THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended December 31, 2020

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

WEALTH ADVISORY | OUTSOURCING
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Illinois Tollway Officials and Financial Staff

Executive Director	Jose R. Alvarez
Chief Operating Officer	Derek Messier (until 1/29/2021)
Chief Financial Officer	Cathy Williams (effective 3/1/2020) Michael Colsch (until 2/28/2020)
Controller	Patricia Pearn
General Counsel	Kathleen Pasulka-Brown

Illinois Tollway Board Members

Chairman	Will Evans, Jr.
Board Member	James Connolly
Board Member	Stephen Davis
Board Member	Alice Gallagher
Board Member	Karen McConnaughy
Board Member	Scott Paddock
Board Member	James Sweeney
Board Member	Vacant

On 2/1/2021, Jacqueline Gomez was appointed by Governor JB Pritzker to fill the vacancy on the Board.

Tollway's Central Administrative offices are located at:

2700 Ogden Avenue
Downers Grove, Illinois 60515

Financial Statement Report

Summary

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

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

Summary of Findings

The auditors identified four matters involving the Tollway's internal control over financial reporting that they considered to be material weaknesses and significant deficiencies. Further, the auditors identified two noncompliance matters.

Number of	Current report	Prior report
Findings	4	None
Repeated findings	None	None
Prior recommendations implemented or not repeated	None	1

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2020-001	81	New	Significant Understatement of OPEB Balances	Material weakness
2020-002	85	New	Need to Enhance Relationship with the Illinois State Police	Material weakness
2020-003	91	New	Noncompliance with the State Employees Group Insurance Act of 1971	Significant deficiency and Noncompliance
2020-004	94	New	Inadequate Internal Controls over Census Data	Significant deficiency

Exit Conference

This report was discussed with the Authority at an exit conference on September 30, 2021.

Attending were:

The Illinois State Toll Highway Authority	
Jose R. Alvarez	Executive Director
Cassaundra Rouse	Chief Operating Officer
Cathy Williams	Chief Financial Officer
Shaun Farmer	Chief Internal Auditor
Kathleen Pasulka-Brown	General Counsel
William O'Connell	Debt Manager
Patricia Pearn	Controller
Illinois State Police	
Tim Cray	Assistant Chief Financial Officer
Illinois Office of the Auditor General	
Thomas L. Kizziah	Senior Audit Manager
Dan Nugent	Technical Specialist
Megan Green	Senior Audit Manager
CLA LLP (CliftonLarsonAllen)	
Chuck Kozlik	Principal
Syril Thomas	Manager
Eric Gubatan	Senior Associate

The responses to the recommendations were provided by Patricia Pearn, Controller, in a correspondence dated October 4, 2021.

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Honorable Frank J. Mautino
Auditor General, State of Illinois

and

Board of Directors
The Illinois State Toll Highway Authority

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Tollway's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Illinois State Toll Highway Authority as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Further, as discussed in Note 22 to the financial statements, as of December 31, 2020, the Tollway's beginning net position was restated to correct an error in the allocation of the OPEB liability. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7-14 and the required supplementary information in Schedules 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

(Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of the Tollway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tollway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tollway's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
October 15, 2021

Management's Discussion and Analysis
For the Year Ended December 31, 2020

This section offers readers a discussion and analysis of the financial performance of the Illinois State Toll Highway Authority (the Tollway), provides an overview of its financial activities, and identifies changes in the Tollway's financial position as of and for the year ended December 31, 2020. Readers should use this section of this report in conjunction with the Tollway's basic financial statements.

Financial Highlights

- In August 2011, the Tollway's Board of Directors approved a $12.2 billion capital program, called "*Move Illinois: the Illinois Tollway Driving the Future*" ("*Move Illinois"*), which defined a program of infrastructure investments to be made by the Tollway in 2012 through 2026.
- In April 2017, the Tollway's Board of Directors approved a modification of the *"Move Illinois"* capital program, increasing the funding by $2.1 billion, to $14.3 billion, to provide for enhancements to the central portion of the Tri-State Tollway (Central Tri-State).
- To help fund the capital outlays approved for "*Move Illinois*", the Tollway Board set new toll rates for passenger vehicles using the Tollway system and these higher rates were effective January 1, 2012. The Tollway also affirmed a previously approved increase in commercial vehicle toll rates which was phased in over 2015 - 2017, with a Consumer Price Index adjustment applied beginning January 1, 2018 and annually each January 1st thereafter.
- During 2020, construction and professional engineering services contracts with a combined value of $1.5 billion were awarded under this program, bringing total "Move Illinois" contract awards to date to $7.8 billion.
- Including $500 million in revenue bonds issued in December 2020, a total of $3.6 billion of revenue bonds have been issued in 2013-2020 to fund the capital program.
- In 2020, the Tollway implemented a series of tolling reforms under the name Tolling 2020 to provide : (i) an amnesty offer of significantly reduced fines for outstanding violations in notices dated before March 9, 2020, to the extent paid by December 31, 2020 (such deadline extended on December 17, 2020 to June 30, 2021); (ii) relief from fines incurred during March 9 – June 25, 2020, the first 3 1/2 months of the COVID-19 pandemic; and (iii) an invoicing program effective June 25, 2020, significantly reducing initial costs associated with unpaid tolls to the extent such unpaid tolls are paid within 90 days.
- The Tollway's 2020 traffic and operating revenue were adversely impacted by the COVID-19 pandemic. Toll transactions in 2020 declined 21.2% from 2019. The Tollway's 2020 operating revenue totaled $1.3 billion, a decrease of $223.6 million from the previous year. Operating expenses increased $5.6 million (to $875.3 million) primarily due to increased depreciation expense. Net operating income for 2020 was $385.6 million, a decrease of $229.1 million from 2019.
- Amounts on deposit on behalf of I-PASS account holders increased by 2.8% at year-end to $199.2 million; approximately 89.1% of toll transactions are paid via I-PASS.

Basic Financial Statements

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

Overview of the Financial Statements

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

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

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

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

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

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

Financial Analysis

2020 Results Compared to 2019

Operating Revenue

The Tollway's 2020 operating revenues, totaling $1.3 billion, declined $223.6 million, or 15.1%, from the previous year. This decrease was mainly attributable to reduced toll revenue resulting from the COVID-19 pandemic's adverse impact on traffic volume. In 2020, toll revenue totaled $1.1 billion versus $1.4 billion in 2019, a decline of $231.7 million, or 16.8%. Revenue from toll evasion recovery increased to $93.2 million (from $81.6 million), due in part to an increased rate of unpaid tolls caused by (in response to risks posed by the pandemic) the suspension of cash payment options, an amnesty offer which incentivized payment of unpaid tolls and related fines, and impacts of a new invoicing program implemented effective June 25, 2020.

Concession revenue decreased in 2020 to $1.4 million (18.8%) due to reduced traffic which resulted in less revenue at the over the road oases which generate concession revenue to the Tollway.

Operating Expenses

Operating expenses, excluding depreciation, decreased in 2020, to $380.7 million (3.4%) from $394.1 million in 2019. This was largely due to a reduction in customer service costs and credit card fees due to the reduced traffic on the roadway because of the COVID-19 pandemic. Reduced group insurance costs, operational supplies, and utilities also contributed to this decrease.

Depreciation and amortization expense increased in 2020 by 4.0% to $494.6 million, from $475.6 million in 2019. The resulting net operating income for the year, $385.6 million, decreased by $229.1 million, or 37.3%, from the previous year.

Nonoperating Revenues (Expenses)

Nonoperating revenue decreased by $22.9 million (32.7%), due to decreased investment returns as the result of decreased funds on deposit and lower investment rates. This year the Tollway once again earned interest rebates from the U.S. Department of the Treasury relating to bonds which were issued as Build America Bonds. The 2020 rebates totaled $13.6 million, substantially the same as 2019.

Nonoperating expenses decreased by $1.5 million (0.5%), due to decreased interest and amortization of financing costs offset by an increase in expense under intergovernmental agreements.

The net nonoperating expenses increased this year by 8.9% from $240.1 million in 2019 to $261.5 million for 2020, due to the variances noted above.

Summary of Changes in Net Position

	2020	2019
REVENUES:		
Operating revenues:		
Toll revenue	$ 1,149,019,894	$ 1,380,750,754
Toll evasion recovery	93,164,508	81,554,193
Concessions	1,394,810	1,717,551
Miscellaneous	17,371,262	20,483,584
Nonoperating revenues:		
Investment income	13,726,188	39,833,676
Revenues under intergovernmental agreements	19,653,073	16,469,715
Bond interest subsidy (Build America Bonds)	13,611,390	13,554,800
Total revenues	1,307,941,125	1,554,364,273
EXPENSES:		
Operating expenses:		
Engineering and maintenance of roadway and structures	107,197,951	122,363,797
Services and toll collection	149,638,080	171,529,366
Traffic control, safety patrol, and radio communications	48,631,134	44,806,282
Procurement, IT, finance and administration	75,211,820	55,443,876
Depreciation & Amortization	494,637,313	475,602,597
Nonoperating expenses:		
Expenses under intergovernmental agreements	19,653,073	16,469,715
Net loss on disposal of property	32,270	261,716
Miscellaneous	360	360
Interest expense and amortization of financing costs	288,762,582	293,259,340
Total expenses	1,183,764,583	1,179,737,049
Increase in net position	124,176,542	374,627,224
Restatement of 1/1/2020 net position	(505,692,050)	-
Net position, beginning of year	3,451,111,822	3,076,484,598
Net position, end of year, as restated (note 22)	$ 3,069,596,314	$ 3,451,111,822

Changes in Net Position

Net operating income decreased in 2020 by $229.1 million (37%) to $385.6 million. After deducting this year's net nonoperating expenses of $261.5 million, the Tollway posted an increase in net position for the year of $124.2 million compared to $374.6 million increase in net position for 2019. After this year's result, the Tollway's net position totaled $3.1 billion. Beginning net position was restated see note 22.

Summary of Net Position

	December 31, 2020	December 31, 2019
ASSETS		
Current and other assets	$ 2,240,301,131	$ 2,234,036,664
Capital assets - net	10,164,520,701	9,511,797,253
Total Assets	12,404,821,832	11,745,833,917
DEFERRED OUTFLOWS OF RESOURCES		
Net loss on bond refundings	235,814,949	261,180,173
Pension related	59,741,932	59,773,509
OPEB related	43,550,286	34,084,814
Total Deferred Outflows of Resources	339,107,167	355,038,496
LIABILITIES		
Current debt outstanding	136,505,000	129,260,000
Long-term debt outstanding	7,174,022,374	6,712,938,755
Other liabilities	2,243,260,753	1,703,509,762
Total Liabilities	9,553,788,127	8,545,708,517
DEFERRED INFLOWS OF RESOURCES		
Pension related	33,054,063	58,557,894
OPEB related	87,490,495	45,494,180
Total Deferred Inflows of Resources	120,544,558	104,052,074
NET POSITION		
Net investment in capital assets	3,159,827,805	2,879,594,594
Restricted under trust indenture agreements	474,330,449	458,006,472
Restricted for supplemental pension benefits obligations	4,281	34,129
Unrestricted	(564,566,221)	113,476,627
Total Net Position	$ 3,069,596,314	$ 3,451,111,822

Statement of Net Position

The Tollway's capital assets of $10.2 billion, consisting of land, buildings, infrastructure, and equipment, constitutes 79.8% of total assets and deferred outflows of resources. The largest liabilities are revenue bonds totaling $7.3 billion, (inclusive of unamortized premiums/discounts), net pension liability of $891.9 million and net other postemployment benefits (OPEB) liability of $580.0 million, which together constitute 90.8% of total liabilities and deferred inflows of resources. The restricted net position balance, totaling $474.3 million, consists of resources subject to external restrictions or legislation as to their use. The remaining portion, unrestricted net position, represents the resources available to be used at the Tollway's discretion.

The Tollway's assets increased by 5.6% to $12.4 billion, from $11.7 billion at December 31, 2019. This increase was mainly due to an increase in capital assets.

Total liabilities increased by 11.8% to $9.6 billion, from $8.5 billion at December 31, 2019. This increase was mainly due to additional bonds outstanding during 2020 of $468 million, in addition to increased interest payable and unearned revenue, as well as an increase in the Net OPEB liability as of December 31, 2020.

Capital Assets and Debt Administration

Capital Assets

Capital assets continue to represent the largest category of Tollway assets, totaling $10.2 billion at year-end ($9.5 billion at 12/31/2019) comprising 79.8% of total Tollway assets and deferred outflows of resources. As the Tollway continues the *"Move Illinois"* capital program to expand and rebuild the Tollway system, land and infrastructure assets continue to increase. See the accompanying Notes to the Financial Statements – Notes 1(h) and 6 – for further information about capital assets.

CAPITAL ASSETS
2020 and 2019

	January 1, 2020 Net Balance	2020 Net Activity	2020 Depreciation	December 31, 2020 Net Balance
Land	$ 688,331,689	$ 207,830,557	$ -	$ 896,162,246
Construction in progress	1,247,877,752	262,770,051	-	1,510,647,803
Buildings	26,623,427	1,909,377	(1,554,221)	26,978,583
Infrastructure	7,372,829,137	602,545,831	(460,154,780)	7,515,220,188
Machinery and equipment	176,135,248	71,031,137	(31,654,504)	215,511,881
Total	$ 9,511,797,253	$ 1,146,086,953	$ (493,363,505)	$ 10,164,520,701

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

Long-Term Debt

At year-end 2020, as compared to year-end 2019, total revenue bonds payable, inclusive of original issue premium and net of current revenue bonds payable, increased by $461.0 million to $7.2 billion. This increase resulted from the addition of $644.9, inclusive of original issue premium, for the 2020 Series A bond issuance to finance a portion of the "*Move Illinois"* capital program, less $129.3 million of bond principal payments and less $47.4 million of original issue premium amortizations.

All Tollway bonds outstanding as of December 31, 2020 were issued under the Amended and Restated Trust Indenture effective March 31, 1999, amending and restating a Trust Indenture dated December 1, 1985 (as amended, restated, and supplemented, the Trust Indenture) from the Tollway to The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the Trustee). The Trustee serves as a fiduciary for bondholders. The amount of additional senior bonds that the Tollway may issue at any time is limited by the Trust Indenture requirement that the projected Net Revenues are sufficient to meet the estimated Net Revenue Requirement for each full fiscal year through five years after the date the project being financed is estimated to be placed in service, after giving effect to the debt service attributable to such additional senior bonds. The Net Revenue Requirement is the amount necessary to cure deficiencies, if any, in the debt service and debt reserve accounts established under the Trust Indenture, plus the greater of (i) the sum of Aggregate Debt Service on Senior Bonds, the Junior Bond Revenue Requirement, and the Renewal and Replacement Deposit for such period, and (ii) 1.3 times the Aggregate Debt Service on Senior Bonds for such period (all capitalized terms as defined in the Trust Indenture). Under the terms of the Trust Indenture the revenue bond debt service coverage ratio for 2020 was 2.09.

The following table lists, as of December 31, 2020, the Tollway's bond series and the current and noncurrent principal amounts outstanding. Amounts presented in this table do not include any unamortized original issue premiums associated with the bonds.

	December 31, 2020		
Revenue bonds payable	**Noncurrent**	**Current**	**Total**
Issue of 2009 Series A	$ 400,000,000	$ -	$ 400,000,000
Issue of 2009 Series B	280,000,000	-	280,000,000
Issue of 2013 Series A	500,000,000	-	500,000,000
Issue of 2014 Series A	101,715,000	96,870,000	198,585,000
Issue of 2014 Series B	500,000,000	-	500,000,000
Issue of 2014 Series C	400,000,000	-	400,000,000
Issue of 2014 Series D	197,670,000	25,805,000	223,475,000
Issue of 2015 Series A	400,000,000	-	400,000,000
Issue of 2015 Series B	400,000,000	-	400,000,000
Issue of 2016 Series A	333,060,000	-	333,060,000
Issue of 2016 Series B	300,000,000	-	300,000,000
Issue of 2017 Series A	300,000,000	-	300,000,000
Issue of 2018 Series A	484,295,000	13,830,000	498,125,000
Issue of 2019 Series A	300,000,000	-	300,000,000
Issue of 2019 Series B	225,245,000	-	225,245,000
Issue of 2019 Series C	697,870,000	-	697,870,000
Issue of 2020 Series A	500,000,000	-	500,000,000
Total revenue bonds payable	$ 6,319,855,000	$ 136,505,000	$ 6,456,360,000

Factors Impacting Future Operations

During 2020, the Tollway progressed on the $14.3 billion "*Move Illinois"* capital program. Land acquisition, design and construction work continued for the Elgin-O'Hare Western Access Project and for the widening of the Central Tri-State Tollway. The Tollway forecasts approximately 60% of the "*Move Illinois"* Program's total costs are expected to be funded by toll revenue.

Contacting the Tollway's Financial Management

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

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Statement of Net Position
December 31, 2020

	Assets	
Current assets:		
Current unrestricted assets:		
Cash and cash equivalents	$	1,022,766,480
Accounts receivable, less allowance for doubtful accounts of $198,141,949		60,617,559
Intergovernmental receivables		52,775,634
Accrued interest receivable		4,707
Risk management cash and cash equivalents		12,763,016
Investments		49,996,900
Prepaid expenses		4,559,428
Total current unrestricted assets		1,203,483,724
Current restricted assets:		
Cash and cash equivalents - debt service		181,401,171
Cash and cash equivalents - I-PASS accounts		199,150,846
Prepaid expenses restricted for debt service		206,897
Accrued interest receivable		226,599
Supplemental pension benefits assets		4,281
Total current restricted assets		380,989,794
Total current assets		1,584,473,518
Noncurrent unrestricted assets:		
Capital assets:		
Land, improvements and construction in progress		2,406,810,049
Other capital assets, net of accumulated depreciation		7,757,710,652
Total capital assets		10,164,520,701
Other noncurrent unrestricted assets:		
Intergovernmental receivable less current portion		101,697,014
Prepaid expenses less current portion		1,729,175
Total other noncurrent unrestricted assets		103,426,189
Noncurrent restricted assets:		
Cash and cash equivalents - debt reserve		330,190,001
Investments - debt reserve		95,000,000
Prepaid expenses - debt reserve		2,275,862
Cash and cash equivalents - construction		124,935,561
Total noncurrent restricted assets		552,401,424
Total assets		12,404,821,832
	Deferred Outflows of Resources	
Net loss on bond refundings		235,814,949
Deferred outflows of resources - pension related		59,741,932
Deferred outflows of resources - OPEB related		43,550,286
Total deferred outflows of resources	$	339,107,167

See accompanying notes to the financial statements.

(Continued)

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Statement of Net Position
December 31, 2020

Liabilities

Current liabilities:		
Payable from unrestricted current assets:		
Accounts payable	$	15,365,144
Accrued liabilities		236,587,008
Accrued compensated absences		5,100,000
Intergovernmental agreement payable		76,075,648
Risk management claims payable		6,952,957
Deposits and retainage		54,916,032
Unearned revenue, net of accumulated amortization of $1,924,519		660,115
Net OPEB liability - current		24,417,291
Total current liabilities payable from unrestricted current assets		420,074,195
Payable from current restricted assets:		
Current portion of revenue bonds payable		136,505,000
Accrued interest payable		134,970,081
Deposits and unearned revenue – I-PASS accounts		199,150,846
Total current liabilities payable from current restricted assets		470,625,927
Total current liabilities		890,700,122
Noncurrent liabilities:		
Revenue bonds payable, less current portion		7,174,022,374
Accrued compensated absences		6,957,250
Risk management claims payable		11,010,865
Net pension liability		891,871,048
Net OPEB liability, less current portion		555,600,990
Unearned revenue, less accumulated amortization of $35,002,521		23,625,478
Total noncurrent liabilities		8,663,088,005
Total liabilities		9,553,788,127

Deferred Inflows of Resources

Deferred inflows of resources - pension related		33,054,063
Deferred inflows of resources - OPEB related		87,490,495
Total deferred inflows of resources		120,544,558

Net Position

Net position:		
Net investment in capital assets		3,159,827,805
Restricted under the Trust Indenture		474,330,449
Restricted for supplemental pension benefits obligations		4,281
Unrestricted		(564,566,221)
Total net position	$	3,069,596,314

See accompanying notes to the financial statements.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2020

Operating revenues:		
Toll revenue	$	1,149,019,894
Toll evasion recovery		93,164,508
Concessions		1,394,810
Miscellaneous		17,371,262
Total operating revenues		1,260,950,474
Operating expenses:		
Engineering and maintenance of roadway and structures		107,197,951
Services and toll collection		149,638,080
Traffic control, safety patrol and radio communications		48,631,134
Procurement, IT, finance and administration		75,211,820
Depreciation and amortization		494,637,313
Total operating expenses		875,316,298
Operating income		385,634,176
Nonoperating revenues (expenses):		
Revenues under intergovernmental agreements		19,653,073
Expenses under intergovernmental agreements		(19,653,073)
Net loss on disposal of property		(32,270)
Interest (expense) and amortization of financing costs		(288,762,582)
Bond interest subsidy (Build America Bonds)		13,611,390
Miscellaneous revenue (expense)		(360)
Investment income		13,726,188
Total nonoperating revenues (expenses), net		(261,457,634)
Change in net position		124,176,542
Net position, beginning of year		3,451,111,822
Restatement of 1/1/20 Net Position		(505,692,050)
Net position, end of year, as restated (note 22)	$	3,069,596,314

See accompanying notes to the financial statements.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:		
Cash received from sales and services	$	1,253,145,233
Cash payments to suppliers		(194,728,705)
Cash payments to employees		(180,135,705)
Net cash provided by operating activities		878,280,823
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(1,172,631,414)
Cash received from other governments for capital assets		71,190,126
Proceeds from sale of property		512,337
Bond proceeds		644,942,984
Principal paid on revenue bonds		(129,260,000)
Bond subsidy (Build America Bonds)		6,825,760
Interest expense and issuance costs paid on revenue bonds		(290,198,128)
Net cash (used in) capital and related financing activities		(868,618,335)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments		1,076,468,730
Interest on investments		15,067,596
Net cash provided by investing activities		1,091,536,326
Net increase in cash and cash equivalents		1,101,198,814
Cash and cash equivalents at beginning of year		770,012,542
Cash and cash equivalents at end of year	$	1,871,211,356

Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$	1,022,766,480
Risk management reserved cash and cash equivalents		12,763,016
Cash and cash equivalents restricted for debt service and debt reserve		511,591,172
Cash and cash equivalents – I-PASS accounts		199,150,846
Supplemental pension benefit assets		4,281
Cash and cash equivalents - construction		124,935,561
Total cash and cash equivalents at end of year	$	1,871,211,356

See accompanying notes to the financial statements.

(Continued)

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Statement of Cash Flows
For the Year Ended December 31, 2020

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	385,634,176
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		494,637,313
Provision for bad debt		117,991,102
Prior year feasibility study project		905,052
Amortization of unearned revenue		(1,924,519)
Pension adjustment		12,579,718
Other post employment benefits adjustment		(11,921,084)
Effects of changes in operating assets and liabilities:		
(Increase) in accounts receivable		(138,740,029)
(Increase) in intergovernmental receivables		(3,061,164)
(Increase) in prepaid expenses		(741,762)
(Decrease) in accounts payable		(4,539,396)
(Decrease) in accrued liabilities		3,503,697
Increase in accrued compensated absences		2,902,651
Increase in intergovernmental agreement payable		1,851,932
Increase in deposits - I-PASS		5,354,460
Increase in unearned revenue		12,428,741
Increase in risk management claims payable		1,419,935
Net cash provided by operating activities	$	878,280,823
Noncash capital and related financing activities:		
Increase in capital asset obligation accounts payable	$	10,411,089

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

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

(a) Financial Reporting Entity

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

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

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

(b) Basis of Accounting

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

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

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

(c) Cash and Cash Equivalents

With the exception of $58.3 million in locally held funds and cash on hand at December 31, 2020, all cash and cash equivalents are held for the Tollway either by the Illinois State Treasurer (the Treasurer) as custodian, or by the Trustee under the Tollway's Trust Indenture.

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

(d) Investments

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

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

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

The Trust Indenture authorizes the Tollway to invest in U.S. Treasury and agency issues, money market funds comprised of U.S. Treasury and agency issues, repurchase agreements thereon, time deposits, and certificates of deposit. All funds held by the Tollway's Trustee were held in compliance with these restrictions for the year ended December 31, 2020.

(e) Accounts Receivable

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

(f) Prepaid Expenses and Inventory

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

(Continued)

(g) Noncurrent Cash and Investments

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

(h) Capital Assets

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

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

(i) Leases

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

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

(j) Long-Term Accounts Receivable

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

(k) Debt Refunding

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

(l) Unearned Revenue

The Tollway recognizes revenue when earned. Amounts received in advance of the periods in which related services are rendered are recorded as an unearned revenue liability in the statement of net position. See Note 9.

(m) Pensions

Substantially all of the Tollway's employees participate in the State Employees' Retirement System (SERS), a single-employer, public employee defined benefit pension plan of the State of Illinois, as more fully described in Note 11.

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

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

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

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

(n) Adoption of New Accounting Pronouncements

There were no new accounting pronouncements that the Tollway was required to adopt in the year ended December 31, 2020.

(o) Net Position

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

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

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

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

At December 31, 2020, restrictions on net position consisted of:

(Continued)

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

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

(p) Toll Revenue and Evasion Recovery

Toll revenue is recognized when the transaction occurs. Effective June 25, 2020, the Tollway implemented an invoicing process for unpaid tolls. This process provides for invoice(s) for missed tolls, including any administrative fees. The fee amount, reduced by an estimated allowance for doubtful accounts, is recorded as evasion recovery revenue when the invoice is issued. The fines attributed to toll evasion recovery are recorded as revenue when received in cash. Tolls that remain unpaid through the invoicing process become subject to fines. Fines are recorded as revenue upon receipt of cash by the Tollway.

(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, including the Tollway's allocated share of SERS' pension expense pursuant to GASB Statements No. 68 and 71 and the Tollway's allocated share of the State of Illinois' postemployment benefits liability. All other revenues and expenses are reported as nonoperating revenues and expenses or as special items.

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

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

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

(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. See Note 13.

(s) Use of Estimates in Preparing Financial Statements

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

(2) Cash and Investments

(a) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that an institution holding the Tollway's deposits may fail and expose the Tollway to a loss if the Tollway's deposits cannot be returned upon maturity or demand. State law (30 ILCS 230/2C) requires that all deposits of public funds be covered by the Federal Deposit Insurance Corporation (FDIC) insurance or eligible collateral. The Tollway has no policy that would further limit the requirements under state law. As of December 31, 2020, the Tollway's deposits were covered by FDIC insurance or eligible collateral.

(b) Schedule of Investments

As of December 31, 2020, the carrying value of the Tollway's investments (with associated maturities) is as follows:

	Investment Maturities (in years)		
Investment Type	**Fair Value or Amortized Cost**	**Less Than 1**	**1 - 5**
Money market funds*	$ 1,609,386,084	$ 1,609,386,084	$ -
U.S. Treasury - SLGS	95,000,000	95,000,000	-
Federal Home Loan Bank	49,996,900	49,996,900	-
Illinois Funds LGIP*	213,136,907	213,136,907	-
	$ 1,967,519,891	$ 1,967,519,891	$ -

* Weighted average maturity is less than one year.

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

The Tollway categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Tollway has no Level 2 or Level 3 inputs.

The Tollway has the following recurring fair value measurements as of December 31, 2020:

Investment Type	**Total**	**Level 1**
Federal Home Loan Bank	$ 49,996,900	$ 49,996,900
	$ 49,996,900	$ 49,996,900

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

(c) Interest Rate Risk

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

(d) Credit and Concentration Risks

Credit risk is the risk that the Tollway will not recover its investments due to the inability of the issuer to fulfill its obligation. The Tollway's investment policy limits investment of Tollway funds to: securities guaranteed by the United States government; obligations of agencies and instrumentalities of the United States; interest-bearing savings accounts, certificates of deposit, or bank time deposits with institutions which meet specified capitalization requirements; money market mutual funds registered under the Investment Company Act of 1940; the Illinois Funds LGIP; and repurchase agreements of government securities as defined in the Government Securities Act of 1986. To minimize concentration risk, the Tollway's investment policy further requires that the investment portfolio be diversified, as necessary to reduce the risk of loss in terms of specific maturity, specific issuer, or specific class of securities. Final maturities are limited to ten years; the majority of the Tollway's funds, excluding bond proceeds, are to be invested in maturities of less than one year. The Tollway was in compliance with these policies during 2020.

For the year ended December 31, 2020, the Tollway's investments in debt securities were rated by Moody's and Standard & Poor's as follows:

	2020 (Moody's/S&P)	
Investment Type	**Fair Value or Amortized Cost**	**Rating**
Money market funds	$ 1,609,386,084	Aaa-mf/AAAm
U.S. Treasury bills	95,000,000	Aaa/AA+u
Federal Home Loan Bank	49,996,900	Aaa/AA+
Illinois Funds LGIP	213,136,907	N/R/AAAm

(3) Accounts Receivable

The Tollway's accounts receivable consist of various toll charges and other amounts due from individuals, commercial, governmental, and other entities. A provision for doubtful accounts has been recorded for estimated uncollectible amounts. As of December 31, 2020, the Tollway's accounts receivable balance consists of the following:

	Gross accounts receivables	Allowance for doubtful accounts	Net accounts receivable
Tolls	$ 13,348,786	$ (8,101,538)	$ 5,247,248
Toll evasion recovery	229,334,717	(186,399,504)	42,935,213
Oases receivables	60,663	-	60,663
Damage claims	376,259	(364,663)	11,596
Over dimension vehicle permit	307,830	(101,327)	206,503
Fiber optic agreements	5,875,275	(1,025,956)	4,849,319
Other	9,455,978	(2,148,961)	7,307,017
Total non-governmental receivables	258,759,508	(198,141,949)	60,617,559
Various local government and other state agency	24,897,437	-	24,897,437
E-Z Pass Agency Group	27,878,197	-	27,878,197
Illinois Department of Transportation	101,697,014	-	101,697,014
Total intergovernmental receivables	154,472,648	-	154,472,648
Total receivables	$ 413,232,156	$ (198,141,949)	$ 215,090,207

(4) Prepaid Expenses

In the normal course of business, the Tollway pays for goods and services that will be consumed beyond the current year. These are established as prepaid expenses. As of December 31, 2020, the Tollway had $8.8 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 became financially responsible for rebuilding and remains responsible for renovating the oases structures. At the end of each lease, ownership of the improvements reverts to the Tollway. In the retail lease, the lessee is responsible for the payment of all expenses associated with administration and operation of the facilities including the securing of tenants. In the fuel lease, the lessee is responsible for the operation of the service station and car wash facilities.

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

The future minimum lease payments receivable under these agreements as of December 31, 2020 are as follows:

Year Ending December 31	Retail Lease	Fuel Lease	Total Leases
2021	$ 607,143	$ 689,582	$ 1,296,725
2022	607,143	689,582	1,296,725
2023	607,143	689,582	1,296,725
2024	607,143	689,582	1,296,725
2025	607,143	689,582	1,296,725
Thereafter	809,521	919,443	1,728,964
	$ 3,845,236	$ 4,367,353	$ 8,212,589

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

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

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

(6) Capital Assets

Changes in capital assets for the year ended December 31, 2020, are as follows:

	Balance at Jan 1, 2020	Additions and transfers in	Deletions and transfers out	Balance at Dec 31, 2020
Nondepreciable capital assets:				
Land and improvements	$ 685,361,097	$ 208,520,561	$ (480,836)	$ 893,400,822
Temporary Easement	5,601,251	1,064,640	(1,360,600)	5,305,291
Construction in progress	1,247,877,752	846,138,083	(583,368,032)	1,510,647,803
Total nondepreciable capital assets	1,938,840,100	1,055,723,284	(585,209,468)	2,409,353,916
Less accumulated amortization				
Temporary Easement	(2,630,659)	(1,273,808)	1,360,600	(2,543,867)
Total accumulated Amortization	(2,630,659)	(1,273,808)	1,360,600	(2,543,867)
Total nondepreciable capital assets net	1,936,209,441	1,054,449,476	(583,848,868)	2,406,810,049
Depreciable capital assets				
Buildings	73,259,583	1,909,377	-	75,168,960
Infrastructure	11,407,606,126	602,545,831	(137,843,848)	11,872,308,109
Machinery and equipment	440,378,307	71,094,906	(45,307,631)	466,165,582
Total depreciable capital assets	11,921,244,016	675,550,114	(183,151,479)	12,413,642,651
Less accumulated depreciation				
Buildings	(46,636,156)	(1,554,221)	-	(48,190,377)
Infrastructure	(4,034,776,989)	(460,154,780)	137,843,848	(4,357,087,921)
Machinery and equipment	(264,243,059)	(31,654,504)	45,243,862	(250,653,701)
Total accumulated depreciation	(4,345,656,204)	(493,363,505)	183,087,710	(4,655,931,999)
Total depreciable assets, net	7,575,587,812	182,186,609	(63,769)	7,757,710,652
Total capital assets, net	$ 9,511,797,253	$ 1,236,636,085	$ (583,912,637)	$ 10,164,520,701

(7) Long-Term Accounts Receivable

As of December 31, 2020, long-term accounts receivable consisted of the following:

Illinois Department of Transportation	$ 101,697,014

Long-term accounts receivable represents the noncurrent amount due under intergovernmental agreements for cost-sharing construction projects.

(8) Revenue Bonds Payable

Changes in revenue bonds payable for the year ended December 31, 2020 are as follows:

	Balance at Jan 1, 2020*	Additions	Deletions	Balance at Dec 31, 2020	Due within one year
2009 Series A	$ 400,000,000	$ -	$ -	$ 400,000,000	$ -
2009 Series B	280,000,000	-	-	280,000,000	-
2013 Series A	500,000,000	-	-	500,000,000	-
2014 Series A	290,850,000	-	(92,265,000)	198,585,000	96,870,000
2014 Series B	500,000,000	-	-	500,000,000	-
2014 Series C	400,000,000	-	-	400,000,000	-
2014 Series D	243,345,000	-	(19,870,000)	223,475,000	25,805,000
2015 Series A	400,000,000	-	-	400,000,000	-
2015 Series B	400,000,000	-	-	400,000,000	-
2016 Series A	333,060,000	-	-	333,060,000	-
2016 Series B	300,000,000	-	-	300,000,000	-
2017 Series A	300,000,000	-	-	300,000,000	-
2018 Series A	515,250,000	-	(17,125,000)	498,125,000	13,830,000
2019 Series A	300,000,000	-	-	300,000,000	-
2019 Series B	225,245,000	-	-	225,245,000	-
2019 Series C	697,870,000	-	-	697,870,000	-
2020 Series A	-	500,000,000	-	500,000,000	-
Totals	$ 6,085,620,000	$ 500,000,000	$ (129,260,000)	$ 6,456,360,000	$ 136,505,000
Current portion of revenue bonds payable	(129,260,000)	(136,505,000)	129,260,000	(136,505,000)	
Unamortized bond premium	756,578,755	144,942,984	(47,354,365)	854,167,374	
Revenue bonds payable net of current portion, plus unamortized bond premium	$ 6,712,938,755	$ 508,437,984	$ (47,354,365)	$ 7,174,022,374	

*The January 1, 2020 balances are before any payments of principal due on January 1, 2020.

(a) Build America Bonds

The American Recovery and Reinvestment Act of 2009 authorized the Tollway to issue taxable bonds known as "Build America Bonds" to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds. The receipt of such subsidy payments by the Tollway is subject to certain requirements, including the filing of a form with the Internal Revenue Service prior to each interest payment date. The subsidy payments are not full faith and credit obligations of the United States of America. As a result of the impact of sequestration, the federal government reduced the amount of the subsidy payments by: 8.7% for subsidies received between March 2013 and September 2013; 7.2% for subsidies received between October 2013 and September 2014; 7.3% for subsidies received between October 2014 and September 2015; 6.8% for subsidies received between October 2015 and September 2016; 6.9% for subsidies received between October 2016 and September 2017; 6.6% for subsidies received between October 2017 and September 2018; 6.2% for subsidies received between October 2018 and September 2019; 5.9% for subsidies received between October 2019 and September 2020; and 5.7% for subsidies received between October 2020 and September 2021 (see Note 21 – Subsequent Events). The Series 2009A Bonds and Series 2009B Bonds are taxable Build America Bonds; all other Tollway bonds are tax-exempt bonds.

(b) Series 2009A Bonds

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

(c) Series 2009B Bonds

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

(d) Series 2013A Bonds

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

(e) Series 2014A Bonds

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

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

(f) Series 2014B Bonds

On June 4, 2014, the Tollway issued $500,000,000 of Toll Highway Senior Revenue Bonds, 2014 Series B. This issuance was the second bond sale utilized to finance capital projects in the “Move Illinois” Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2026 through 2039. All bonds were sold bearing a 5.0% interest rate. The bonds were

(Continued)

sold at yields which produced an original issue premium of $48,929,739. The bonds are subject to optional redemption on or after January 1, 2024, at a redemption price of 100% of the principal amount plus accrued interest. The bonds have not been insured or otherwise credit enhanced by the Tollway.

(g) Series 2014C Bonds

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

(h) Series 2014D Bonds

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

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

(i) Series 2015A Bonds

On July 30, 2015, the Tollway issued $400,000,000 of Toll Highway Senior Revenue Bonds, 2015 Series A. This issuance was the fourth bond sale utilized to finance capital projects in the “Move Illinois” Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2027 through 2037 and a term bond maturing January 1, 2040. All bonds were sold bearing a 5.0% interest rate. The bonds were sold at yields which produced an original issue premium of $39,445,649. The bonds are subject to optional redemption on or after July 1, 2025 at a redemption price of 100% of the principal amount plus accrued interest. The term bond maturing January 1, 2040 is subject to sinking fund redemption prior to maturity. The bonds have not been insured or otherwise credit enhanced by the Tollway.

(j) Series 2015B Bonds

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

(k) Series 2016A Bonds

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

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

(l) Series 2016B Bonds

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

(m) Series 2017A Bonds

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

(n) Series 2018A Bonds

On January 10, 2019, the Tollway issued $515,250,000 of Toll Highway Senior Revenue Bonds, 2018 Series A (Refunding). The bonds refunded $262,500,000 of Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-2, $189,600,000 of Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-1a, and $78,060,000 2009 Series A Bonds scheduled to mature on January 1, 2024. The bonds also financed costs of issuance and costs of terminating two variable-to-fixed interest rate exchange agreements (swaps) associated with the refunded bonds. The bonds were sold as serial bonds maturing on January 1 of each of the years 2020 through 2031 and were sold bearing an interest rate of 5.00%. The bonds were sold at yields which produced an original issue premium of $79,372,651. The bonds are subject to optional redemption on or after January 1, 2029, at a redemption price of 100% of the principal amount plus accrued interest. The bonds have not been insured or otherwise credit enhanced by the Tollway.

(o) Series 2019A Bonds

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

(p) Series 2019B Bonds

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

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

(q) Series 2019C Bonds

On December 23, 2019, the Tollway issued $697,870,000 of Toll Highway Senior Revenue Bonds, 2019 Series C (Refunding). The bonds refunded $350,000,000 of Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-1, $87,500,000 of Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-2d, $189,600,000 of Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-1b, and $94,825,000 of Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-2. The bonds also financed

(Continued)

costs of issuance and costs of terminating five variable-to-fixed interest rate exchange agreements (swaps) associated with the refunded bonds. The bonds were sold as serial bonds maturing on January 1 of each of the years 2022 through 2031 and were sold bearing an interest rate of 5.00%. The bonds were sold at yields which produced an original issue premium of $166,652,297. The bonds are subject to optional redemption on or after January 1, 2030, at a redemption price of 100% of the principal amount plus accrued interest. The purpose of the refunding was to reduce risks related to variable interest rates and third-party agreements. The bonds have not been insured or otherwise credit enhanced by the Tollway.

(r) Series 2020A Bonds

On December 17, 2020, the Tollway issued $500,000,000 of Toll Highway Senior Revenue Bonds, 2020 Series A. This issuance was the ninth bond sale utilized to finance capital projects in the "*Move Illinois*" Program. The bonds also financed a deposit to the debt reserve account and costs of issuance. The bonds were sold as serial bonds maturing on January 1 of each of the years 2036 through 2041 and a term bond maturing January 1, 2045. Bonds were sold bearing an interest rate of 5.0%. The bonds were sold at yields which produced an original issue premium of $144,942,984. The bonds are subject to optional redemption on or after January 1, 2031, at a redemption price of 100% of the principal amount plus accrued interest. The term bond maturing January 1, 2045 is subject to sinking fund redemption prior to maturity. The bonds have not been insured or otherwise credit enhanced by the Tollway.

(s) Defeased Bonds

As of December 31, 2020, there were no defeased Tollway revenue bonds outstanding.

(Continued)

(t) All Series

Details of outstanding revenue bonds as of December 31, 2020 are as follows:

Issue of 2009 Series A, 6.184% due on January 1, 2032-2034	$	400,000,000
Issue of 2009 Series B, 5.851% due on December 1, 2034		280,000,000
Issue of 2013 Series A, 5.00% due on January 1, 2027-2038		500,000,000
Issue of 2014 Series A, 5.00% due on December 1, 2021-2022		198,585,000
Issue of 2014 Series B, 5.00% due on January 1, 2026-2039		500,000,000
Issue of 2014 Series C, 5.00% due on January 1, 2027-2039		400,000,000
Issue of 2014 Series D, 5.00% due on January 1, 2021-2025		223,475,000
Issue of 2015 Series A, 5.00% due on January 1, 2027-2040		400,000,000
Issue of 2015 Series B, 5.00% due on January 1, 2027-2040		400,000,000
Issue of 2016 Series A, 4.00% due on December 1, 2031 and 5.00% due on December 1, 2031-2032		333,060,000
Issue of 2016 Series B, 5.00% due on January 1, 2027-2041		300,000,000
Issue of 2017 Series A, 5.00% due on January 1, 2028-2042		300,000,000
Issue of 2018 Series A, 5.00% due on January 1, 2021-2031		498,125,000
Issue of 2019 Series A, 3.00% due on January 1, 2038, 4.00% due on January 1, 2037, 2039 and 2042-2044, and 5.00% due on January 1, 2036 and 2040-2044		300,000,000
Issue of 2019 Series B, 5.00% due on January 1, 2025-2031		225,245,000
Issue of 2019 Series C, 5.00% due on January 1, 2022-2031		697,870,000
Issue of 2020 Series A, 5.00% due on January 1, 2036-2045		500,000,000
Total revenue bonds payable	$	6,456,360,000
Less current portion	$	(136,505,000)
Plus unamortized bond premium		854,167,374
Long-term portion of revenue bonds payable plus unamortized bond premium	$	7,174,022,374

Accrued interest payable as of the year ended December 31, 2020, was $134,970,081.

The annual requirements to retire principal and pay interest on all bonds outstanding at December 31, 2020, all of which are fixed interest rate bonds, are as follows.

Year ending December 31	Principal	Interest	Total Debt Service
2021	$ 136,505,000	$ 315,846,897	$ 452,351,897
2022	145,415,000	320,447,800	465,862,800
2023	45,925,000	313,121,425	359,046,425
2024	155,025,000	308,097,675	463,122,675
2025	162,715,000	300,154,175	462,869,175
2026	187,530,000	291,398,050	478,928,050
2027	231,265,000	280,928,175	512,193,175
2028	242,700,000	269,079,050	511,779,050
2029	255,135,000	256,633,175	511,768,175
2030	268,090,000	243,552,550	511,642,550
2031	444,185,000	229,813,675	673,998,675
2032	310,030,000	211,272,048	521,302,048
2033	147,435,000	194,763,900	342,198,900
2034	614,505,000	180,745,402	795,250,402
2035	74,300,000	152,587,500	226,887,500
2036	374,425,000	141,369,375	515,794,375
2037	393,175,000	122,199,375	515,374,375
2038	412,800,000	102,110,000	514,910,000
2039	429,300,000	81,187,500	510,487,500
2040	434,800,000	59,675,000	494,475,000
2041	340,100,000	40,302,500	380,402,500
2042	229,000,000	26,217,500	255,217,500
2043	164,000,000	16,652,500	180,652,500
2044	164,000,000	8,685,000	172,685,000
2045	94,000,000	2,350,000	96,350,000
Total	$ 6,456,360,000	$ 4,469,190,248	$ 10,925,550,248

(u) Capitalized Interest

In 2018, the Tollway implemented GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period* which requires that all interest costs be recognized as an expense in the current period. Prior to implementation, a portion of interest expense attributable to construction was required to be capitalized. GASB Statement No. 89 changed this requirement prospectively. As of December 31, 2020, the Tollway continues to amortize previously capitalized interest with an unamortized balance of $119.4 million.

(v) Trust Indenture Agreement

All Tollway bonds outstanding as of December 31, 2020, were issued under the Amended and Restated Trust Indenture effective as of March 31, 1999, amending and restating a Trust Indenture dated as of December 1, 1985 (as amended, restated, and supplemented, the “Trust

Indenture") from the Tollway to The Bank Of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"). The Trustee serves as fiduciary for bondholders. The Trust Indenture establishes the conditions under which the Tollway may issue bonds and the security to be pledged to bondholders. The Trust Indenture establishes two funds: (i) a construction fund to account for the spending of Tollway bond proceeds; and (ii) a revenue fund to account for the deposit of Tollway revenues. The construction fund is divided into different accounts for each project under the Trust Indenture. The revenue fund is divided into six different accounts (some of which are further divided into sub-accounts) which establish an order of funding priority through which Tollway revenues flow. Revenues first fund the maintenance and operation account, which is the only account in the revenue fund in which bondholders do not have a security interest. Remaining revenues fund the other accounts of the revenue fund in the following order of priority: the debt service account, the debt reserve account, the renewal and replacement account, the improvement account, and the system reserve account. (The Trust Indenture also allows for the creation of junior lien bond accounts; to date the Tollway has never issued junior lien bonds.) All accounts of the construction fund and the debt service account and debt reserve account of the revenue fund are held by the Trustee. The Trustee-held funds classified as net position restricted under the Trust Indenture is included in Note 10.

(w) Arbitrage Rebate

In the 1980s, Congress determined that arbitrage rebate rules were needed to curb issuance of investment motivated tax-exempt bonds. These rules were designed to create additional safeguards against issuers obtaining an arbitrage benefit by issuing bonds either prematurely or in excess of actual need in order to benefit from an expected spread between tax-exempt borrowing cost and return on investment of bond proceeds. As a result, under certain conditions gain from arbitrage must be rebated to the United States Government. The Tollway determined that, as of December 31, 2020, no arbitrage rebate liability had accrued.

(9) Unearned Revenue

The Tollway's communications network includes a fiber optic system. Excess capacity on the fiber optic lines is leased to other organizations in order to offset the cost of the system. Since 2000, when the system was initially upgraded, the Tollway has entered into fiber optic system lease agreements with terms of twenty years. The Tollway has collected a cumulative total of $55,619,310 in upfront payments; the related revenue will be earned over the lease terms.

The total unearned revenue balance for the fiber optic system was $56,031,900 at December 31, 2020, and the amount earned was $31,993,832 through December 31, 2020.

The Tollway also invoices annual fiber optic maintenance fees. At December 31, 2020, some of these fees had been paid in advance. These have also been recorded as unearned revenue.

On October 1, 2013, the Tollway entered into a 3-year agreement with Travelers Marketing, LLC, for sponsorship of the Tollway's Highway Emergency Lane Patrol (H.E.L.P.) trucks by its advertising sponsor/partner, State Farm Insurance. In exchange for a cumulative sponsorship fee of $4,958,250, Travelers has the exclusive right to place State Farm Insurance branding on Tollway H.E.L.P. trucks and H.E.L.P. truck operator uniforms. On October 1, 2016, this contract was extended for an additional 3 years and on October 1, 2019, a three-month extension was executed. An additional 3-year agreement was executed in January 2020. The unearned portion of the sponsorship fee paid by Travelers in 2020 has been recorded as unearned revenue.

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A summary of changes in unearned revenue for the year ended December 31, 2020, is as follows:

	Balance at January 1	Current Year Activity	Balance at December 31	Current Portion
Unearned revenue				
Fiber optics and co-location	$ 43,603,130	$ 12,428,770	$ 56,031,900	$ 2,337,109
Accumulated amortization	(30,069,313)	(1,924,519)	(31,993,832)	(1,924,519)
	13,533,817	10,504,251	24,038,068	412,590
Intergovernmental agreements	928,480	(705,997)	222,483	222,483
Accumulated amortization	-	-	-	-
	928,480	(705,997)	222,483	222,483
H.E.L.P. Truck advertising revenue	4,357,250	601,000	4,958,250	25,042
Accumulated amortization	(4,332,208)	(601,000)	(4,933,208)	-
	25,042	-	25,042	25,042
Totals				
Unearned revenue	48,888,860	12,323,773	61,212,633	2,584,634
Accumulated amortization	(34,401,521)	(2,525,519)	(36,927,040)	(1,924,519)
Net unearned revenue	$ 14,487,339	$ 9,798,254	$ 24,285,593	$ 660,115

(10) Restricted Net Position

As of December 31, 2020, the Tollway reported the following restricted net position:

Description	December 31, 2020
Net position restricted under Trust Indenture Agreement	$ 474,330,449
Restricted for pension benefit obligation	4,281
	$ 474,334,730

(Continued)

(11) State Employees' Retirement System

Plan Description

Substantially all of the Tollway's full-time employees, as well as the State Police assigned to the Tollway who are not eligible for any other state-sponsored retirement plan, participate in the Illinois State Employees' Retirement System (SERS), which is a component unit of the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system in which state employees participate, except those covered by the State Universities, Teachers, General Assembly and Judges' Retirement Systems. SERS is governed by a 13 member Board of Trustees, consisting of the Illinois Comptroller, six trustees appointed by the Governor with the advice and consent of the Illinois Senate, four trustees elected by SERS members, and two trustees appointed by SERS retirees. SERS issues a separate annual comprehensive financial report (ACFR). The financial position and results of operations for SERS for fiscal year 2020 are also included in the state's ACFR for the year ended June 30, 2020.

As of June 30, 2020, the breakdown of employees participating or benefitting from SERS, as a whole, is as follows:

Active employees	62,621
Retirees and beneficiaries currently receiving benefits	75,355
Inactive employees entitled to but not yet receiving benefits	3,774

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' ACFR. 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' ACFR, write, call, or email:

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

Benefit Provisions

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

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

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

Regular Formula Tier 1	**Regular Formula Tier 2**
A member must have a minimum of eight years of service credit and may retire at: • Age 60, with eight years of service credit. • Any age, when the member's age (years and whole months) plus years of service credit (years and whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service. Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement. If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.	A member must have a minimum of 10 years of credited service and may retire at: • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of $106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less. If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The salary limits for calendar year 2020 is $115,929. If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or 1/2 of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.

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

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

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

Contributions

Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes (ILCS). Member contributions are based on fixed percentages of covered payroll ranging between 4% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed $115,929 for 2020 with limitations for future years increased by the lessor of 3% or one-half of the annual percentage increase in the Consumer Price Index.

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

For fiscal year 2020, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll, recomputed annually, for the next 35 years until the 90% funded level is achieved. For state fiscal year 2020, the employer contribution rate was 54.290%. For state fiscal year 2021, the employer contribution rate is 54.831%. The Tollway's contribution amount for calendar year 2020 was $61,919,610.

The Tollway has made all required contributions through December 31, 2020.

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

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

At December 31, 2020, the Tollway reported a liability of $891,871,048 for its allocated share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2020 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Tollway's portion of the net pension liability was based on the Tollway's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2020. As of the current year measurement date of June 30, 2020, the Tollway's proportion was 2.5578%, which was an increase of 0.0010% from its proportion of 2.5568% measured as of the prior year measurement date of June 30, 2019.

Change in the net pension liability allocated to the Tollway for the year ended December 31, 2020, is as follows:

	Balance January 1	Additions	Deletions	Balance December 31	Amounts due within one year
Net Pension Liability	$ 853,819,076	$ 96,850,032	$ (58,798,060)	$ 891,871,048	$ -

For the year ended December 31, 2020, the Tollway recognized pension expense of $75.1 million. This expense is higher than the statutory actual contributions made by the Tollway, due to the implementation of GASB Statement No. 68.

At December 31, 2020, the Tollway reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,279,573	$ 3,500,323
Changes in assumptions	18,813,910	5,260,245
Net difference between projected and actual investment earnings on pension plan investments	4,953,869	-
Changes in proportion and differences between Tollway contributions and proportionate share of contributions	2,081,189	24,293,495
Tollway contributions subsequent to the measurement date	31,613,391	-
	$ 59,741,932	$ 33,054,063

The $31.6 million reported as deferred outflow of resources related to pensions resulting from Tollway contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021.

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

Year Ending		Amount
12/31/2021	$	(10,590,221)
12/31/2022		(1,937,061)
12/31/2023		3,185,516
12/31/2024		4,416,242
Total	$	(4,925,524)

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality: Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018.

Inflation: 2.25%

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

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

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

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2019, valuation pursuant to an experience study of the period July 1, 2015 to June 30, 2018.

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The long-term expected real rate of return on pension plan investments was determined based on the simulated average 20-year annualized geometric return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2020, the 20-year simulated real rates of return are summarized in the following table:

	Asset Allocation	
	Target Allocation	**20 Year Simulated Rate of Return**
U.S. Equity	23.0%	5.5%
Developed Foreign Equity	13.0%	5.9%
Emerging Market Equity	8.0%	7.8%
Private Equity	7.0%	7.5%
Intermediate Investment Grade Bonds	14.0%	1.1%
Long-Term Government Bonds	4.0%	1.1%
TIPS	4.0%	1.0%
High Yield and Bank Loans	5.0%	3.7%
Opportunistic Debt	8.0%	4.7%
Emerging Market Debt	2.0%	2.7%
Real Estate	10.0%	3.2%
Infrastructure	2.0%	3.9%
Total	100.0%	

Discount Rate

A discount rate of 6.35% was used to measure the total pension liability as of June 30, 2020. This single blended discount rate was based on the expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 2.45%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between the statutory contributions and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075 at June 30, 2020. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

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

The net pension liability for the plan was calculated using a single discount rate of 6.35%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below as of June 30, 2020:

	June 30, 2020		
	1% decrease (5.35%)	Current Discount Rate (6.35%)	1% increase (7.35%)
Tollway's net pension liability	$1,078,107,773	$891,871,048	$738,792,954

Payables to the Pension Plan

At December 31, 2020, the Tollway had no payable to SERS for outstanding contributions to the pension plans.

(12) Other Post-Employment Benefits (OPEB)

Plan description

The State Employees Group Insurance Act of 1971 (“Act”), as amended, authorizes the Illinois State Employees Group Insurance Program (“SEGIP”) to provide health, dental, vision, and life insurance benefits for certain active employees and retirees and their dependents. SEGIP includes substantially all employees of State agencies as well as retired employees of The Illinois Toll Highway Authority, Illinois Comprehensive Health Insurance Plan (“ICHIP”), and the State’s nine university component units. (Tollway retirees participate in SEGIP, but its active employees are covered under the Tollway’s own self-insured health plan and do not participate in SEGIP.) Members receiving monthly benefits from the General Assembly Retirement System (“GARS”), Judges Retirement System (“JRS”), State Employees’ Retirement System of Illinois (“SERS”), Teachers’ Retirement System (“TRS”), and State Universities Retirement System of Illinois (“SURS”) are eligible for these other post-employment benefits (“OPEB”). Additionally, certain members covered under TRS for pension purposes are eligible for retiree healthcare benefits under the Teachers’ Retirement Insurance Program (“TRIP”). Other TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees and members with certain reciprocal service.

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

Benefits provided

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State’s and the university component units’ employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after

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Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

Funding policy and annual other postemployment benefit cost

OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced 5% for each year of credited service with the State allowing those annuitants with 20 or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

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

GASB Statement No. 75 requires an allocation of net OPEB liability and OPEB expense and to recognize proportionate shares for the primary government and component units, including the Tollway.

At December 31, 2020, the Tollway recorded a liability of $580,018,281 for its allocated share of the State's net OPEB liability on the statement of net position. The total OPEB liability, as reported at December 31, 2020, was measured as of June 30, 2020, with an actuarial valuation as of June 30, 2019. The Tollway's portion of the net OPEB liability was based on the Tollway's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2020. As of the current year measurement date of June 30, 2020, the Tollway's proportion was 1.3706%.

For the year ended December 31, 2020, the Tollway recognized OPEB expense of $9.3 million.

At December 31, 2020, the Tollway reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2020, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,282,352	$ 6,245,721
Changes in assumptions	15,850,643	58,248,141
Changes in proportion	-	22,996,633
Tollway contributions subsequent to the measurement date	24,417,291	-
	$ 43,550,286	$ 87,490,495

The amounts reported as deferred outflows of resources related to OPEB resulting from Tollway contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	Amount
12/31/2021	$ 26,824,077
12/31/2022	20,186,767
12/31/2023	10,212,603
12/31/2024	9,848,508
12/31/2025	1,285,545
	$ 68,357,500

Actuarial methods and assumptions

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2019, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2019.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB liability
Discount Rate	2.45%
Inflation Rate	2.25%
Projected Salary Increases	2.75% - 7.17%
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2020. For fiscal years on and after 2021, trend starts at 8.25% for non-Medicare cost and post-Medicare costs, and gradually decreases to an ultimate trend of 4.25%. There is no addition al trend rate adjustment due to the repeal of the Excise Tax.
Retirees' Share of Benefit-Related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retire before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5% for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100% of the required dependent premium. Premiums for plan years 2019 and 2020 are based on actual premiums. Premiums after 2020 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

The demographic assumptions and economic assumptions used in the OPEB valuation are consistent with those used in the June 30, 2020, pension valuations for GARS, JRS, SERS, TRS, and SURS as follows:

General Employees and retirees	Proposed Mortality Table	Male Set Back Years	Female Set Back Years	Male Scaling Factor	Female Scaling Factor
Pre-retirement	Pub-2010 General Employee, sex distinct	2	1	89%	95%
Post-retirement	Pub-2020 Gemral Healthy Retiree sex distinct	0	(1)	111%	111%

Discount Rate

Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.13% at June 30, 2019, and 2.45% at June 30, 2020, was used to measure the total OPEB liability.

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

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 2.45%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (3.45%) or lower (1.45%) than the current rate:

June 30, 2020		
	Current Single Discount	
1% Decrease 1.45%	**Rate Assumption 2.45%**	**1% Increase 3.45%**
$ 682,710,801	$ 580,018,281	$ 498,082,841

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

The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

June 30, 2020		
1% Decrease[a]	**Healthcare Cost Trend Rates Assumption**	**1% Increase[b]**
$ 485,561,273	$ 580,018,281	$ 703,876,793

(a) One percentage point decrease in healthcare trend rates are 7.25% in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.

(b) One percentage point increase in healthcare trend rates are 9.25% in 2021, decreasing to an ultimate trend rate of 5.25% in 2027.

(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. Claims liabilities include non-incremental claims adjustment expenses. The estimated liabilities for workers' compensation claims of $16,910,865 and incurred but not reported employee health claims of $1,052,957 as of December 31, 2020, are included in the accompanying financial statements.

Balance at January 1	Additions	Deletions	Balance at December 31	Current Portion
$ 15,490,929	$ 5,855,949	$ (4,436,013)	$ 16,910,865	$ 5,900,000

Changes in health insurance claims payable for the year ended December 31, 2020, are as follows:

Balance at January 1	Additions	Deletions	Balance at December 31	Current Portion
$ 724,776	$ 14,139,203	$ (13,811,022)	$ 1,052,957	$ 1,052,957

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

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

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(14) Compensated Absences

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

Changes in accrued compensated absences for the year ended December 31, 2020, are as follows:

	Balance at January 1	Accrued	Used	Balance at December 31	Due within one year
2020	$ 9,154,599	$ 7,928,167	$ 5,025,516	$ 12,057,250	$ 5,100,000

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(15) Pledges of Future Revenues

All revenue bonds issued under the Tollway's Trust Indenture are secured by a pledge of and lien on Tollway revenues and certain other funds (excluding amounts reserved for the payment of maintenance and operating expenses) as provided in the Trust Indenture.

Bond issue	Purpose		December 31, 2020 Pledged future revenues	December 31, 2020 Term of commitment
2009 Series A Senior Priority Revenue (Build America Bonds - Direct Payment)	Fund Congestion-Relief Program	$	721,285,700	2034
2009 Series B Senior Priority Revenue (Build America Bonds - Direct Payment)	Fund Congestion-Relief Program		509,359,200	2034
2013 Series A Senior Revenue	Fund *"Move Illinois"* Program		870,499,750	2038
2014 Series A (Refunding) Senior Revenue	Refund 2005A Bonds		213,600,000	2022
2014 Series B Senior Revenue	Fund *"Move Illinois"* Program		893,625,000	2039
2014 Series C Senior Revenue	Fund *"Move Illinois"* Program		711,400,000	2039
2014 Series D (Refunding) Senior Revenue	Refund 2006A Bonds		254,633,375	2025
2015 Series A Senior Revenue	Fund *"Move Illinois"* Program		747,482,500	2040
2015 Series B Senior Revenue	Fund *"Move Illinois"* Program		747,482,500	2040
2016 Series A (Refunding) Senior Revenue	Refund 2008B Bonds		519,026,250	2032
2016 Series B Senior Revenue	Fund *"Move Illinois"* Program		565,700,000	2041
2017 Series A Senior Revenue	Fund *"Move Illinois"* Program		575,935,000	2042
2018 Series A (Refunding) Senior Revenue	Refund portions of 2007A, 2008A, 2009A Bonds		674,382,125	2031
2019 Series A Senior Revenue	Fund *"Move Illinois"* Program		601,840,000	2031
2019 Series B (Refunding) Senior Revenue	Refund 2010A-1 Bonds		308,200,875	2044
2019 Series C (Refunding) Senior Revenue	Refund 2007A, 2008A Bonds		968,120,750	2031
2020 Series A Senior Revenue	Fund *"Move Illinois"* Program		1,042,977,222	2045
		$	10,925,550,248	

Proceeds from the bonds identified above provided financing or refinancing for the construction and/or improvement of the various corridors within the Tollway's toll highway system. Future projected principal and interest payments on the bonds are expected to require approximately 35% of future pledged net revenue (incorporating previously approved, as of December 31, 2020, commercial vehicle annual toll rate increases based on the consumer price index, such increases projected at 2.0% annually). The total principal and interest remaining to be paid on the bonds is $10.9 billion. Principal and interest paid in calendar year 2020 was $416.9 million, and total pledged net revenue in calendar year 2020 was $933.8 million.

(16) Commitments

At December 31, 2020, the remaining obligations against current contracts open for capital programs for CRP and "*Move Illinois*" totaled $2.3 billion. The Tollway plans to fund remaining payments under these contracts through revenues, accumulated cash, and bond issue proceeds.

(17) Pending Litigation

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

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

(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 liabilities meeting this definition as of December 31, 2020.

(19) New Governmental Accounting Standards

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

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

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

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

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GASB Statement No. 93 – *Replacement of Interbank Offered Rates* – This statement addresses accounting and financial reporting implications that result from the replacement of interbank offered rate (IBOR). This statement is effective for years beginning after June 30, 2021. This statement will not impact the Tollway's financial statements.

GASB Statement No. 94 – *Public-Private Partnerships and Availability Payment Arrangements* – The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements, in which a government contracts with an operator to provide public services. This statement is effective for fiscal years beginning after June 15, 2022. Management has not yet determined the impact of this pronouncement on the Tollway's financial statements.

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

Statement No. 96 – *Subscription-Based Information Technology Arrangements* (SBITAs)– This statement provides guidelines for the financial reporting for SBITA liabilities, capitalization and note disclosures. Management has not yet determined the impact of this pronouncement on the Tollway's financial statements.

Statement No. 97 – *Certain Component Unit Criteria and Financial Reporting for IRC Code 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and 84* -The purpose of this statement is to enhance financial reporting related to Section 457 plans. This statement is effective generally for reporting periods beginning after June 15, 2021. Management has not yet determined the impact of this pronouncement on the Tollway's financial statements.

(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 $101.7 million are recorded at December 31, 2020, representing construction projects performed by the Tollway that pertain to the infrastructure owned by IDOT. Accrued liabilities totaling approximately $37.4 million are recorded for amounts owed to IDOT for construction projects IDOT has performed for infrastructure assets owned by the Tollway.

(21) Subsequent Events

On January 1, 2021, a toll rate increase took effect for commercial vehicles, reflecting an increase in the Consumer Price Index (CPI) for All Urban Consumers. This increase was implemented pursuant to the Tollway Board of Directors' approval in 2008 and confirmation in 2011 of annual CPI–based commercial vehicle toll rate increases beginning January 1, 2018 and each year thereafter.

On February 25, 2021, the Tollway Board authorized the issuance of up to $600,000,000 of senior-lien fixed rate revenue bonds for purposes of funding a portion of Move Illinois capital program expenditures.

On April 22, 2021, the Tollway Board of Directors approved changes to the Tollway's economic assistance program, IPASS Assist. Under this enhanced I-PASS Assist program qualifying participants will no longer be required to place a deposit on their transponder account, and deposits on existing IPASS Assist accounts will be transferred to the prepaid toll balance. In addition, the minimum amount required for prepaid tolls will be reduced to $4 (from $10). Furthermore, going forward under the enhanced IPASS Assist program, under certain conditions missed tolls may not be subject to invoicing fees. Eligibility to participate will include an income-based requirement.

The traffic on the Illinois Tollway has begun to recover from the adverse effects of the COVID-19 pandemic. As of 8/31/2021, the Tollway's traffic is at approximately 92% of its pre-pandemic level.

The Tollway has been notified by the U.S. Treasury of a 5.7% reduction in U.S. Treasury subsidies of Build America Bond interest payments for the federal fiscal year ending September 30, 2021. This reduction is expected to reduce the subsidies earned by the Tollway for: the Series 2009B interest payment due June 1, 2021; and the Series 2009A interest payment due July 1, 2021. The total amount of such reductions is expected to be $410,160.

(22) Restatement of Net Position

During Calendar Year 2020, two error corrections resulted in restatements to beginning net position, as follows:

		Reporting Unit Affected by the Restatement to Beginning Balances
		Busines-Type Activities
12/31/2019, as previously reported	$	3,451,111,822
Error Correction (A)		(509,815,049)
Error Correction (B)		4,122,999
Sub-Total		(505,692,050)
12/31/2019, as restated	$	2,945,419,772

(A) This error correction was due to an understatement in the Tollway's OPEB liability and errors in related OPEB accounts. This error occurred due to the Tollway and the State of Illinois, Department of Central Management Services (CMS) not separately stating OPEB balances for Tollway employees who only partake in the State Employees Group Insurance Program (SEGIP) upon their retirement from the Tollway from other employees accounted for within SEGIP's cost-sharing proportionate share allocation of OPEB balances.

(B) This error correction was due to the Tollway improperly classifying contributions to SEGIP subsequent to SEGIP's measurement date as expenses rather than deferred outflows of resources prior to December 31, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Tollway's Proportionate Share
of the Net Pension Liability of the
State Employees' Retirement System (SERS)
Year ended December 31, 2020

Last 10 Fiscal Years**

	SERS Fiscal Year Ended June 30,						
	2020	**2019**	**2018**	**2017*** **	**2016**	**2015**	**2014**
Tollway's proportion of the net pension liability*	2.5578%	2.5568%	2.6698%	2.6999%	2.6382%	2.6261%	2.6826%
Tollway's proportionate share of the net pension liability, pursuant to GASB 68 reporting requirments	$ 891,871,048	$ 853,819,076	$ 882,540,010	$ 888,456,774	$ 900,824,457	$ 733,523,053	$ 727,079,026
Tollway's covered payroll	$ 112,876,932	$ 115,464,445	$ 110,352,910	$ 111,183,988	$ 111,478,841	$ 112,947,877	$ 110,979,470
Tollway's proportionate share of the net pension liability as a percentage of its covered payroll	790.13%	739.46%	799.74%	798.78%	808.07%	649.44%	655.15%
Plan fiduciary net position as a percentage of the total pension liability	35.51%	35.64%	34.57%	33.44%	30.58%	35.27%	34.98%

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

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

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

See accompanying independent auditors' report.

Schedule 2

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Schedule of Contributions to SERS Pension Plan

Year ended December 31, 2020

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2020	$ 74,525,328	$ 61,919,610	$ 12,605,718	$ 115,054,947	53.82%
2019	76,600,914	59,411,115	17,189,799	113,210,062	52.48%
2018	73,135,906	55,197,741	17,938,165	110,795,575	49.82%
2017	57,493,911	55,576,566	1,917,345	111,226,982	49.97%
2016	53,283,494	50,197,749	3,085,745	111,478,841	45.03%
2015	53,713,047	48,299,509	5,413,538	112,947,877	42.76%
2014	52,494,228	44,751,713	7,742,515	110,979,470	40.32%

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

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

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

See accompanying independent auditors' report.

Schedule 3

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Tollway's Proportionate Share
of the Net OPEB Liability of the
State Employees' Group Insurance Program (SEGIP)
For the Year Ended December 31, 2020

Last 10 Fiscal Years**

	Fiscal Year Ended June 30,			
	2020	**2019**	**2018**	**2017**
Tollway's proportion of the net OPEB liability*	1.3706%	0.2995%	0.3495%	0.2520%
Tollway's proportionate share of the net OPEB liability	$ 580,018,281	$ 131,448,041	$ 140,125,903	$ 104,136,124
Tollway's covered-employee payroll	$ 112,876,932	$ 115,464,445	$ 110,352,910	$ 111,183,988
Proportionate share of Net OPEB liability as a percentage of covered-employee payroll	513.85%	113.84%	126.98%	93.66%

* Beginning in 2020, the Tollway's proportion of net OPEB liability is estimated based on the Tollway's specific actuarial share of the total State of Illinois liability. Prior to 2020, the Tollway's share was erroneously estimated based on actual contruibutions to SEGIP. See Note 22 restatement.

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

See accompanying independent auditors' report.

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

Schedule 4

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Changes in Fund Balance – by Fund
Trust Indenture Basis of Accounting (Non GAAP)
Year ended December 31, 2020

	Revenue fund	Construction fund	Total
Increases:			
Toll revenue	$ 1,149,019,894	$ -	$ 1,149,019,894
Toll evasion recovery	93,164,508	-	93,164,508
Concessions	1,394,810	-	1,394,810
Interest	13,726,180	8	13,726,188
Miscellaneous	25,234,903	-	25,234,903
Total increases	1,282,540,295	8	1,282,540,303
Decreases:			
Engineering and maintenance of roadway and structures	91,503,160	-	91,503,160
Services and toll collection	130,700,789	-	130,700,789
Traffic control, safety patrol, and radio communications	45,729,173	-	45,729,173
Procurement, IT, finance and administration	46,334,258	-	46,334,258
Insurance and employee benefits	45,935,450	-	45,935,450
Construction expenses	1,102,792,431	-	1,102,792,431
Construction expense reimbursed by bond proceeds	(499,783,000)	499,783,000	-
Bond principal payments	129,260,000	-	129,260,000
Build America bond subsidy	(13,611,390)	-	(13,611,390)
Bond interest and other financing costs	308,823,485	1,827,767	310,651,252
Total decreases	1,387,684,356	501,610,767	1,889,295,123
Bond Proceeds - Series 2020A	18,396,664	626,546,320	644,942,984
Prior Period Adjustment	(2,995,188)	-	(2,995,188)
Change in fund balance	(89,742,585)	124,935,561	35,192,976
Fund balance, January 1	1,403,073,655	-	1,403,073,655
Restatement of January 1, 2020 fund balance	(12,669,882)	-	(12,669,882)
Fund balance, December 31	$ 1,300,661,188	$ 124,935,561	$ 1,425,596,749

See accompanying independent auditors’ report.

Schedule 4

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Changes in Fund Balance – by Fund
Trust Indenture Basis of Accounting (Non GAAP)
For the Year Ended December 31, 2019

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

See accompanying independent auditors’ report.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Changes in Fund Balance – Revenue Fund – by Account
Trust Indenture Basis of Accounting (Non GAAP)
Year ended December 31, 2020

	Revenue fund and accounts							
		Maintenance and operations						
	Revenue account	Operating sub account	Operating reserve sub account	Debt service	Debt service reserve	Renewal and replacement	Improvement	Total
Increases:								
Toll revenue	$ 1,149,019,894	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,149,019,894
Toll evasion recovery	93,164,508	-	-	-	-	-	-	93,164,508
Concessions	1,394,810	-	-	-	-	-	-	1,394,810
Interest	1,482,428	-	-	303,397	5,772,755	1,455,373	4,712,227	13,726,180
Miscellaneous	25,234,903	-	-	-	-	-	-	25,234,903
Intrafund transfers	(1,284,253,897)	364,681,363	-	422,894,127	-	120,000,000	376,678,407	-
Total increases	(13,957,354)	364,681,363	-	423,197,524	5,772,755	121,455,373	381,390,634	1,282,540,295
Decreases:								
Engineering and maintenance of roadway and structures	-	91,503,160	-	-	-	-	-	91,503,160
Services and toll collection	-	130,700,789	-	-	-	-	-	130,700,789
Traffic control, safety patrol, and radio communications	-	45,729,173	-	-	-	-	-	45,729,173
Procurement, IT, finance and administratio	-	46,334,258	-	-	-	-	-	46,334,258
Insurance and employee benefits	-	45,935,450	-	-	-	-	-	45,935,450
Construction expenses	-	-	-	-	-	307,154,612	795,637,819	1,102,792,431
Construction expenses reimbursed by bond proceeds	-	-	-	-	-	-	(499,783,000)	(499,783,000)
Bond principal payments	-	-	-	129,260,000	-	-	-	129,260,000
Gain/loss on defeased bonds	-	-	-	-	-	-	-	-
Build America bond subsidy	-	-	-	(13,611,390)	-	-	-	(13,611,390)
Interest and other financing costs	-	-	-	308,616,588	206,897	-	-	308,823,485
Total decreases	-	360,202,830	-	424,265,198	206,897	307,154,612	295,854,819	1,387,684,356
Net increase (decrease)	(13,957,354)	4,478,533	-	(1,067,674)	5,565,858	(185,699,239)	85,535,815	(105,144,061)
Bond Proceeds - Series 2020A	-	-	-	-	18,396,664	-	-	18,396,664
Prior Period Adjustment	-	-	-	(2,927,453)	(67,735)	-	-	(2,995,188)
Change in fund balance	(13,957,354)	4,478,533	-	(3,995,127)	23,894,787	(185,699,239)	85,535,815	(89,742,585)
Fund balance, January 1	15,202,257	15,166,925	27,400,000	57,214,071	404,002,348	370,808,780	513,279,274	1,403,073,655
Restatement of January 1, 2020 fund balance		(12,669,882)	-	-	-	-	-	(12,669,882)
Fund balance, December 31	$ 1,244,903	$ 6,975,576	$ 27,400,000	$ 53,218,944	$ 427,897,135	$ 185,109,541	$ 598,815,089	$ 1,300,661,188

See accompanying independent auditors' report.

(Continued)

Schedule 5

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Changes in Fund Balance – Revenue Fund – by Account
Trust Indenture Basis of Accounting (Non GAAP)
For the Year Ended December 31, 2019

	Revenue fund and accounts							
		Maintenance and operations						
	Revenue account	Operating sub account	Operating reserve sub account	Debt service	Debt service reserve	Renewal and replacement	Improvement	Total
Increases:								
Toll revenue	$ 1,380,750,754	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,380,750,754
Toll evasion recovery	81,554,193	-	-	-	-	-	-	81,554,193
Concessions	1,717,551	-	-	-	-	-	-	1,717,551
Interest	5,870,466	-	-	2,738,932	8,464,992	8,965,993	12,415,311	38,455,694
Miscellaneous	7,146,226	-	-	-	-	-	-	7,146,226
Intrafund transfers	(1,472,251,436)	348,984,792	-	402,429,651	-	420,000,000	300,836,993	-
Total increases	4,787,754	348,984,792	-	405,168,583	8,464,992	428,965,993	313,252,304	1,509,624,418
Decreases:								
Engineering and maintenance of roadway and structures	-	95,540,232	-	-	-	-	-	95,540,232
Services and toll collection	-	136,123,867	-	-	-	-	-	136,123,867
Traffic control, safety patrol, and radio communications	-	42,190,366	-	-	-	-	-	42,190,366
Procurement, IT, finance and administration	-	46,073,902	-	-	-	-	-	46,073,902
Insurance and employee benefits	-	30,278,247	-	-	-	-	-	30,278,247
Construction expenses	-	-	-	-	-	471,232,860	470,330,843	941,563,702
Construction expenses reimbursed by bond						(150,600,377)	(186,958,753)	(337,559,129)
proceeds	-	-	-	-	-	-	-	-
Bond principal payments	-	-	-	118,780,000	-	-	-	118,780,000
Net Funds Applied to Refundings	-	-	-	8,313,062	774,026	-	-	9,087,088
Build America bond subsidy	-	-	-	(13,554,800)	-	-	-	(13,554,800)
Interest and other financing costs	-	-	-	304,509,079	206,897	-	-	304,715,976
Total decreases	-	350,206,614	-	418,047,342	980,922	320,632,483	283,372,090	1,373,239,451
Net increase (decrease)	4,787,754	(1,221,822)	-	(12,878,759)	7,484,070	108,333,510	29,880,214	136,384,967
Bond Proceeds - Series 2019A	-	-	-	-	9,754,500	-	-	9,754,500
Net Funds Applied to Refundings	-	-	-	3,106,469	-	-	-	3,106,469
Transfer of Excess Debt Reserve Funds	-	-	-	3,408,533	(3,408,533)	-	-	-
Change in fund balance	4,787,754	(1,221,822)	-	(6,363,757)	13,830,037	108,333,510	29,880,214	149,245,936
Fund balance, January 1	10,414,503	16,388,747	27,400,000	63,577,828	390,172,311	262,475,270	483,399,060	1,253,827,719
Fund balance, December 31	$ 15,202,257	$ 15,166,925	$ 27,400,000	$ 57,214,071	$ 404,002,348	$ 370,808,780	$ 513,279,274	$ 1,403,073,655

See accompanying independent auditors' report.

(1) Summary of Significant Accounting Policies

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

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

Basis of Accounting

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

The major differences are as follows:

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

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

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

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

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

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

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

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

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

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

The Revenue Fund

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

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

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

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

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

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

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

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

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

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

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

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

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

Maintenance and Operation Account

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

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

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

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

Debt Service Account

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

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

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

Renewal and Replacement Account

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

Improvement Account

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

System Reserve Account

At the direction of the Tollway, the balance in the Revenue Fund is deposited to the credit of the System Reserve Account to provide for deficiencies in any other account or sub-account. If all accounts have sufficient funds, System Reserve Account funds can be used to pay off debt, fund construction projects, make improvements, or pay for any other lawful Tollway purpose. There were no balances or activity in the System Reserve Account during 2020.

The Construction Fund

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

(2) Miscellaneous

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

Components of Bond Interest and Other Financing Costs - 2020

	Debt Service	Debt Reserve	Total
Bond interest expense	$ 308,556,685	$ -	$ 308,556,685
Other financing costs	59,903	206,897	266,800
	$ 308,616,588	$ 206,897	$ 308,823,485

Other Information:

(1) Construction and Other Capital Expenses for Renewal and Replacement and Improvement include accrued expenses.

(2) Bond interest expense includes accrued interest payable at December 31, 2020.

(3) 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.

(4) Cash and investment balances held by the Trustee at December 31, 2020, are $181.4 million in the Debt Service accounts, and $425.2 million in the Debt Reserve account.

(5) Insurance and Employee Benefits includes expense for retirement, worker’s compensation, the employer portion of FICA, and medical insurance.

(Continued)

(3) Restatement of Fund Balance

The fund balance as of January 1, 2020, has been restated to correct the amount due to the Illinois State Employees Group Insurance Program for retiree health insurance. It was determined that the Tollway's required payments had been inaccurately calculated through December 31, 2020. As the result of these errors, it was necessary for the Tollway to restate its beginning fund balance for the portion that pertained to years prior to 2020.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Toll Revenue by Class of
Vehicles (Unaudited)

For the Years Ended December 31, 2020 and 2019

	2020		2019	
Class of Vehicle	**Average Daily Transactions***	**Revenue****	**Average Daily Transactions***	**Revenue****
1. Auto, motorcycle, taxi, station wagon, ambulance, single-unit truck or tractor: 2 axles, 4 tires	1,879,631	$ 522,789,269	2,467,970	$ 726,062,718
2. Single-unit truck or tractor, buses: 2 axles, 6 tires	41,647	31,023,154	47,308	36,631,431
3. Trucks and buses with 3 & 4 axles	54,460	65,378,812	54,670	68,251,926
4. Trucks with 5 or more axles, other vehicles and toll adjustments	234,261	529,828,659	233,399	549,804,679
TOTAL	2,209,999	$ 1,149,019,894	2,803,347	$ 1,380,750,754

* The "Average Daily Transactions" represents the average daily number of vehicles passing through the toll plazas.
** Toll revenue does not include tolls collected through the Evasion Recovery Program of approximately $93.2 million and $81.5 million, respectively. These are reported as Toll Evasion Recovery revenue.

Schedule 7

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Renewal and Replacement Account (Unaudited)[1]
Trust Indenture Basis (Non-GAAP)
For the Years Ended December 31, 2006 through 2020

Year		Total funds Credited (1)
2006	$	186,545,035
2007		198,331,687
2008		1,907,175
2009		161,463,238
2010		206,096,487
2011		174,192,997
2012		300,660,937
2013		200,364,611
2014		200,208,079
2015		240,311,545
2016		300,845,345
2017		423,015,675
2018		425,924,437
2019		428,965,993
2020		121,455,373

(1) Includes earnings on the Renewal and Replacement Account

See accompanying independent auditors' report.

Schedule 8

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Summary of Operating Revenues, Maintenance and Operating Expenses, Net Operating Revenues and Debt Service Coverage (Unaudited)

Trust Indenture Basis (Non-GAAP))

For the Years Ended December 31, 2011 through December 31, 2020

(Amounts in thousands)

	2020	2019[8] [9] [10]	2018	2017	2016[6][7]	2015[5]	2014[4]	2013[3]	2012	2011
Operating revenue:										
Toll revenue	$ 1,149,020	$ 1,380,751	$ 1,341,051	$ 1,309,189	$ 1,216,298	$ 1,146,629	$ 968,972	$ 943,152	$ 922,390	$ 652,674
Toll evasion recovery	93,164	81,554	70,469	65,640	64,491	64,323	53,769	54,221	32,599	33,268
Concession and other revenue	26,630	8,864	12,232	13,041	11,481	7,664	12,373	11,537	7,377	10,410
Interest income[1]	13,726	38,455	34,389	13,947	6,529	1,846	1,041	866	1,389	1,064
Total operating revenue	1,282,540	1,509,624	1,458,141	1,401,817	1,298,799	1,220,462	1,036,155	1,009,776	963,755	697,416
Maintenance and operating expenses:										
Engineering and maintenance	91,503	95,540	78,404	74,054	53,650	55,477	47,614	43,225	39,144	43,667
Toll services	130,701	136,124	141,981	140,217	109,854	101,415	107,326	106,321	93,590	88,737
Police, safety and communication	45,729	42,190	40,762	37,908	27,256	24,958	27,606	22,551	22,808	23,061
Procurement, IT, finance and administration	46,334	46,074	47,341	32,077	25,731	23,851	24,192	19,138	19,971	20,522
Insurance and employee benefits	45,935	30,278	27,873	35,282	92,748	92,778	91,082	86,278	77,544	69,988
Total expenses	360,202	350,206	336,361	319,538	309,239	298,479	297,820	277,513	253,057	245,975
Net operating revenues	$ 922,338	$ 1,159,418	$ 1,121,780	$ 1,082,279	$ 989,560	$ 921,983	$ 738,335	$ 732,263	$ 710,698	$ 451,441
Total debt service[2][3]	$ 442,114	$ 419,460	$ 424,244	$ 398,411	$ 387,933	$ 358,846	$ 308,443	$ 297,708	$ 250,253	$ 249,960
Net revenues after debt service[2]	$ 480,224	$ 739,958	$ 697,536	$ 683,868	$ 601,627	$ 563,137	$ 429,892	$ 434,555	$ 460,455	$ 201,481
Debt service coverage[2]	2.09	2.76	2.64	2.72	2.55	2.56	2.39	2.46	2.84	1.81

(1) - Excludes interest income on construction funds.

(2) – Includes, as applicable in years 2011 -2019, synthetic fixed interest rates as determined under swap agreements for 1998 Series B, 2007 Series A, and 2008 Series A.

(3) – In August 2013, the Tollway advance refunded a portion of the 2005 A bonds.

(4) – In February 2014, the Tollway advance refunded a portion of the 2005 A bonds.

In December 2014, the Tollway advance refunded the remainder of the Tollway's outstanding 2006 A-1 bonds.

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

(6) – In January 2016, the Tollway advance refunded all of the 2008B bonds.

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

(8) - In January 2019, the Tollway refunded a portion of its 2007 Series A, 2008 Series A and 2009 Series A bonds.

(9) - In November 2019, the Tollway refunded all of the 2010 Series A-1 bonds.

(10) - In December 2019, the Tollway refunded the remainder of its 2007 Series A and 2008 Series A bonds.

See accompanying independent auditors' report.

Schedule 9

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Annual Toll Transactions

Passenger and Commercial Vehicles (Unaudited)

For the Years Ended December 31, 2011 through 2020

(Transactions in thousands)

Year	Passenger	Commercial	Total	Passenger Percentage
2011	743,195	89,633	832,828	89.24%
2012	711,680	92,100	803,780	88.54%
2013	720,513	95,529	816,042	88.29%
2014	737,238	101,041	838,279	87.95%
2015	777,719	103,896	881,615	88.22%
2016	823,643	108,248	931,891	88.38%
2017	883,468	113,866	997,334	88.58%
2018	889,184	119,768	1,008,952	88.13%
2019	900,809	122,413	1,023,222	88.04%
2020	686,065	120,584	806,649	85.05%

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

Schedule 10

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Annual Toll Revenues

Passenger and Commercial Vehicles (Unaudited)

For years 2011 to 2020

(Dollars in thousands)

Year	Passenger	Commercial	Total	Passenger Percentage
2011	$ 354,186	$ 298,488	$ 652,674	54.27%
2012	615,957	306,433	922,390	66.78%
2013	622,349	320,803	943,152	65.99%
2014	630,556	338,416	968,972	65.07%
2015	662,720	483,909	1,146,629	57.80%
2016	686,846	529,452	1,216,298	56.47%
2017	724,905	584,285	1,309,190	55.37%
2018	719,165	621,886	1,341,051	53.63%
2019	726,063	654,688	1,380,751	52.58%
2020	522,789	626,231	1,149,020	45.50%

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

See accompanying independent auditors' report.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Operating Revenues, Maintenance and Operating Expenses and Net Operating Revenues[1] (Unaudited)

For selected years from 1959 to 2020

(Dollars in thousands)

Year:	Operating revenue	Maintenance and operating expenses	Net operating revenues
1959	$ 14,974	$ 4,709	$ 10,265
1969	57,395	13,015	44,380
1979	100,436	39,733	60,703
1989	254,734	85,065	169,669
1994	309,949	116,996	192,953
1999	366,092	146,881	219,211
2004	423,427	198,302	225,125
2009	658,052	255,185	402,867
2010	672,760	250,857	421,903
2011	697,416	245,975	451,441
2012	963,755	253,058	710,697
2013	1,009,776	277,512	732,264
2014	1,036,156	297,821	738,335
2015	1,220,462	298,479	921,983
2016	1,298,799	309,239	989,560
2017	1,401,817	319,538	1,082,279
2018	1,458,141	336,361	1,121,780
2019	1,509,624	350,206	1,159,418
2020	1,282,540	360,202	922,338

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

See accompanying independent auditors' report.

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

Honorable Frank J. Mautino
Auditor General, State of Illinois

and

Board of Directors
The Illinois State Toll Highway Authority

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Tollway's basic financial statements, and have issued our report thereon dated October 15, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tollway's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 2020-003.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-001 and 2020-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-003 and 2020-004 to be significant deficiencies.

Tollway's Responses to the Findings

The Tollway's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Tollway's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
October 15, 2021

2020-001 **FINDING** (Significant Understatement of OPEB Balances)

The Illinois State Toll Highway Authority (Tollway) did not identify an allocation error within its other postemployment benefits (OPEB) amounts recorded in its financial statements, resulting in a beginning balance restatement which reduced the Tollway's unrestricted net position by $505,692,050.

During testing, we noted employee-related costs incurred by the Tollway include both Tollway employees and staff of the Illinois State Police (ISP) consisting of four groups, as defined and further described below:

1) ***"True Tollway Employees"*** work for the Tollway, including its administrative, engineering, traffic, construction, and maintenance staff. These employees are paid on Tollway payroll vouchers and participate in the Tollway's own group insurance program. Upon retirement, they transition to the State Employees Group Insurance Program (SEGIP) administered by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. SEGIP does not receive a "retiree-load" charge (a charge added to contributions for current employees to obtain cash to pay benefit costs for retirees on a pay-as-you-go basis) for these employees' current benefits provided by the Tollway's own group insurance plan.

2) ***"ISP District 15 State Troopers"*** consist of two groups providing personal services within ISP District 15, which patrols the highways and facilities which encompass the Tollway's operations.

   a. The majority of these employees participate in the SEGIP for both their current employee benefits and OPEB during retirement.

   b. Master sergeants, however, can opt-out of SEGIP for healthcare benefits and participate in the Teamsters Local No. 727 Health and Welfare Benefits Fund (union plan) for health insurance along with SEGIP for vision, dental, and life insurance benefits as an employee and then transition to SEGIP for all of their OPEB at retirement.

   All troopers are paid on ISP's payroll vouchers which are charged against the Tollway's agency number and accounts. These vouchers include contributions to SEGIP for all troopers' SEGIP-provided benefits. In addition, CMS prepares supplemental billings charged to the Tollway's accounts for SEGIP to recover the healthcare costs paid to the union plan along with the associated "retiree-load" for SEGIP.

3) ***"ISP District 15 Support Staff"*** are Tollway employees supporting the troopers assigned to ISP District 15. These employees are paid on Tollway payroll vouchers and participate in the Tollway's own group insurance program until they transition to SEGIP for their OPEB at retirement. SEGIP does not receive a "retiree-load" charge calculated on these employees' current benefits from the Tollway's own group insurance plan.

Because the “True Tollway Employees” and “ISP District 15 Support Staff” participate in the Tollway’s group insurance program until retirement, CMS has not charged the “retiree-load” built into active-employee SEGIP contributions to fund pay-as-you-go costs associated with retirees participating in SEGIP. Rather, the Tollway reimburses SEGIP for the pro rata share of the cost of providing retiree benefits to those retirees who had service in “True Tollway Employees” and “ISP District 15 Support Staff” positions compared to their total service credit to the State as determined by the State Employees’ Retirement System of Illinois (SERS), as required by the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/11).

During our review of the SEGIP allocation, we noted CMS only considered current employee contributions (accounted for within detail object code 1180 group insurance contributions) to SEGIP within its allocation methodology. Both CMS and the Tollway failed to identify the pro rata share for “True Tollway Employees” and “ISP District 15 Support Staff” had not been considered in SEGIP’s State Fiscal Year 2019 allocation, which supported the Tollway’s opening balances for Calendar Year 2020.

After bringing this matter to the attention of officials at both the Tollway and CMS, CMS corrected these errors and reallocated SEGIP’s total Fiscal Year 2019 OPEB liability and determined the Tollway’s OPEB balances at January 1, 2020, should have been:

OPEB Liability	$610,337,772
OPEB-related Deferred Inflows of Resources	$66,818,243
OPEB-related Deferred Outflows of Resources	$22,095,550

Additionally, Tollway officials recalculated the Tollway’s subsequent contributions to SEGIP for all four groups after considering each group’s unique OPEB characteristics and the impact of the error described in Finding 2020-003, estimating the Tollway’s subsequent contributions to SEGIP balance at January 1, 2020, should have been:

OPEB-related Deferred Outflows of Resources	$19,180,890

Tollway officials are responsible for understanding SEGIP’s allocation methodology and communicating with CMS officials about how the Tollway’s unique group insurance program and governing provision within Section 11 of the Act impact SEGIP’s allocation and Tollway’s OPEB balances. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Additionally, the Government Accountability Office’s *Standards for Internal Control in the Federal Government* (*Green Book*) (§ 15.02 and § 15.03) endorses an entity’s management having open communication with, and obtaining quality information from, external parties using established reporting lines to help achieve management’s objectives and address related risks.

Tollway officials indicated Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was a complex pronouncement where, upon initial implementation, they did identify the "True Tollway Employees" and "ISP District 15 Support Staff" groups had contributions included in the SEGIP allocation which should not have been, but did not identify the need to separately state OPEB balances associated with these two groups.

Failure to identify an error in the allocation of SEGIP's OPEB activity to the Tollway resulted in a material misstatement of the Tollway's Annual Comprehensive Financial Report (ACFR) and negatively impacted the allocation of the State's OPEB balances among the governmental activities, business-type activities, and component units reported in the State's ACFR. (Finding Code No. 2020-001)

RECOMMENDATION

We recommend the Tollway communicate with CMS so both parties have a complete understanding of the Tollway's various employee groups so the factors unique to each group can be considered in preparing SEGIP's separately-stated liability for "True Tollway Employees" and "ISP District 15 Support Staff" and proportionate allocation of OPEB balances related to "ISP District 15 State Troopers" among the State's other funds and public universities. In addition, the Tollway and CMS should develop internal controls to reconcile the active and inactive "True Tollway Employees" and "ISP District 15 Support Staff" recorded within the SERS' records to the Tollway's records by focusing on the incremental changes from the prior reconciliation to ensure SEGIP's separately-stated OPEB balances associated with the Tollway are determined using complete and accurate data. Finally, the Tollway and CMS should implement internal controls to ensure the pro rata share estimate of future retiree benefits for "True Tollway Employees" and "ISP District 15 Support Staff" is prepared using a three-year rolling average of the pro rata share of current retirees and this average is complete and accurate (for more information, please see Finding 2020-003).

TOLLWAY RESPONSE

The Tollway concurs with the auditor's recommendation. At all times on and after the OPEB standard was established, the Tollway utilized an audited allocation report provided by CMS, the SEGIP plan administrator, and relied upon external auditors. Also, the Tollway advised CMS of its group insurance arrangements and of the fact that the Tollway was not contributing to SEGIP for active employees. Further, based upon historical contributions for Tollway retirees, the OPEB liability allocated to the Tollway appeared reasonable. The Tollway will work with CMS to develop an ongoing reconciliation process to ensure the Tollway's share of the net OPEB liability is properly allocated.

AUDITOR'S COMMENT

The *Clarified Statements on Auditing Standards* (AU-C § 200.05) published by the American Institute of Certified Public Accountants states:

> The financial statements subject to audit are those of the entity, prepared and presented by management of the entity with oversight from those charged with governance. … The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

As noted in the finding, Tollway officials were responsible for understanding SEGIP's allocation methodology and communicating with CMS officials about how the Tollway's unique group insurance program and governing provision within Section 11 of the Act impacted SEGIP's allocation and Tollway's OPEB balances. Meanwhile, CMS officials were solely responsible for preparing a complete and accurate allocation schedule for SEGIP, and the Tollway's governing board and management were solely responsible for preparing complete and accurate financial statements and the Tollway.

The fact audits occurred, which were only designed to obtain a high, but not absolute, level of assurance SEGIP's schedules and the Tollway's financial statements were not materially misstated, does not relieve the Tollway's governing board and management nor CMS' officials of their responsibilities under the professional standards.

2020-002 **FINDING** (Need to Enhance Relationship with the Illinois State Police)

The Illinois State Toll Highway Authority (Tollway) needs to update the duties, roles, functions, and responsibilities within its Intergovernmental Agreement (IGA) with the Illinois State Police (ISP).

The State Police Act (20 ILCS 2610/20) notes ISP and the Tollway may enter into an IGA to provide for policing of toll highways, including remuneration of police services, which comprise of (1) compensation and training of troopers and clerical employees, (2) uniforms, equipment, and supplies used by the ISP in patrolling the Tollway, and (3) reimbursements for injuries or occupational illnesses suffered by ISP personnel in the line of duty. In accordance with this IGA, ISP has assigned troopers to District 15 who police the Tollway's highways and facilities, while also allowing for troopers to be diverted to or from District 15 in emergency situations. This IGA was last updated on July 17, 2012.

During testing, we noted the following:

- The IGA does not address how the Tollway and ISP will implement a census data reconciliation process for the troopers directly paid for by the Tollway to provide assurance census data submitted to the State Employees' Retirement System of Illinois (SERS) for pension benefits and the State Employees Group Insurance Program administered by the State of Illinois, Department of Central Management Services (CMS) for the troopers' other postemployment benefits (OPEB) is complete and accurate. Under the current process, we noted:
    1) ISP maintains each trooper's personnel records;
    2) ISP is responsible for updating each trooper's personnel records;
    3) the Tollway is responsible for transmitting the census data within each trooper's personnel records to SERS and CMS through the Tollway's transmission of payroll data to the Office of the Comptroller to actually pay the troopers for their work; and,
    4) the Tollway is responsible for subsequently ensuring the information transmitted to SERS and CMS agrees with the records maintained by ISP which support the pension and OPEB balances recorded in the Tollway's financial statements.

  The IGA (Part III, Section A) requires the Tollway directly pay the salaries and benefits of troopers assigned to District 15 in accordance with any applicable contract between the ISP and the ISP's unions, making the troopers effectively Tollway employees for financial reporting purposes. For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Tollway officials indicated they do not consider it their responsibility to ensure ISP officials reconcile their census data.

ISP officials indicated they were not aware of the need to perform annual reconciliations.

- The Tollway and ISP have not fully established proper procedures and mutual understanding of what books and records should be shared between the Tollway and ISP to enable complete and accurate financial reporting within the IGA. For example, we noted an instance where Tollway requests for ISP to produce records necessary to determine the completeness and accuracy of OPEB amounts as part of the Tollway's efforts to correct the conditions noted in Finding 2020-001 was denied by ISP. After follow-up by the Office of the Auditor General and the Governor's Office of Management and Budget, the ISP would only provide this requested information to us and not to the Tollway's officials. Ultimately, we had to design alternative procedures to address not receiving this request. This type of routine interaction should be addressed by the IGA as opposed to requiring intervention by other State officials.

  While the IGA (Part IV, Section B) notes ISP shall supply, upon the request of the Tollway, additional books and records related to the cost or efficiency of providing police services to the Tollway, the IGA does not establish what and how financial and non-financial records needed to prepare financial information are to be supplied between Tollway and ISP officials.

  Tollway officials indicated they believe ISP officials should have fulfilled this request pursuant to their obligations under the IGA and they did not.

  ISP officials indicated the protection of the troopers' personal information is extremely important and they did not want to have information they believed was only needed by the auditors also in the hands of Tollway officials. This position was incorrect, as management – in this case, Tollway officials – needed the data to perform the reconciliation to prepare the Tollway's financial information, while our responsibility as the auditors was to audit management's work.

- The Tollway and ISP do not appear to have active communication protocols to address financial matters within the IGA. We identified several instances of confusion about the responsibilities of the parties and no clear assigned point of contact at both the Tollway and ISP who would oversee their respective party's interactions with the other party within the IGA.

The Government Accountability Office's *Standards for Internal Control in the Federal Government* (*Green Book*) (§ 15.02 and § 15.03) endorses an entity's management having open communication with, and obtaining quality information from, external parties using established reporting lines to help achieve management's objectives and address related risks. A good system of internal control would include these protocols within the written IGA.

Tollway and ISP officials indicated each group believed, prior to this audit, that the lines of communication were adequate.

- The ISP did not timely respond to our inquiries regarding census data testing. We provided the ISP with problems noted from our testing on June 7, 2021, and ISP officials provided responses to these matters over several weeks with the last response to all of the matters on August 18, 2021, 72 days later.

  The IGA does not address the Tollway's need for promptness in responses by the ISP, which can negatively impact the Tollway's ability to have its financial statements audited and posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system by the deadlines established within the Tollway's continuing disclosure agreements for its bond issues. Further, Concepts Statement No. 1 of the Governmental Accounting Standards Board, *Objectives of Financial Reporting* (paragraph 66), states, "If financial reports are to be useful, they must be issued soon enough after the reported events to affect decisions." Finally, Government Finance Officers Association guidance notes governments should complete and file their Annual Comprehensive Financial Report (ACFR) no later than six months after the end of a government's fiscal year to be eligible to receive a Certificate of Excellence in Financial Reporting award.

  Tollway officials indicated they believe ISP officials should have fulfilled our request timelier pursuant to their obligations under the IGA and they did not.

  ISP officials indicated these delays were due to (1) other competing priorities of staff during the busiest time of the fiscal year, (2) payroll staff working on the new human resources system scheduled to go-live later this fiscal year, (3) additional time needed by staff to review issues that arose from this testing that had not previously been performed by the auditors at ISP, and (4) limited staff numbers.

- The ISP has not been able to maintain a minimum staffing level of 175 troopers assigned to District 15.

> The IGA (Part II, Section K) requires, subject to budget availability and certain reassignments and/or diversions allowed for by the IGA, the ISP maintain, at least, 175 troopers with a goal of 196 troopers assigned to District 15.
>
> Tollway officials indicated they disagree that the IGA establishes a minimum staffing level due to the express statements that the minimum staffing level is subject to budget availability and certain reassignments and/or diversions.
>
> ISP officials indicated shortages are an ISP-wide issue due to several factors including, but not limited to, (1) retirements, (2) troopers seeking promotions and changes in job assignments as agreed to through collective bargaining agreements, and (3) the low response rate from the public of individuals seeking to become a trooper.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Further, the *Green Book* (§ 16.09 and § 17.06) endorses an entity's management conducting ongoing monitoring of operations to identify internal control deficiencies to remediate those deficiencies by implementing timely and appropriate corrective action.

Failure to ensure the IGA between the Tollway and ISP reflects up-to-date duties, roles, functions, and responsibilities and covers all areas of internal control hinders the ability of the Tollway to timely prepare its ACFR and could result in noncompliance with the Tollway's continuing disclosure requirements for its bond issues. Further, failure to ensure compliance with the minimum number of troopers could hinder efforts to provide timely police services and adequate protection of the Tollway's highways and facilities. (Finding Code No. 2020-002)

RECOMMENDATION

We recommend the Tollway work with ISP to update its IGA to allow for:

1) performing an initial complete reconciliation of ISP's census data recorded by SERS and CMS to ISP's internal records to establish a base year of complete and accurate census data;
2) developing a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to ISP's internal supporting records;
3) establishing proper procedures and mutual understanding of what books and records can be shared between the Tollway and ISP to facilitate each party's operations;
4) establishing active communication protocols to address financial matters; and,
5) establishing deadlines for responses reflective of the Tollway's need to release its ACFR within six months after the end of its fiscal year.

Further, we recommend the Tollway and ISP work together to ensure District 15 has, at least, the minimum number of troopers assigned as required by the IGA.

ISP RESPONSE

The ISP is currently working with the Tollway to update the IGA and will ensure the recommendations are addressed accordingly. Additionally, there is a cadet class in process for the Tollway which will increase the number of officers above the minimum number of troopers assigned to District 15.

TOLLWAY RESPONSE

The Tollway agrees with recommendations 1 through 5, but disagrees that the IGA unconditionally requires a minimum staffing level.

- As expressly stated in the IGA and agreed by the Tollway and ISP, "ISP District 15 State Troopers" are not Tollway employees. Accordingly, personnel data regarding "ISP District 15 State Troopers" is maintained by ISP rather than the Tollway, and ISP is ultimately responsible for reconciling its census data. The Tollway will work with ISP to ensure the IGA appropriately reflects ISP's duty to reconcile its census data.

- The IGA compels ISP to make books and records relating to the IGA available for review or audit by representatives of the Tollway, the Auditor General, the Executive Inspector General, the Tollway Inspector General, State of Illinois' internal auditors, and other governmental entities with monitoring authority. Prior to this audit, the Tollway believed that the lines of communication between Tollway and ISP officials were adequate. Nonetheless, the Tollway will work with ISP to ensure that the IGA more specifically (i) addresses the need for ISP to provide timely responses to requests for books and records, and (ii) identifies necessary lines of communication.

- Regarding District 15 staffing, the IGA expressly states that ISP's duty to maintain a minimum staffing level is subject to budget availability, reassignments and/or diversions as provided for in the IGA, and agreements of the parties. Thus, for any of these reasons, the staffing level at District 15 may be below the stated minimum, and the deficiency would not violate the IGA. Accordingly, as set forth in the IGA, ISP does not have an unconditional duty to maintain the minimum staffing level identified in the IGA, and it is the Tollway's understanding that retirements, changes in job assignments as authorized by ISP collective bargaining agreements and low recruitment levels, among other things, adversely impacted ISP's ability to provide the minimum staffing level identified in the IGA. The Tollway disagrees with the finding that the IGA requires a minimum number of troopers, unconditionally and without exception. The Tollway currently is funding a cadet class which should enable ISP to assign additional troopers to District 15 and potentially achieve the minimum staffing level identified in the IGA.

AUDITOR'S COMMENT

The Tollway has not provided any evidence to indicate Tollway officials had a separate agreement with ISP officials or that budget availability, reassignments, or diversions as allowed for by the IGA occurred during the period resulting in less than 175 troopers being assigned to ISP's District 15. In fact, as noted in the finding, ISP officials pointed to several ISP-wide issues as being the root cause of not having 175 troopers assigned to District 15, which did not include any of the conditions noted in the response from the Tollway's officials. We continue to recommend the Tollway work with the ISP to maintain the minimum number of troopers at District 15.

2020-003 **FINDING** (Noncompliance with the State Employees Group Insurance Act of 1971)

The Illinois State Toll Highway Authority (Tollway) did not ensure its repayment of the pro rata share of certain retiree costs incurred by the State Employees Group Insurance Program (SEGIP) administered by the State of Illinois, Department of Central Management Services (CMS) was complete and accurate.

As further described in Finding 2020-001, employee-related costs incurred by the Tollway include both Tollway employees and staff of the Illinois State Police (ISP) and consist of four groups. The "True Tollway Employees" and "ISP District 15 Support Staff" groups are paid on Tollway payroll vouchers and participate in the Tollway's group insurance program until they transition to SEGIP for their OPEB at retirement. As these groups participate in the Tollway's group insurance program until retirement, CMS has not collected the "retiree-load" charge (a charge added to contributions for current employees to obtain cash to pay benefit costs for retirees on a pay-as-you-go basis) built into active-employee SEGIP contributions to fund costs associated with retirees participating in SEGIP. Rather, the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/11) requires the Tollway reimburse SEGIP for the pro rata share of the cost of providing retiree benefits to those retirees who had service in "True Tollway Employees" and "ISP District 15 Support Staff" positions compared to their total service to the State.

To enable the Tollway and CMS to accomplish this mandate during Calendar Year 2020, the State Employees' Retirement System of Illinois (SERS) sent the Tollway a monthly extraction of Tollway-associated retirees along with each retiree's total SERS' service credit months and months of total service at the Tollway from SERS' records. Further, this extraction included the State-paid OPEB costs for retirees, except for the State's costs for "CMS Direct Bill" retirees, which SERS had previously extracted from the Department's third-party administrator of SEGIP benefits for another purpose. The totality of this report was imported into the Tollway's systems to generate a monthly invoice, which was sent to and approved by CMS. These monthly invoices were then aggregated together across the calendar year for one cash contribution to SEGIP by the Tollway in February 2021.

Under Section 11 of the Act, the Tollway and CMS are solely responsible for ensuring compliance with this mandate. While SERS has some of the historical records necessary for the Tollway and CMS to fulfill this mandate, neither CMS nor the Tollway have communicated with nor entered into a written agreement with SERS so SERS officials could understand the information needs of the Tollway and CMS. As a result, the following occurred:

- Each retiree's service months to the Tollway were not calculated on the same basis as SERS' total months of service credit. After consultation with officials at CMS with input from SERS officials, it was determined SEGIP benefits are processed based on the service credit granted by SERS. As such, a month of Tollway service should only be included on the monthly extraction if SERS also granted service credit with the associated month of service.

- The monthly extraction from SERS did not include all retirees from the "True Tollway Employees" and "ISP District 15 Support Staff" groups, while some retirees from the Tollway's other groups were incorrectly included within the monthly extraction.

- The monthly extraction from SERS did not include the State's costs for "CMS Direct Bill" retirees. These retirees, as their pension is too small to cover their retiree contribution to SEGIP for their benefits, receive a supplemental billing from the Department for balance due.

- Officials at the Tollway and CMS failed to demonstrate the amounts remitted by the Tollway for the pro rata share of its retirees from the "True Tollway Employees" and "ISP District 15 Support Staff" groups to SEGIP were complete and accurate.

After bringing these problems to the attention of officials at the Tollway, SERS, and CMS, SERS prepared a new data extraction of OPEB costs associated with retirees from the "True Tollway Employees" and "ISP District 15 Support Staff" groups for the months of June 2018, June 2019, and June 2020. The amounts due to SEGIP from these months were used to estimate the total amount due to SEGIP from the 42-month period starting on July 1, 2017, through December 31, 2020. This 42-month period was selected as OPEB records were not timely made available from SERS due to a system conversion at CMS for periods which occurred before July 1, 2017. Tollway officials estimated the Tollway had a net underpayment of contributions to SEGIP for the retirees from the "True Tollway Employees" and "ISP District 15 Support Staff" groups during this 42-month period of $18,438,839. The Tollway recorded an adjustment for this error in the Tollway's final financial statements. In addition, the impact of this change on the estimated OPEB-related deferred outflows of resources for subsequent contributions to SEGIP was considered in calculating the adjustment further described in Finding 2020-001.

Tollway and CMS officials are jointly-responsible for understanding and complying with the retiree cost repayment provisions of Section 11 of the Act. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly accounted for to permit the preparation of accounts and reliable financial reports. Finally, the Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) (§ 15.02 and § 15.03) endorses an entity's management having open communication with, and obtaining quality information from, external parties using established reporting lines to help achieve management's objectives and address related risks.

Tollway officials indicated they were unaware of the problems within the file, including the two different bases of monthly service, provided in the extraction by SERS, and they believed the report was accurate because (1) they noticed new retirees appeared on the listing, and (2) CMS approved and returned the monthly reports to the Tollway.

Failure to properly calculate reimbursements to SEGIP for the pro rata share of the cost of providing retiree benefits to those retirees who had service in "True Tollway Employees" and "ISP District 15 Support Staff" positions compared to their total service to the State hindered the accuracy of the Tollway's financial reporting, delayed SEGIP's receipt of cash and prolonged SEGIP's payment delays to vendors, and represents noncompliance with State law. (Finding Code No. 2020-003)

RECOMMENDATION

We recommend the Tollway communicate with CMS and SERS so all parties have a complete understanding of both the overall process and Tollway's various employee groups so the factors unique to each group can be considered in calculating the Tollway's monthly retiree OPEB cost repayment pursuant to Section 11 of the Act. When an understanding has been reached, the parties should enter into a formal, written interagency agreement to memorialize each party's roles and responsibilities to fulfill this mandate. At a minimum, officials at the Tollway and the Department should agree their records for the amount due to SEGIP at June 30 and December 31 each year.

In addition, the Tollway should work with CMS and SERS to calculate the total amount past due to SEGIP which can be ascertained or, if necessary, soundly estimated based on available records and contribute this amount to SEGIP as soon as practicable.

If, after investigation, the Tollway and CMS determine it is not possible and/or not practicable to comply with Section 11 of the Act both for past periods and future periods, the Tollway and CMS should work with the Governor and the General Assembly to develop a legislative remedy that addresses both the financing needs of SEGIP and facilitates financial reporting in accordance with generally accepted accounting principles.

TOLLWAY RESPONSE

The Tollway concurs with the auditor's recommendation. The Tollway will work with CMS and SERS to develop an acceptable method to determine the annual payment due to SEGIP for Tollway retirees.

2020-004 **FINDING** (Inadequate Internal Controls over Census Data)

The Illinois State Toll Highway Authority (Tollway) did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Tollway's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program administered by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During testing, we noted the following:

1) The Tollway had not performed an initial complete reconciliation of its census data recorded by SERS and CMS to its internal records to establish a base year of complete and accurate census data.

2) After establishing a base year, the Tollway had not developed a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to the Tollway's internal supporting records.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Tollway establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

Tollway officials indicated they were not aware of the need to perform the annual reconciliations, so they did not request the census data from SERS and CMS to perform the reconciliation.

Failure to reconcile active members' census data reported to and held by SERS and CMS to the Tollway's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Tollway's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2020-004)

RECOMMENDATION

We recommend the Tollway work with SERS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary. After completing an initial full reconciliation, the Tollway may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

TOLLWAY RESPONSE

The Tollway concurs with the auditor's recommendation. The Tollway has instituted a process to reconcile active employee census data with SERS' census data. This has been performed in cooperation with SERS for the period ended June 30, 2021, with a plan to reconcile retiree and incremental changes annually going forward.

None