,507
<b>Commercial</b>										
Revenue	\$ 306,433	\$ 298,488	\$ 279,808	\$ 257,543	\$ 247,994	\$ 251,085	\$ 242,944	\$ 239,090	\$ 104,368	\$ 101,703
Traffic	92,100	89,633	86,285	80,516	89,366	92,237	85,590	85,068	109,025	108,096
<b>Total</b>										
Revenue	\$ 922,390	\$ 652,674	\$ 628,754	\$ 592,063	\$ 583,647	\$ 572,093	\$ 567,500	\$ 580,442	\$ 391,586	\$ 377,454
Traffic	803,780	832,828	817,082	775,353	777,882	788,292	764,125	780,446	823,145	801,603
<b>Revenue Percentage</b>										
Passenger	67%	54%	55%	57%	58%	56%	57%	59%	73%	73%
Commercial	33%	46%	45%	43%	42%	44%	43%	41%	27%	27%
<b>Traffic Percentage</b>										
Passenger	89%	89%	89%	90%	89%	88%	89%	89%	87%	87%
Commercial	11%	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 (Unaudited)  
For the Year Ended December 31, 2012

	<u>2012</u>		<u>2011</u>	
	<u>Average Daily Transactions*</u>	<u>Revenue</u>	<u>Average Daily Transactions*</u>	<u>Revenue</u>
Class of vehicle				
1. Auto, motorcycle, taxi, station wagon, ambulance, single-unit truck or tractor: 2 axles, 4 tires	1,944,482	\$ 615,957,458	2,036,151	\$ 354,186,392
2. Single-unit truck or tractor, buses: 2 axles, 6 tires	37,849	19,432,704	35,736	18,258,236
3. Trucks and buses with 3 & 4 axles	38,122	30,469,546	37,159	29,459,153
4. Trucks with 5 or more axles, other vehicles	175,668	256,530,481	172,674	250,770,114
Total	<u>2,196,121</u>	<u>\$ 922,390,189</u>	<u>2,281,720</u>	<u>\$ 652,673,895</u>

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

**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 2012  
(Transactions in thousands)

Year:	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Percentage passenger</u>
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%
2012	711,680	92,100	803,780	88.54%

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 2012  
(Revenue in thousands)

Year:	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Percentage passenger</u>
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%
2012	615,957	306,433	922,390	66.78%

Due to the changed rate structures implemented in 2005 and 2012, the percentage of revenues from passenger vehicles decreased in 2005 and increased in 2012.

**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, 2012  
(Amounts in thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009 <sup>(4)</sup></u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Operating revenue:								
Toll revenue	\$ 922,390	652,674	628,754	592,063	583,647	572,093	567,500	580,442
Toll evasion recovery	32,599	33,268	34,924	54,829	77,654	10,080	195	13,257
Concession & miscellaneous revenue	7,377	10,410	7,332	7,960	6,832	5,775	5,900	8,014
Investment income <sup>(1)</sup>	1,389	1,064	1,750	3,200	22,980	49,846	33,359	11,321
Total operating revenue	<u>963,755</u>	<u>697,416</u>	<u>672,760</u>	<u>658,052</u>	<u>691,113</u>	<u>637,794</u>	<u>606,954</u>	<u>613,034</u>
Maintenance and operating expenses:								
Engineering and maintenance	39,144	43,667	45,627	47,895	43,899	44,834	35,559	31,644
Toll services	93,590	88,737	88,580	91,541	100,464	79,538	85,887	86,089
Police, safety and communication	22,808	23,061	22,811	22,650	21,895	21,247	19,145	18,034
Procurement, IT, finance and adminis	19,971	20,522	22,165	20,605	18,382	24,262	23,279	27,698
Insurance and employee benefits	77,544	69,988	71,674	72,494	59,635	52,414	49,640	42,110
Total expenses	<u>253,057</u>	<u>245,975</u>	<u>250,857</u>	<u>255,185</u>	<u>244,275</u>	<u>222,295</u>	<u>213,510</u>	<u>205,575</u>
Net operating revenues	\$ <u>710,698</u>	<u>451,441</u>	<u>421,903</u>	<u>402,867</u>	<u>446,838</u>	<u>415,499</u>	<u>393,444</u>	<u>407,459</u>
Total debt service <sup>(2)(3)</sup>	250,253	249,960	248,108	173,319	198,429	172,284	145,633	99,366
Net revenues after debt service <sup>(2)</sup>	460,445	201,481	173,795	229,548	248,409	243,215	247,811	308,093
Debt service coverage <sup>(2)</sup>	2.84	1.81	1.70	2.32	2.25	2.41	2.70	4.10

(1) - Excludes investment income on construction funds.

(2) - Includes synthetic fixed interest rates as determined under swap agreements for 1993 Series B, 1998 Series B, 2007 Series A and 2008 Series A. See Note 8 for specifics.

(3) - 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.

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

Operating Revenues, Maintenance and Operating  
Expenses and Net Operating Revenues<sup>1</sup> (Unaudited)

Trust Indenture Basis

For selected years from 1964 to 2012

(Dollars in thousands)

Year:	<u>Operating Revenue</u>	<u>Maintenance and Operating Expenses</u>	<u>Net Operating Revenues</u>
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
2012	963,755	253,058	710,697

<sup>(1)</sup> 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) <sup>(1)</sup>**  
**Last Ten Fiscal Years (Unaudited)**

	<b>Gross Revenue <sup>(2)</sup></b>	<b>Operating Expenses <sup>(3)</sup></b>	<b>Net Revenue</b>	<b>Debt Service Requirements</b>			<b>Debt Service Coverage</b>
			<b>Available for Debt Service <sup>(5)</sup></b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2012	\$ 995,572,546	\$ 269,094,242	\$ 726,478,304	\$ 56,365,000	\$ 193,888,118	\$ 250,253,118	2.903
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 <sup>(6)</sup>	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 <sup>(4)</sup>	428,790,126	200,524,681	228,265,445	13,455,000	35,262,960	48,717,960	4.685
2003 <sup>(4)</sup>	441,655,172	195,702,308	245,952,864	71,130,000	38,422,260	109,552,260	2.245

<sup>(1)</sup> - 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.

<sup>(2)</sup> - Gross revenue includes operating and nonoperating revenue.

<sup>(3)</sup> - Operating expenses exclusive of depreciation and amortization.

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

<sup>(5)</sup> - 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.

<sup>(6)</sup> - 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.

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

Population and Commuting Statistics  
For the Years 2004 Through 2012 (Unaudited)

<i>Year</i>	<i>County</i>	<i>Population</i>	<i>Workers Commuting to Work</i>	<i>Percentage that Carpool</i>	<i>Percentage that drive alone</i>	<i>Mean Travel Time in Minutes</i>
2012	Boone	n/a	n/a	n/a	n/a	n/a
	Cook	n/a	n/a	n/a	n/a	n/a
	DeKalb	n/a	n/a	n/a	n/a	n/a
	DuPage	n/a	n/a	n/a	n/a	n/a
	Kane	n/a	n/a	n/a	n/a	n/a
	Lake	n/a	n/a	n/a	n/a	n/a
	McHenry	n/a	n/a	n/a	n/a	n/a
	Will	n/a	n/a	n/a	n/a	n/a
Winnebago	n/a	n/a	n/a	n/a	n/a	n/a
2011	Boone	n/a	23,362	9.8%	83.6%	32.2
	Cook	n/a	2,371,364	9.5%	62.7%	31.8
	DeKalb	n/a	50,471	8.9%	79.0%	25.5
	DuPage	n/a	458,954	7.4%	78.3%	29.1
	Kane	n/a	240,006	9.0%	80.5%	29.2
	Lake	n/a	339,866	9.0%	76.4%	30.3
	McHenry	n/a	150,562	8.0%	81.5%	34.2
	Will	n/a	315,251	7.8%	81.9%	33.5
Winnebago	n/a	130,432	8.8%	84.5%	22.1	
2010	Boone	54,165	n/a	n/a	n/a	n/a
	Cook	5,194,675	2,214,074	9.4%	62.5%	31.4
	DeKalb	105,160	47,255	7.2%	78.5%	25.8
	DuPage	916,924	432,347	7.5%	78.0%	29.2
	Kane	515,269	224,714	6.7%	83.1%	29.5
	Lake	703,462	308,288	8.2%	78.0%	29.4
	McHenry	308,760	141,058	9.2%	79.6%	33.6
	Will	677,560	290,684	6.9%	81.5%	33.5
	Winnebago	295,266	120,405	9.1%	83.7%	22.1
		<u>8,771,241</u>				
2009	Boone	54,020	21,950	9.9%	82.7%	31.7
	Cook	5,287,037	2,316,366	9.7%	62.9%	31.9
	DeKalb	107,333	48,944	9.0%	78.6%	24.8
	DuPage	932,541	446,261	7.4%	78.7%	28.9
	Kane	511,892	225,732	9.7%	79.9%	28.7
	Lake	712,567	322,462	9.1%	77.3%	30.7
	McHenry	320,961	147,237	8.1%	81.5%	33.7
	Will	685,251	305,101	8.4%	81.6%	33.1
	Winnebago	299,702	129,197	9.2%	84.4%	21.7
		<u>8,911,304</u>				

n/a – not available

Source: US Census Bureau – American Fact Finder Website (American Community Surveys)  
Source: Population Migration Characteristics – illinoisdata.com

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Population and Commuting Statistics  
For the Years 2004 Through 2012 (Unaudited)

<i>Year</i>	<i>County</i>	<i>Population</i>	<i>Workers Commuting to Work</i>	<i>Percentage that Carpool</i>	<i>Percentage that drive alone</i>	<i>Mean Travel Time in Minutes</i>
2008	Boone	54,142	24,690	10.9%	83.2%	32.3
	Cook	5,294,664	2,425,243	9.7%	63.5%	32.0
	DeKalb	106,321	52,790	8.7%	79.9%	24.9
	DuPage	930,528	474,062	7.2%	78.9%	28.9
	Kane	507,579	242,035	10.3%	79.3%	28.9
	Lake	712,453	349,971	9.4%	77.4%	30.9
	McHenry	318,641	159,013	8.3%	81.1%	33.2
	Will	681,097	327,594	7.9%	82.2%	33.9
	Winnebago	300,252	136,231	9.5%	84.6%	21.6
		<u>8,905,677</u>				
2007	Boone	53,531	23,669	11.3%	81.9%	30.7
	Cook	5,285,107	2,379,962	9.9%	63.9%	31.8
	DeKalb	103,729	50,768	8.5%	80.6%	24.4
	DuPage	929,192	466,098	7.1%	79.3%	28.9
	Kane	501,021	235,466	11.2%	79.1%	28.7
	Lake	710,241	342,154	8.5%	78.7%	30.6
	McHenry	315,943	154,228	8.2%	81.6%	33.6
	Will	673,586	314,656	8.6%	81.3%	33.8
	Winnebago	298,759	134,092	9.5%	84.5%	21.6
		<u>8,871,109</u>				
2006	Boone	52,617	n/a	n/a	n/a	n/a
	Cook	5,288,655	2,365,196	1.00%	<b>64.0%</b>	31.7
	DeKalb	100,139	51,295	10.0%	77.7%	24.1
	DuPage	932,670	496,226	6.2%	75.9%	28.6
	Kane	493,735	239,453	10.9%	79.2%	28.3
	Lake	713,076	351,677	8.9%	78.3%	30.6
	McHenry	312,373	160,378	7.0%	82.9%	32.5
	Will	668,217	332,924	8.4%	81.4%	33.0
	Winnebago	295,635	136,215	10.8%	83.0%	21.3
		<u>8,857,117</u>				

n/a – not available

Source: US Census Bureau – American Fact Finder Website (American Community Surveys)

Source: Population Migration Characteristics – illinoisdata.com

10 years of data is not available for presentation



ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Population and Commuting Statistics  
For the Years 2004 Through 2012 (Unaudited)

<i>Year</i>	<i>County</i>	<i>Population</i>	<i>Workers Commuting to Work</i>	<i>Percentage that Carpool</i>	<i>Percentage that drive alone</i>	<i>Mean Travel Time in Minutes</i>
2005	Boone	50,419	n/a	n/a	n/a	n/a
	Cook	5,303,943	2,323,617	10.12%	64.80%	31.9
	DeKalb	97,770	46,262	7.55%	84.22%	24.9
	DuPage	931,219	462,182	8.22%	79.02%	27.4
	Kane	483,208	206,014	11.88%	80.46%	27.1
	Lake	704,086	327,738	8.54%	80.14%	30.7
	McHenry	304,701	149,936	8.07%	82.23%	34.4
	Will	642,625	266,490	10.25%	81.64%	32.1
	Winnebago	291,639	131,148	9.09%	85.28%	21.4
		<u>8,809,610</u>				
2004	Boone	48,399	n/a	n/a	n/a	n/a
	Cook	5,326,269	2,294,564	10.70%	64.50%	32.4
	DeKalb	95,358	n/a	n/a	n/a	n/a
	DuPage	929,439	470,816	7.41%	80.25%	27.4
	Kane	473,533	220,983	12.62%	78.48%	27.7
	Lake	693,425	320,526	8.80%	80.60%	30.4
	McHenry	296,625	148,824	7.79%	80.95%	34.6
	Will	617,846	291,934	10.76%	80.65%	32.7
	Winnebago	288,549	127,966	10.59%	83.68%	21.2
		<u>8,769,443</u>				

n/a – not available

Source: US Census Bureau – American Fact Finder Website (American Community Surveys)

Source: Population Migration Characteristics – illinoisdata.com

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 2012

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Tollway Employees</b>								
Executive Director	5	4	6	3	4	4	3	5
Directors	10	10	10	10	10	10	10	10
Inspector General/ Internal Audit	15	14	12	13	13	11	12	7
Legal	11	10	11	11	11	12	12	12
State Police	13	15	16	17	18	16	16	14
Finance	44	43	44	49	51	49	51	50
Administration	29	29	31	31	40	35	36	84
Operations								
Toll Collectors	473	430	495	539	568	582	591	599
Lane Walkers	—	—	—	—	—	—	—	18
Plaza Supervisors and Assistants	38	33	34	39	47	53	53	48
Other	141	144	147	154	141	139	178	196
Office of Info.Tech	43	50	54	61	63	62	66	65
Engineering:								
Maintenance:								
Roadway	363	368	358	381	381	371	362	379
Building				-	-			
Engineers	31	35	35	35	34	32	42	34
Others	74	75	75	73	75	70	62	38
Planning	18	16	16	17	17	18	15	9
Procurement	47	47	50	52	51	51	50	—
Diversity & Strategic Development	4	—	—	—	—	—	—	—
Communications	10	10	11	10	11	11	5	7
Business Systems	60	62	61	63	58	48	12	10
<b>Total Authority Employees</b>	<b>1500</b>	<b>1,463</b>	<b>1,535</b>	<b>1,627</b>	<b>1,665</b>	<b>1,639</b>	<b>1,645</b>	<b>1,657</b>
State Troopers	174	168	174	193	196	188	138	148
<b>Total Personnel</b>	<b>1,674</b>	<b>1,631</b>	<b>1,709</b>	<b>1,820</b>	<b>1,861</b>	<b>1,827</b>	<b>1,783</b>	<b>1,805</b>

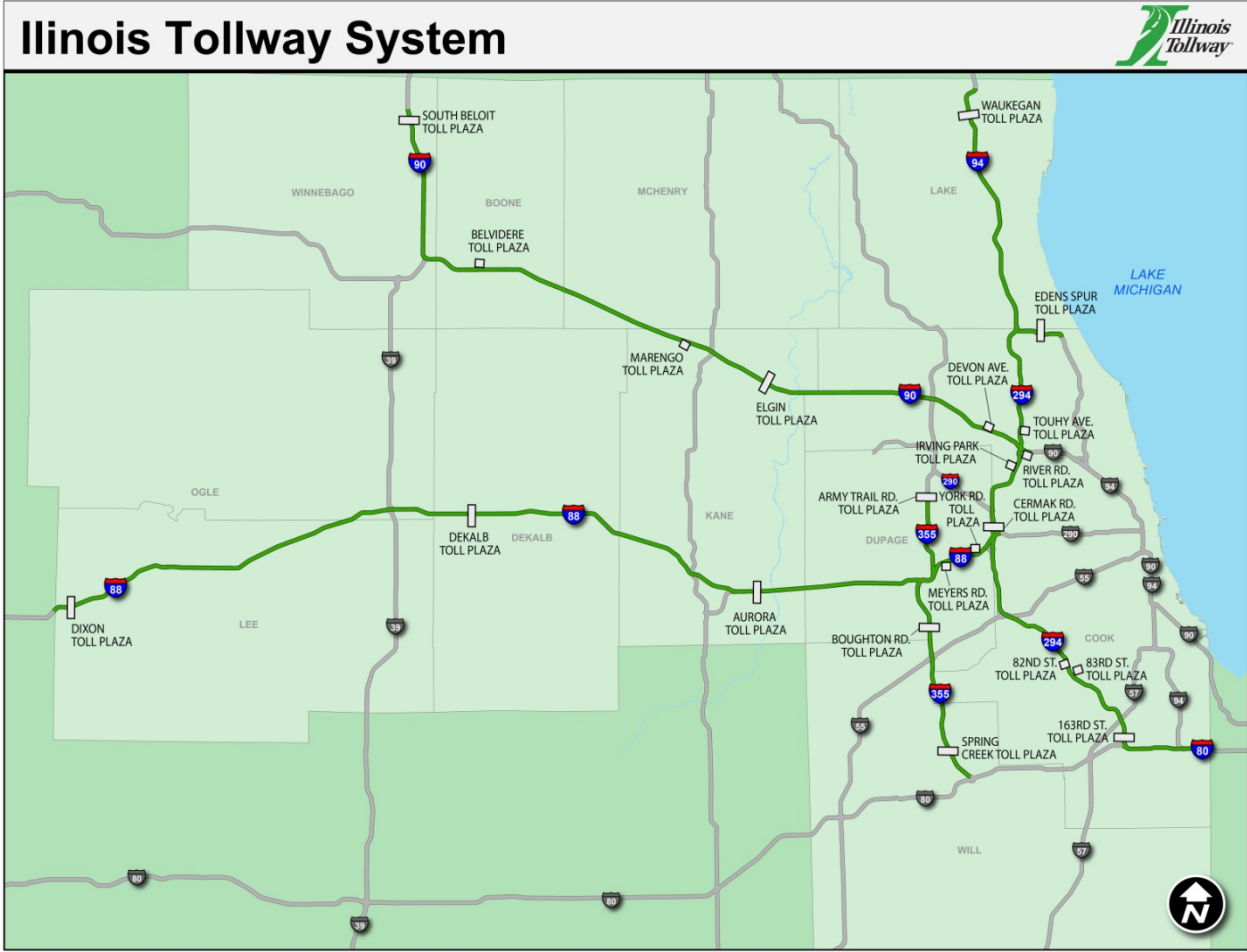
10 years of data is not available for presentation.

**ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

(A Component Unit of the State of Illinois)

Comprehensive Annual Financial Report

Location Map (Unaudited)  
December 31, 2012



**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, 2012

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**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, 2012.

1. The percentage of vehicles using I-PASS during rush hour: 90.6%
2. The percentage of vehicles using I-PASS for all hours: 86.3%
3. Travel Time Index Congestion Measure for the A.M. rush hour: .98
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)  
For the Year Ended December 31, 2012

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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:***

<u>Jane Addams Memorial Tollway (I-90)</u>	<u>Tri-State Tollway (I-94/I-294/I-80)</u>	<u>Reagan Memorial Tollway (I-88)</u>
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 .....	557
Services and toll collection .....	571
Traffic control, safety, patrol, and radio communication.....	187
Administrative .....	359

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

