



2017 Budget Analysis

*(Unaudited)*

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Quarterly Financial Review

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January 1 – March 31, 2017

*Quarterly Financial Review March 31, 2017*

Table of Contents

<b>Introduction</b> .....	<b>3</b>
<b>Budget Summary</b> .....	<b>4</b>
Introduction .....	4
Budgeted Revenue 2017.....	4
<b>First Quarter Results Summary 2017</b> .....	<b>5</b>
Revenue .....	5
Expenditures .....	5
<b>Revenue Summary</b> .....	<b>6</b>
First Quarter Analysis.....	6
<b>Maintenance and Operations (M and O) Summary</b> .....	<b>7</b>
Analysis .....	8
<b>Debt Service Summary</b> .....	<b>9</b>
Analysis .....	9
Derivatives .....	10
<b>Capital Program Summary</b> .....	<b>11</b>
Capital Budget 2017.....	11
Allocation of Capital Budget 2017.....	12
Capital Program Expenditures .....	14
Analysis .....	14
<b>Financial Summaries</b> .....	<b>17</b>
2017 First Quarter .....	18
2017 Budget Realized.....	20
2017 vs. 2016 First Quarter Actual .....	22

## **INTRODUCTION**

In December 2016, the Tollway Board of Directors adopted the annual budget for 2017. To monitor performance against this budget, each quarter the Finance Department reviews and compares actual revenue and expenditures of the Tollway to the budget and presents the resulting analysis in this quarterly report to the Finance, Administration and Operations Committee and the Tollway Board.

The annual budget is prepared in conformance with provisions of the Tollway's Trust Indenture. This quarterly financial report is unaudited and is prepared on a basis of accounting that comports with the Trust Indenture, which is a basis of accounting other than generally accepted accounting principles. Revenue and expenditures are reported on an accrual basis net of certain allowances for bad debt. Capital expenditures are expensed in the period incurred, and no accommodation is made for depreciation of capital assets. Reimbursements for capital expenditures are treated as reduction in expenses.

Tollway revenue sources include toll revenue and evasion recovery, concessions, investment income and miscellaneous income.

- Toll revenue is collected from Tollway users either by cash or electronic toll collection for users of I-PASS/E-ZPass.
- Evasion recovery revenue includes fines, fees and tolls collected from toll violators.
- Concessions revenue is generated from the Tollway's oases, where third-party vendors provide fuel, food and other conveniences to users of the Tollway.
- Investment income is primarily interest earned on Tollway funds and I-PASS escrow accounts.
- Miscellaneous revenue includes revenue from overweight truck fines, rental and easement income, tower co-location fees, rental income from fiber optic lines and other miscellaneous receipts.

This report provides an analysis of actual revenue and expenditures through the first quarter of fiscal year 2017. The purpose of this analysis is to assess the actual financial performance of the Tollway relative to the 2017 Budget. A favorable variance contributes to a higher fund balance, while an unfavorable variance reduces the fund balance.

***All figures contained in this report are preliminary and unaudited and should be used for informational purposes only.***

## BUDGET SUMMARY

### Introduction

On August 25, 2011, the Illinois Tollway Board of Directors adopted the 15-year, \$12 billion capital program, *Move Illinois: The Illinois Tollway Driving the Future*. The program is funded by bonds, and toll revenue generated through a toll rate increase for passenger vehicles in 2012 and previously approved increases for commercial vehicles beginning in 2015. The 2017 Budget, approved by the Board of Directors in December 2016, includes the maintenance and operations budget, debt service transfers and capital budget in support of the sixth year of the *Move Illinois* Program.

### Budgeted Revenue 2017

The 2017 revenue was estimated at \$1,380 million, including \$1,366 million from toll revenue and evasion recovery, \$6.0 million from investment income and \$8.0 million from concessions revenue and miscellaneous income.

The Tollway's 2017 Budget allocates \$336 million for maintenance and operations expenses, \$405 million for debt service transfers and \$639 million for the *Move Illinois* and Congestion-Relief Programs as well as other non-roadway capital investments (deposits to the renewal/replacement and improvement accounts).

### 2017 Revenue Sources and Allocations

<b>SOURCES OF REVENUE</b>		(\$ millions)
	<b>2017 Budget</b>	
Toll Revenue and Evasion Recovery	\$1,366	
Investment Income	6	
Concessions Revenue and Miscellaneous Income	8	
<b>Total Revenue</b>	<b>\$1,380</b>	

<b>ALLOCATIONS OF REVENUE</b>		(\$ millions)
	<b>2017 Budget</b>	
Maintenance and Operations	\$336	
Debt Service Transfers	405	
Deposits to Renewal/Replacement and Improvement	639	
<b>Total Allocations</b>	<b>\$1,380</b>	

## **FIRST QUARTER RESULTS SUMMARY**

### **Revenue**

Revenue for the 2017 first quarter totaled \$315.1 million, which comprised 22.8 percent of the \$1,380 million annual budget. Toll and evasion recovery revenue totaled \$310.3 million, miscellaneous income totaled \$2 million, concessions revenue totaled \$515 thousand and investment income totaled \$2.3 million.

### **Expenditures**

The Illinois Tollway's 2017 first quarter operating expenditures totaled \$80.6 million, which was 24 percent of the \$336.3 million annual maintenance and operations budget.

The Tollway's 2017 first quarter debt service transfers totaled \$99.6 million or \$2.1 million less than the budgeted amount. The first quarter debt service transfers were 24.6 percent of the \$405 million annual debt service transfers budget.

Capital program expenditures through March 31, 2017, totaled \$137.4 million, which was 14.3 percent of the \$961.3 million annual capital program budget. These capital expenditures included \$141.8 million for the *Move Illinois* Program and the Congestion-Relief Program. The Intergovernmental (IGA) and fiber optic agreement reimbursements for work performed in prior periods and other adjustments reduced first quarter capital expenditures by \$4.4 million.

## REVENUE SUMMARY

**Budget vs. Unaudited Actual**  
**First Quarter 2017**  
 (\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue and Evasion Recovery	\$311,032	\$310,268	(\$764)	-0.2%
Concessions	750	515	(235)	-31.3%
Investment Income	1,500	2,284	784	52.3%
Miscellaneous	1,250	2,037	787	62.9%
<b>Total Revenue</b>	<b>\$314,532</b>	<b>\$315,103</b>	<b>\$571</b>	<b>0.2%</b>

Note: Numbers may not add to totals due to rounding.

**Percent of Annual Budget Realized (Unaudited)**  
**Year-To-Date March 31, 2017**  
 (\$ thousands)

	2017	YTD	% Budget
	Budget	Actual	Realized
Toll Revenue and Evasion Recovery	\$1,366,000	\$310,268	22.7%
Concessions	3,000	515	17.2%
Investment Income	6,000	2,284	38.1%
Miscellaneous	5,000	2,037	40.7%
<b>Total Revenue</b>	<b>\$1,380,000</b>	<b>\$315,103</b>	<b>22.8%</b>

Note: Numbers may not add to totals due to rounding.

### First Quarter Analysis

Revenue for the 2017 first quarter totaled \$315.1 million, \$0.6 million more than budgeted for the period. The first quarter revenue was 22.8 percent of the \$1,380 million annual revenue budget.

Toll and evasion recovery revenue totaled \$310.3 million, \$764 thousand less than budget.

Toll transactions for all vehicle classes grew 8.5 percent compared to the same period in 2016, and exceeded the first quarter projection by 0.4 percent. Passenger car transactions grew 8.8 percent from first quarter 2016 and exceeded the quarterly projection by 0.2 percent. First quarter commercial vehicle transactions grew 6.3 percent from first quarter 2016 and were 2.3 percent more than projected.

Investment income totaled \$2.3 million, or \$784 thousand more than budget. Concessions revenue totaled \$515 thousand less than budget. Miscellaneous income totaled \$2 million, or \$787 thousand more than budget.

## MAINTENANCE AND OPERATIONS SUMMARY

### Budget vs. Unaudited Actual First Quarter 2017

(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$40,970	\$40,319	\$652	1.6%
Group Insurance	9,730	9,787	(57)	-0.6%
Contractual Services	16,833	16,781	51	0.3%
Materials/Operational Supplies/Other Expenses	1,042	921	120	11.6%
Utilities	1,943	1,979	(36)	-1.9%
All Other Insurance	2,911	2,661	250	8.6%
Parts and Fuel	1,420	1,383	37	2.6%
Equipment/Office Rental and Maintenance	7,120	7,002	118	1.7%
Other Miscellaneous Expenses	291	300	(10)	-3.4%
Recovery of Expenses	(495)	(487)	(8)	-1.7%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$81,764</b>	<b>\$80,648</b>	<b>\$1,116</b>	<b>1.4%</b>

Note: Numbers may not add to totals due to rounding

### Year-To-Date March 31, 2017

(\$ thousands)

	YTD		% Budget
	Budget	Actual	Realized
Payroll and Related Costs	\$166,072	\$40,319	24.3%
Group Insurance	38,872	9,787	25.2%
Contractual Services	72,918	16,781	23.0%
Materials/Operational Supplies/Other Expenses	7,698	921	12.0%
Utilities	8,304	1,979	23.8%
All Other Insurance	11,646	2,661	22.9%
Parts and Fuel	6,677	1,383	20.7%
Equipment/Office Rental and Maintenance	25,418	7,002	27.5%
Other Miscellaneous Expenses	916	300	32.8%
Recovery of Expenses	(2,260)	(487)	21.5%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$336,261</b>	<b>\$80,648</b>	<b>24.0%</b>

Note: Numbers may not add to totals due to rounding

## **Analysis**

The Tollway's 2017 operating expenditures totaled \$80.6 million, representing a favorable variance of \$1.1 million. The first quarter expenditures were 24 percent of the \$336.3 million annual maintenance and operations budget.

The variances to the 2017 budget during the first quarter are explained below:

**Payroll and related costs** for the first quarter totaled \$40.3 million, \$652 thousand less than budget. This favorable variance is mainly attributed to unfilled vacant positions, offset by additional costs related to unused vacation and sick days accrued for the quarter.

**Group insurance expenses** totaled \$9.8 million, \$57 thousand more than budget. Unfavorable variance is due to large claims in the first quarter.

**Contractual services** for the first quarter totaled \$16.8 million, \$51 thousand less than budget. The favorable variance is mainly attributable to the timing of consulting service and contracted maintenance in IT and Engineering.

**Materials/operational supplies/other expenses** totaled \$921 thousand and \$120 thousand less than budget. This variance is mainly due to less spending for operational materials.

**Utilities expenses**, which include electricity, natural gas, water and telephone, totaled \$2.0 million, \$36 thousand more the budgeted amount.

**All other insurance** expenses totaled \$2.7 million, \$250 thousand less than the first quarter budget. This category includes expenses for property and liability insurance, as well as amounts allocated to the workers' compensation claim fund. The favorable variance is mainly attributable to fewer property and liability claims.

**Parts and fuel** expenses totaled \$1.4 million, \$37 thousand less than first quarter budget, very close to the first quarter budget.

**Equipment/office rental and maintenance** expenditures totaled \$7 million, \$118 thousand less than the budgeted amount. This variance is mainly due to timing of maintenance renewals for IT licensing and support.

**Other Miscellaneous Expenses** totaled \$300 thousand, \$10 thousand more than budget. This cost category includes travel, training, dues, books, subscriptions, uniforms and accessories.

**Recovery of expenses** totaled \$487 thousand, a \$8 thousand unfavorable variance in comparison to budget. This category includes reimbursement for services (ambulances and/or fire trucks) or damage to Tollway property caused by others.

## **Budget Transfers**

Budget to actual comparisons in this analysis are based on the 2017 maintenance and operations budget adopted by the Tollway Board. During the budget year, management approves transfers from accounts that incur surpluses to those requiring additional funds due to shortfalls. These transfers approved by management, do not change the total dollar amount of the maintenance and operations budget approved by the Board in December 2016.

**DEBT SERVICE SUMMARY**

For annual budgeting and quarterly reporting purposes, debt service consists of the sum of monthly transfers from the Revenue Account to the Trustee-held Debt Service Account, in accordance with the Indenture, to provide for payment of:

- (i) interest due on outstanding bonds;
- (ii) the retirement of bond principal at maturity or sinking fund redemption;
- (iii) net payments on interest rate exchange (“swap”) agreements; and
- (iv) costs of bond credit/liquidity agreements, bond remarketing agreements, and bond ratings.

Following are the unaudited results of the transfers for debt service for the quarter ended March 31, 2017, with comparisons to budget.

**Budget vs. Actual (Unaudited)**

(\$ thousands)

	Budget	Actual	Variance	
			\$	%
<b>Debt Service Transfers – 1<sup>st</sup> Qtr</b>	<b>\$101,689</b>	<b>\$99,622</b>	<b>\$2,067</b>	<b>2.0%</b>

**% of Budget Realized (Unaudited)**

(\$ thousands)

	Annual Budget	YTD Actual	Realized
<b>Debt Service Transfers</b>	<b>\$405,041</b>	<b>\$99,622</b>	<b>24.6%</b>

**Analysis**

For 2017 the Tollway budgeted \$405.0 million for transfers from the Revenue Account to the Debt Service Account to provide for the payments described above. That budgeted amount assumes an additional source of funds of \$15.1 million from federal subsidies associated with the Tollway’s Series 2009A and Series 2009B Build America Bonds.

The primary contributor to the first quarter’s \$2.1 million favorable variance is a bond issuance budgeted for the beginning of the year which is now expected to be issued later than anticipated.

## DERIVATIVES

The Tollway employed the use of interest rate exchange (swap) agreements and forward-starting interest rate exchange agreements (forward agreements) to hedge against increases in interest rates by providing synthetic fixed rates associated with the Tollway's variable rate bonds. The following chart presents the Tollway's swap portfolio as of quarter-end March 31, 2017. The four swap agreements related to the Series 2007A Bonds were originally entered into as forward agreements in September 2005, and became effective upon the closing of the Series 2007A Bonds on November 1, 2007. The three swap agreements related to the Series 2008A Bonds were originally entered into in December 2007, and became effective upon the closing of the Series 2008A Bonds on February 7, 2008.

The Illinois State Toll Highway Authority Swap Portfolio as of March 31, 2017 (Note: Valuations are net of accrued interest.) (\$ thousands)						
Series	Counterparty	Notional Amount	Fixed Rate Paid	Variable Rate Rec'd	Maturity	Valuation
2007 SERIES A-1	Citibank N.A., New York	175,000	3.9720%	SIFMA	7/1/2030	(\$33,404)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(\$33,404)
<b>2007 SERIES A-1 TOTAL</b>		<b>\$350,000</b>				<b>(\$66,807)</b>
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(\$50,650)
2007 SERIES A-2	Wells Fargo Bank*	87,500	3.9925%	SIFMA	7/1/2030	(\$16,883)
<b>2007 SERIES A-2 TOTAL</b>		<b>\$350,000</b>				<b>(\$67,533)</b>
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	SIFMA	1/1/2031	(\$31,898)
2008 SERIES A-1	Deutsche Bank AG, NY Branch	191,550	3.7740%	SIFMA	1/1/2031	(\$31,898)
<b>2008 SERIES A-1 TOTAL</b>		<b>\$383,100</b>				<b>(\$63,795)</b>
2008 SERIES A-2	Bank of America, N.A.**	95,775	3.7640%	SIFMA	1/1/2031	(\$15,949)
<b>2008 SERIES A-2 TOTAL</b>		<b>\$95,775</b>				<b>(\$15,949)</b>
<b>TOTAL</b>		<b>\$1,178,875</b>				<b>(\$214,085)</b>

Estimated swap valuations based on valuations provided by the counterparties.

\* Originally Wachovia Bank, N.A.; acquired by Wells Fargo in December 2008; name changed in March 2010.

\*\* Originally Merrill Lynch Capital Services, Inc.; Bank of America acquired Merrill Lynch in December 2008; swap novated to Bank of America, N.A. in October 2011.

Mark-to-market valuations of the Tollway's swap agreements typically decline in value (from the Tollway's perspective) when interest rates decline and increase in value when interest rates increase. To the extent any negative valuation of the Tollway's derivatives were to become realized by a swap agreement termination, it is possible (although not certain) that such a realized loss might be mitigated by a lower cost of capital expected to be available in that lower-interest rate market.

## CAPITAL PROGRAM SUMMARY

### Capital Budget 2017

The majority of the expenditures for the capital program are for major capital renewal or repair projects and for improvements to the system. Variances from year to year are due to the schedule of work and the differing values for projects included in the overall capital program.

The capital budget is comprised of two major programs. The *Move Illinois: The Illinois Tollway Driving the Future*, capital program was approved by the Board of Directors on August 25, 2011. The *Move Illinois* Program is a 15-year program which extends from 2012 through 2026 and includes anticipated capital investments totaling an estimated \$12 billion. The fiscal year 2017 Capital Budget allocates \$915.5 million to fund the sixth year of the *Move Illinois* Program.

The other major capital program is the Congestion-Relief Program (CRP). The 12-year Congestion-Relief Program, which began in 2005, has been substantially completed in 2016 and is currently estimated at \$5.7 billion. The fiscal year 2017 Capital Budget allocates \$45.8 million to complete CRP projects.

**CAPITAL PROGRAM**  
**2016 Estimate and Expenditures; 2017 Approved Budget**  
(\$ millions)

	2016 October Estimate	2016 Expenditure	2017 Budget
Tri-State Tollway (I-94/I-294/I-80)	\$58.2	\$39.7	\$56.5
Reagan Memorial Tollway (I-88)	81.1	83.5	38.4
Jane Addams Memorial Tollway (I-90)	560.3	547.7	165.3
Veterans Memorial Tollway (I-355)	10.2	7.9	12.3
Open Road Tolling (ORT)	3.4	2.6	0.0
Systemwide Improvements	126.9	119.7	295.0
I-294/I-57 Interchange	4.0	1.7	2.1
Elgin O'Hare Western Access	337.8	315.9	374.5
Other Emerging Projects	0.8	0.5	17.3
<b>Move Illinois and CRP Subtotal</b>	<b>\$1,182.6</b>	<b>\$1,119.2</b>	<b>\$961.3</b>
Other Capital Projects	64.0	64.6	0.0
<b>Capital Program Subtotal</b>	<b>\$1,246.6</b>	<b>\$1,183.8</b>	<b>\$961.3</b>
Agreement Reimbursements and	-		-
Other Miscellaneous Adjustments	-	(31.4)	-
<b>Total Capital Program</b>	<b>\$1,246.6</b>	<b>\$1,152.3</b>	<b>\$961.3</b>

1. Starting in 2017 the "Other" Capital Projects Budget are included under Systemwide in Move Illinois. New request in 2017 is \$62 million.

Note: Numbers may not add to totals due to rounding.

## Allocation of Capital Budget 2017

### CORRIDOR

### 2017 Budget

#### **Tri-State Tollway (I-94/I-294/I-80)**

**\$56.5 million**

The *Move Illinois* Program capital budget for the Tri-State Tollway corridor is \$55.2 million in 2017. This is primarily for design services for reconstruction from 95th Street to Balmoral Avenue, as well as design services for reconstruction of the Mile-Long Bridge over the Des Plaines River and the BNSF Railroad Bridge over I-294.

The CRP budget for the Tri-State Tollway corridor is \$1.3 million to complete the right-of-way acquisitions for the first phase of the new I-294/I-57 Interchange that was constructed under *Move Illinois*.

#### **Reagan Memorial Tollway (I-88)**

**\$38.4 million**

The 2017 *Move Illinois* budget allocates \$9.4 million for work on this corridor in 2017. The design for roadway reconstruction between Annie Glidden Road and Illinois Route 56 and remaining design work on ramp connecting I-88 to I-294 will continue during 2017.

The CRP budget for this corridor is \$29 million for continuing roadway and bridge rehabilitation work between U.S. Route 30 and U.S. route 52 that is planned to be complete in 2017.

#### **Jane Addams Memorial Tollway (I-90)**

**\$165.3 million**

The *Move Illinois* program budget allocates \$162.8 million for work on the I-90 corridor in 2017. On the east section from the Elgin Toll Plaza (Plaza 9) and Tri-State Tollway (I-294), reconstruction and widening of inside lanes along with reconstruction of the outside lanes has been completed and projects will be closed out in 2017.

In addition, construction funds will be provided to complete several multi-year projects including work to close out reconstruction of the Fox River Bridge and interchange improvements Illinois Route 25 and Barrington Road, as well as reconstruction of the Illinois Route 23 Bridge. The installation of ITS elements will continue. Right-of-way acquisition, utility and fiber optic relocations will also be completed. Landscaping and roadside work will be continued for both the west and east sections of I-90.

The CRP budget of \$2.4 million for this corridor is required for bridge reconstruction and improvements west of Des Plaines River Road to the Kennedy Expressway and reconstruction of local crossroad bridges on Tripp Road and Spring Center Road.

#### **Veterans Memorial Tollway (I-355)**

**\$12.3 million**

The *Move Illinois* Program capital budget allocates \$10.9 million for work on this corridor in 2017. That will primarily be spent in support of the design between I-55 and Army Trail Road, which is scheduled for construction in 2018.

The \$1.4 million CRP budget is for the completion of southbound resurfacing and widening work between 71<sup>st</sup> and 75<sup>th</sup> streets.

**Systemwide**

**\$295 million**

The *Move Illinois* Program capital budget allocates \$283 million on systemwide improvements including bridge, pavement and safety improvements; toll collection and IT related projects; and maintenance facility upgrades such as salt dome repairs and replacements, pavement improvements and reconstruction of maintenance buildings. Interchange improvements are planned on the Reagan Memorial Tollway (I-88) at Farnsworth Avenue. Additionally, funds will be spent on program support activities, including support staff, project management, materials, utility relocations, engineering and land acquisition support services.

The CRP budget allocates \$11.6 million for systemwide improvements including pavement improvements to ensure the integrity of the system, bridge improvements, program management and other related projects.

**Tri-State Tollway (I-294/I-57) Interchange**

**\$2.1 million**

\$2.1 million is allocated towards this corridor in 2017 to complete land acquisition and advanced utility work.

**Elgin O'Hare Western Access Project**

**\$374.5 million**

The *Move Illinois* Program 2017 budget for this corridor is \$374.5 million. In 2017, the Tollway will complete construction of the eastern section of the Illinois Route 390 Tollway to Illinois Route 83, including the I-290 Interchange. Roadway and bridge construction will be active from Park Boulevard to the Illinois Route 83 Interchange and advance earthwork for the I-490 Interchange will be completed. Completion of the new I-290 Interchange featuring two flyover ramp bridges and ramps connecting westbound I-290 to Illinois 390 and eastbound I-290 to eastbound Illinois Route 390 will also be achieved in 2017. Toll plazas and ITS work from I-290 to Illinois Route 83 are also under construction and remains on track for scheduled completion in support of opening all mainline lanes and ramps from I-290 to Illinois Route 83 to tolling in the fall.

The EOWA Project includes completion of the new Elmhurst Road Interchange on the Jane Addams Memorial Tollway which features the new diverging diamond interchange and the reconstruction and widening of Elmhurst Road along with separate improvements to the intersection of Elmhurst Road and Oakton Street. Ongoing construction will include the I-490 Interchange advanced earthwork, the O'Hare site preparation and Franklin Park drainage improvement. Right-of-way acquisitions and utility relocation activities will continue to support construction of the Elgin O'Hare Western Access Project.

**Other Emerging Projects**

**\$17.3 million**

The 2017 Budget includes \$17.3 million for various emerging projects and planning studies that include the following; tree initiative project, explore truck parking opportunities at the oases and areas in and outside of Tollway right-of-way and environmental studies.

## Capital Program Expenditures

### Projection vs. Unaudited Actual

First Quarter 2017

(\$ thousands)

	1st Qtr		Variance	
	Projection	Actual	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$17,930	\$5,303	\$12,627	70.4%
Reagan Memorial Tollway (I-88)	14,691	4,585	10,106	68.8%
Jane Addams Memorial Tollway (I-90)	84,526	40,469	44,057	52.1%
Veterans Memorial Tollway (I-355)	5,259	2,540	2,718	51.7%
Open Road Tolling (ORT)	0	89	(89)	N/A
Systemwide Improvements	45,236	32,066	13,169	29.1%
Tri-State Tollway (I-294)/I-57 Interchange	425	288	137	32.2%
Elgin O'Hare Western Access	91,643	56,358	35,284	38.5%
Other Emerging Projects	3,205	95	3,111	97.0%
<b>Move Illinois and CRP Subtotal</b>	<b>\$262,915</b>	<b>\$141,796</b>	<b>\$121,119</b>	<b>46.1%</b>
Agreement Reimbursements and Other Adjustments	-	(4,382)	4,382	N/A
<b>Total Capital Program Expenditures</b>	<b>\$262,915</b>	<b>\$137,414</b>	<b>\$125,501</b>	<b>47.7%</b>

## Analysis

Capital program expenditures are reported on an accrual basis. For the quarter ending March 31, 2017, unaudited capital program expenditures totaled \$141.8 million. This amount included expenses paid during the first quarter, as well as \$76.6 million of work completed during the quarter and/or in prior periods for which payments have not been made as of March 31, 2017. The intergovernmental agreement reimbursements and other adjustments made during the quarter reduced expenditures by \$4.4 million.

The first quarter expenditures for *Move Illinois* and CRP were \$121 million less than projected, primarily due to timing differences and close out activities.

**CORRIDOR**

**2017 First Quarter Expenditures**

**Tri-State Tollway (I-94/I-294/I-80)**

**\$5.3 million**

During the first quarter, master plan and design work for reconstruction of the Central Tri-State were ongoing.

The expenditures were \$12.6 million less than the revised projection mainly due to the timing of design and master plan efforts between 95<sup>th</sup> Street and Balmoral Avenue.

**Reagan Memorial Tollway (I-88)**

**\$4.5 million**

During the first quarter, construction continued on roadway resurfacing from U.S. Route 30 to Illinois Route 251 on the west end of the corridor. Design work between Annie Glidden Road and Illinois Route 56 continued.

The corridor expenditures were less than projected by \$10 million and can be primarily attributed to timing differences as more progress occurred than anticipated in 2016 on the rehabilitation contract between U.S. Route 30 and U.S. Route 52.

**Jane Addams Memorial Tollway (I-90)**

**\$40.5 million**

During the first quarter, remaining punch list items for reconstruction and widening between Elgin Toll Plaza and the Kennedy Expressway were completed and closeout efforts continued.

Improved access at several interchanges and bridge work was completed in 2016 and closeout continues in 2017, including interchanges at Illinois Route 25, Roselle Road, and Meacham Road. Closeout for bridge work at the Des Plaines River, Tripp Road and Spring Center Road. Fence replacement and signing between Mill Road to Randall Road and bridge reconstruction on Illinois Route 23 was started in the west section during the first quarter of 2017.

Work on Barrington Road Interchange continued including construction of a new bound exit ramp and the pedestrian overpass bridge. Work continued to implement the Smart Road on the Jane Addams Memorial Tollway (I-90).

First quarter expenditures were \$44 million less than projections, due primarily to timing of close out activities. Close out of the inside lane contracts between Elgin Plaza (Plaza 9) and the Tri-State Tollway (I-294) occurred primarily in 2016 vs. early 2017 projections and the outside lane contracts have experienced slower close out spending than projections, resulting in a \$33 million underspend in the first quarter. A partial offset in second quarter spending is expected.

**Veterans Memorial Tollway (I-355)**

**\$2.5 million**

During the first quarter, the design continued between I-55 and Army Trail Road and construction closeout progressed for south bound 71<sup>st</sup> street to 75<sup>th</sup> street contract.

Expenditures were \$2.7 million less than projected and can be attributed to the extended closeout activities on south bound construction and slower design progression than expected between I-55 and Army Trail Road.

**Open Road Tolling (ORT)**

**\$89 thousand**

Expenditures for the Traffic Revenue Management and Maintenance Project (TRMMP) were \$89 thousand more than the first quarter projection.

**Systemwide**

**\$32.1 million**

During the first quarter, various pavement, bridge and ramp repair contracts progressed, including bridge and interchange improvements at Farnsworth Avenue on I-88 and reconstruction of the M-7 maintenance facility in Rockford.

First quarter expenditures were \$13.2 million less than projection, mainly due to \$6.7 million in underspending on maintenance facilities and timing differences in bridge and pavement repairs, as well as \$2.5 million in lower than anticipated non-roadway project expenditures.

**Tri-State Tollway (I-294/I-57) Interchange**

**\$288 thousand**

Surveying upon request and close out of land acquisition were ongoing.

Expenditures for the corridor during the first quarter were \$137 thousand less than projected.

**Elgin O'Hare Western Access Project**

**\$56.4 million**

During the first quarter of 2017, mainline road and bridge construction continued as the new Illinois Route 390 Tollway extends east to Illinois Route 83. Construction activities included earthwork excavation and embankment, installation of aggregate base, installation of retaining walls, installation of toll plaza foundations and pier and beam installation for bridges along Illinois Route 390. Construction continued at the I-290 Interchange which remains on track to be complete later this year.

The first quarter actual spending was \$35.3 million less than projection due to a variety of reasons including utility impacts that delayed construction, changes to the start date for tolling infrastructure construction and timing of Tollway's assumptions on federal spending applied to CMAQ project. Timing differences in right-of-way spending also resulted in a decrease in first quarter spending.

**Other Emerging Projects**

**\$94.9 thousand**

Expenditures on emerging projects were \$3.1 million less than projected.

## Financial Summaries

Quarterly Financial Review March 31, 2017

ILLINOIS TOLLWAY				
BUDGET vs. UNAUDITED ACTUAL				
First Quarter Ending March 31 2017				
	1st Qtr		Variance	
	Budget	Actual	\$	%
<b>REVENUE</b>				
Toll Revenue and Evasion Recovery	311,032,211	310,267,950	(\$764,261)	-0.2%
Concessions	750,000	515,076	(234,924)	-31.3%
Investment Income	1,500,000	2,283,767	783,767	52.3%
Miscellaneous	1,250,000	2,036,683	786,683	62.9%
<b>Total Revenue</b>	<b>\$314,532,211</b>	<b>\$315,103,476</b>	<b>\$571,265</b>	<b>0.2%</b>
<b>Maintenance and Operations (M and O) Expenditures</b>				
Payroll and Related Costs	\$ 40,970,369	\$ 40,318,800	\$651,569	1.6%
Group Insurance	9,729,729	9,786,848	(57,119)	-0.6%
Contractual Services	16,832,932	16,781,454	51,478	0.3%
Materials/Operational Supplies/Other Expenses	1,041,788	921,290	120,498	11.6%
Utilities	1,942,991	1,979,334	(36,343)	-1.9%
All Other Insurance	2,911,497	2,661,270	250,227	8.6%
Parts and Fuel	1,419,538	1,383,037	36,501	2.6%
Equipment/Office Rental and Maintenance	7,119,658	7,002,024	117,634	1.7%
Other Miscellaneous Expenses	290,500	300,314	(9,814)	-3.4%
Recovery of Expenses	(495,200)	(486,707)	(8,493)	-1.7%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$81,763,802</b>	<b>\$80,647,662</b>	<b>\$1,116,140</b>	<b>1.4%</b>
<b>Net Revenue</b>				
<b>Revenue Less M and O Expenditures</b>	<b>\$232,768,409</b>	<b>\$234,455,814</b>	<b>\$1,687,405</b>	<b>0.7%</b>
<b>Debt Service Transfers</b>				
Existing Debt	97,939,258	\$99,622,180	(\$1,682,922)	-1.7%
New Debt	3,750,000	-	3,750,000	N/A
<b>Total Debt Service Transfers</b>	<b>\$101,689,258</b>	<b>\$99,622,180</b>	<b>\$2,067,078</b>	<b>2.0%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$131,079,151</b>	<b>\$134,833,634</b>	<b>\$3,754,483</b>	<b>2.9%</b>

Quarterly Financial Review March 31, 2017

ILLINOIS TOLLWAY				
PROJECTION vs. UNAUDITED ACTUAL				
First Quarter Ending March 31 2017				
	1st Qtr		Variance	
	Projection	Actual <sup>(2)</sup>	\$	%
<b>Capital Program <sup>(1)</sup></b>				
Tri-State Tollway (I-94/I-294/I-80)	17,929,911	5,303,409	\$12,626,502	70.4%
Reagan Memorial Tollway (I-88)	14,691,061	4,585,397	10,105,664	68.8%
Jane Addams Memorial Tollway (I-90)	84,526,374	40,469,329	44,057,045	52.1%
Veterans Memorial Tollway (I-355)	5,258,529	2,540,256	2,718,273	51.7%
Open Road Tolling (ORT)	-	89,220	(89,220)	N/A
Systemwide Improvements	45,235,607	32,066,444	13,169,163	29.1%
Tri-State Tollway (I-294)/I-57 Interchange	425,359	288,363	136,996	32.2%
Elgin O'Hare Western Access	91,642,550	56,358,405	35,284,145	38.5%
Other Emerging Projects	3,205,459	94,887	3,110,572	97.0%
<b>Move Illinois and CRP Subtotal</b>	<b>\$262,914,850</b>	<b>\$141,795,710</b>	<b>\$121,119,140</b>	<b>46.1%</b>
Agreement Reimbursements and Other Adjustments <sup>(3)</sup>	-	(4,382,029)	4,382,029	N/A
<b>Total Capital Program Expenditures</b>	<b>\$262,914,850</b>	<b>\$137,413,681</b>	<b>\$125,501,169</b>	<b>47.7%</b>

<sup>(1)</sup> Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.

<sup>(2)</sup> Capital Program Actual included accrued expenses for which payments have not been made as of March 31, 2017.

<sup>(3)</sup> Intergovernmental and Fiber Optic Agreement Reimbursements were for work performed in prior periods.

Quarterly Financial Review March 31, 2017

<b>ILLINOIS TOLLWAY</b>			
<b>Percent of Annual Budget Realized (UNAUDITED)</b>			
<b>Year-To-Date March 31, 2017</b>			
	<b>YTD</b>		<b>% Budget</b>
	<b>Budget</b>	<b>Actual</b>	<b>Realized</b>
<b>REVENUE</b>			
Toll Revenue and Evasion Recovery	\$1,366,000,000	\$310,267,950	22.7%
Concessions	3,000,000	515,076	17.2%
Investment Income	6,000,000	2,283,767	38.1%
Miscellaneous	5,000,000	2,036,683	40.7%
<b>Total Revenue</b>	<b>\$1,380,000,000</b>	<b>\$315,103,476</b>	<b>22.8%</b>
<b>Maintenance and Operations (M and O) Expenditures</b>			
Payroll and Related Costs	\$166,072,171	\$40,318,800	24.3%
Group Insurance	38,871,924	9,786,848	25.2%
Contractual Services	72,918,215	16,781,454	23.0%
Materials/Operational Supplies/Other Expenses	7,698,436	921,290	12.0%
Utilities	8,303,780	1,979,334	23.8%
All Other Insurance	11,646,000	2,661,270	22.9%
Parts and Fuel	6,676,748	1,383,037	20.7%
Equipment/Office Rental and Maintenance	25,417,564	7,002,024	27.5%
Other Miscellaneous Expenses	915,710	300,314	32.8%
Recovery of Expenses	(2,259,500)	(486,707)	21.5%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$336,261,048</b>	<b>\$80,647,662</b>	<b>24.0%</b>
<b>Net Revenue</b>			
<b>Revenue Less M and O Expenditures</b>	<b>\$1,043,738,952</b>	<b>\$234,455,814</b>	<b>22.5%</b>
<b>Debt Service Transfers</b>			
Existing Debt	\$390,040,635	\$99,622,180	25.5%
New Debt	15,000,000	-	0.0%
<b>Total Debt Service Transfers</b>	<b>\$405,040,635</b>	<b>\$99,622,180</b>	<b>24.6%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$638,698,317</b>	<b>\$134,833,634</b>	<b>21.1%</b>

*Quarterly Financial Review March 31, 2017*

ILLINOIS TOLLWAY			
Percent of Projection Realized (UNAUDITED)			
Year-To-Date March 31, 2017			
	2017 Projection	YTD Actual <sup>(2)</sup>	% Projection Realized
<b>Capital Program <sup>(1)</sup></b>			
Tri-State Tollway (I-94/I-294/I-80)	56,470,183	5,303,409	9.4%
Reagan Memorial Tollway (I-88)	38,436,267	4,585,397	11.9%
Jane Addams Memorial Tollway (I-90)	165,263,083	40,469,329	24.5%
Veterans Memorial Tollway (I-355)	12,349,679	2,540,256	20.6%
Open Road Tolling (ORT)	-	89,220	N/A
Systemwide Improvements	294,976,703	32,066,444	10.9%
Tri-State Tollway (I-294)/I-57 Interchange	2,078,556	288,363	13.9%
Elgin O'Hare Western Access	374,453,545	56,358,405	15.1%
Other Emerging Projects	17,255,202	94,887	0.5%
<b>Move Illinois and CRP Subtotal</b>	<b>\$961,283,218</b>	<b>\$141,795,710</b>	<b>14.8%</b>
Agreement Reimbursements and Other Adjustments <sup>(3)</sup>	-	(4,382,029)	N/A
<b>Total Capital Program Expenditures</b>	<b>\$961,283,218</b>	<b>\$137,413,681</b>	<b>14.3%</b>

<sup>(1)</sup> Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.

<sup>(2)</sup> Capital Program Actual included accrued expenses for which payments have not been made as of March 31, 2017.

<sup>(3)</sup> Intergovernmental and Fiber Optic Agreement Reimbursements were for work performed in prior periods.

Quarterly Financial Review March 31, 2017

ILLINOIS TOLLWAY				
2017 Actual vs. 2016 Unaudited Actual				
First Quarter Ending March 31 2017				
	1st Qtr		Variance	
	2016	2017	\$	%
<b>REVENUE</b>				
Toll Revenue and Evasion Recovery	\$295,792,105	\$310,267,950	\$14,475,845	4.9%
Concessions	509,192	515,076	5,884	1.2%
Investment Income	1,252,813	2,283,767	1,030,954	82.3%
Miscellaneous	1,083,740	2,036,683	952,943	87.9%
<b>Total Revenue</b>	<b>\$298,637,850</b>	<b>\$315,103,476</b>	<b>\$16,465,626</b>	<b>5.5%</b>
<b>Maintenance and Operations (M and O) Expenditures</b>				
Payroll and Related Costs	\$41,815,937	\$40,318,800	\$1,497,137	3.6%
Group Insurance	8,361,607	9,786,848	(\$1,425,241)	-17.0%
Contractual Services	15,399,570	16,781,454	(\$1,381,884)	-9.0%
Materials/Operational Supplies/Other Expenses	1,662,741	921,290	\$741,452	44.6%
Utilities	1,820,528	1,979,334	(\$158,805)	-8.7%
All Other Insurance	2,750,945	2,661,270	\$89,675	3.3%
Parts and Fuel	952,096	1,383,037	(\$430,941)	-45.3%
Equipment/Office Rental and Maintenance	5,330,048	7,002,024	(\$1,671,976)	-31.4%
Other Miscellaneous Expenses	238,877	300,314	(\$61,438)	-25.7%
Recovery of Expenses	(607,293)	(486,707)	(\$120,586)	-19.9%
<b>Total Maintenance and Operations Expenditures</b>	<b>\$77,725,055</b>	<b>\$80,647,662</b>	<b>(\$2,922,607)</b>	<b>-3.8%</b>
<b>Net Revenue</b>				
<b>Revenue Less M and O Expenditures</b>	<b>\$220,912,795</b>	<b>\$234,455,814</b>	<b>\$13,543,019</b>	<b>6.1%</b>
<b>Debt Service Transfers</b>				
Existing Debt	\$91,483,805	99,622,180.14	(\$8,138,375)	-8.9%
New Debt	-	-	-	N/A
<b>Total Debt Service Transfers</b>	<b>\$91,483,805</b>	<b>\$99,622,180</b>	<b>(\$8,138,375)</b>	<b>-8.9%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$129,428,990</b>	<b>\$134,833,634</b>	<b>\$5,404,644</b>	<b>4.2%</b>

Quarterly Financial Review March 31, 2017

ILLINOIS TOLLWAY				
2017 Actual vs. 2016 Unaudited Actual				
First Quarter Ending March 31 2017				
	First Quarter 2017		Variance	
	2016	2017	\$	%
<b>Capital Program</b>				
Tri-State Tollway (I-94/I-294/I-80)	11,239,108	5,303,409	\$5,935,699	53%
Reagan Memorial Tollway (I-88)	4,143,345	4,585,397	(442,052)	-11%
Jane Addams Memorial Tollway (I-90)	110,486,631	40,469,329	70,017,302	63%
Veterans Memorial Tollway (I-355)	65,915	2,540,256	(2,474,340)	NA
Open Road Tolling (ORT)	337,126	89,220	247,906	74%
Systemwide Improvements	31,373,463	32,066,444	(692,981)	-2%
Tri-State Tollway (I-294)/I-57 Interchange	807,666	288,363	519,303	64%
Elgin O'Hare Western Access	61,553,222	56,358,405	5,194,817	8%
Other Emerging Projects	164,293	94,887	69,406	42%
<b>Move Illinois and CRP Subtotal</b>	<b>220,170,769</b>	<b>\$141,795,710</b>	<b>\$78,375,059</b>	<b>36%</b>
Agreement Reimbursements and Other Adjustments	(13,935,017)	(4,382,029)	(9,552,988)	-73%
<b>Total Capital Program Expenditures</b>	<b>206,235,752</b>	<b>137,413,681</b>	<b>68,822,071</b>	<b>33%</b>