



2017 Budget Analysis

(Preliminary and Unaudited)

Quarterly Financial Review

October 1 - December 31, 2017

Table of Contents

Introduction..... 3

Budget Summary 4

 Introduction 4

 Budgeted Revenue 2017..... 4

 Revised Revenue Estimates 2017.....4

Results Summary 5

 Revenue 5

 Expenditures 5

Revenue Summary 6

 Fourth Quarter Analysis..... 6

 2017 Analysis7

Maintenance and Operations (M and O) Summary..... 8

 Analysis 9

 Budget Transfers..... 10

Debt Service Summary 11

 Analysis 11

 Derivatives 12

Capital Program Summary 13

 Capital Budget 2017 13

 Revised Estimate 2017.....13

 Capital Program Expenditures 14

 Analysis 15

Financial Summaries 17

 2017 Fourth Quarter 18

 201720

 2017 vs. 2016 Fourth Quarter Actual 24

 2017 vs. 2016 Actual..... 26

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.

During preparation of the 2018 Budget in October 2017, the Tollway revised the 2017 revenue estimates for toll evasion and recovery from \$1,366 million to \$1,370 million. Investment income was revised from \$6 million to \$10 million. Concessions Revenue and Miscellaneous Income was revised from \$8 million to \$10 million. In addition, debt service transfers were revised from \$405 million to \$390 million, and the 2017 capital program projections were revised downward by \$47 million, from \$961 million to \$914 million.

This report provides an analysis of actual revenue and expenditures through the fourth 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*. In 2017, the Board of Directors expanded this program to \$14 billion. 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, included 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 allocated \$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).

Revised Revenue Estimates 2017

During preparation of the 2018 Budget in October 2017, the Tollway revised the 2017 revenue estimates for toll evasion and recovery from \$1,366 million to \$1,370 million. Investment income was revised from \$6 million to \$10 million. Concessions Revenue and Miscellaneous Income was revised from \$8 million to \$10 million. In addition, debt service transfers were revised from \$405 million to \$390 million.

2017 Revenue Sources and Allocations			(\$ millions)
SOURCES OF REVENUE			(\$ millions)
	2017 Budget	2017 October Estimate	
Toll Revenue and Evasion Recovery	\$1,366	\$1,370	
Investment Income	6	10	
Concessions Revenue and Miscellaneous Income	8	10	
Total Revenue	\$1,380	\$1,390	
ALLOCATIONS OF REVENUE			(\$ millions)
	2017 Budget	2017 October Estimate	
Maintenance and Operations	\$336	\$336	
Debt Service Transfers	405	390	
Deposits to Renewal/Replacement and Improvement	639	664	
Total Allocations	\$1,380	\$1,390	

RESULTS SUMMARY 2017

Revenue

Revenue for 2017 totaled \$1,401.8 million and was \$11.8 million more than the October revised estimate. Toll and evasion recovery revenue totaled \$1,374.8 million, \$4.8 million more than the revised estimate. Miscellaneous income totaled \$10.7 million, concessions revenue totaled \$2.3 million and investment income totaled \$13.9 million.

Expenditures

The Illinois Tollway's 2017 fourth quarter operating expenditures totaled \$82.5 million, which was 24.5 percent of the \$336.3 million annual maintenance and operations budget.

Operating expenditures through December 31, 2017, totaled \$319.3 million, which was 94.9 percent of the \$336.3 million annual maintenance and operations budget.

2017 debt service transfers totaled \$389 million or \$1.3 million less than the October revised estimate and \$16 million less than budgeted at the beginning of 2017.

Capital program expenditures for 2017 totaled \$789.4 million, or 13.6 percent less than the revised estimate of \$914 million. *Move Illinois* Program and the Congestion-Relief Program expenses totaled \$799.2 million. Other adjustments and reimbursements made during 2017 reduced expenditures by \$9.8 million.

REVENUE SUMMARY

REVENUE
October Estimate vs. Unaudited Actual
Fourth Quarter 2017
(\$ thousands)

	4th Qtr		Variance	
	October Estimate	Actual	\$	%
Toll Revenue and Evasion Recovery	\$340,438	\$345,247	\$4,809	1.4%
Concessions	1,269	568	(701)	-55.2%
Investment Income	484	4,431	3,947	815.8%
Miscellaneous	407	4,149	3,742	920.6%
Total Revenue	\$342,598	\$354,395	\$11,797	3.4%

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

REVENUE
October Estimate vs. Unaudited Actual
Fiscal Year 2017
(\$ thousands)

	YTD		Variance	
	October Estimate	Actual	\$	%
Toll Revenue and Evasion Recovery	\$1,370,000	\$1,374,809	\$4,809	0.4%
Concessions	3,000	2,299	(701)	-23.4%
Investment Income	10,000	13,947	3,947	39.5%
Miscellaneous	7,000	10,742	3,742	53.5%
Total Revenue	\$1,390,000	\$1,401,797	\$11,797	0.8%

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

During preparation of the 2018 Budget in October 2017, the Tollway revised the 2017 toll revenue estimates from \$1,366 million to \$1,370 million.

Fourth Quarter Analysis

Revenue for the 2017 fourth quarter totaled \$354.4 million, \$11.8 million more than the October revised estimate for the same period. The fourth quarter revenue was 25.5 percent of the \$1,390 million of the October revised estimate annual revenue budget.

Toll and evasion recovery revenue totaled \$345 million while concession and miscellaneous revenue and investment income totaled \$9.1 million.

Full Year 2017 Analysis

Revenue for fiscal year 2017 totaled \$1,401.8 million.

Toll and evasion recovery revenue totaled \$1,374.8 million, or \$4.8 million more than the revised estimate. The variance can be attributed to evasion recovery totaling \$4.6 million more than the October revised estimate and toll revenue totaling \$169 thousand higher than October revised estimate.

Toll transactions for all vehicle classes grew 7 percent compared to 2016 and were on target with the 2017 revised estimate. Passenger car transactions grew 7.3 percent from 2016 and were on target with the 2017 revised estimate. Commercial vehicle transactions grew 5.2 percent compared to the same period in 2016 and totaled slightly higher than the budget by 3.3 percent.

Concessions revenue totaled \$2.3 million and was \$701 thousand lower than the estimate. Investment income totaled \$13.9 million and was \$3.9 million higher than the revised estimate. Miscellaneous income totaled \$10.7 million, and the increase was due to return of transponder deposits.

MAINTENANCE AND OPERATIONS SUMMARY

Budget vs. Unaudited Actual Fourth Quarter 2017

(\$ thousands)

	4th Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$43,094	\$38,794	\$4,300	10.0%
Group Insurance	9,715	7,139	2,576	26.5%
Contractual Services	19,423	22,274	(2,851)	-14.7%
Materials/Operational Supplies/Other Expenses	3,940	1,818	2,121	53.8%
Utilities	2,312	1,984	328	14.2%
All Other Insurance	2,912	2,646	265	9.1%
Parts and Fuel	1,847	2,197	(350)	-19.0%
Equipment/Office Rental and Maintenance	6,227	6,046	181	2.9%
Other Miscellaneous Expenses	240	238	2	0.8%
Recovery of Expenses	(614)	(686)	72	11.7%
Total Maintenance and Operations Expenditures	\$89,094	\$82,451	\$6,644	7.5%

Note: Numbers may not add to totals due to rounding

Budget vs. Unaudited Actual Fiscal Year 2017

(\$ thousands)

	YTD		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$166,066	\$158,170	\$7,897	4.8%
Group Insurance	38,832	33,813	5,019	12.9%
Contractual Services	72,918	78,509	(5,591)	-7.7%
Materials/Operational Supplies/Other Expenses	7,717	5,108	2,609	33.8%
Utilities	8,304	8,134	170	2.0%
All Other Insurance	11,646	7,470	4,176	35.9%
Parts and Fuel	6,672	6,019	652	9.8%
Equipment/Office Rental and Maintenance	25,408	23,404	2,004	7.9%
Other Miscellaneous Expenses	958	945	13	1.3%
Recovery of Expenses	(2,260)	(2,320)	60	2.7%
Total Maintenance and Operations Expenditures	\$336,261	\$319,252	\$17,009	5.1%

Note: Numbers may not add to totals due to rounding

Analysis

The Tollway's 2017 operating expenditures totaled \$319.3 million, or \$17 million below the annual maintenance and operations budget of \$336.3 million.

The variances to the 2017 budget are explained below:

Payroll and related costs totaled \$158.2 million, \$7.9 million less than budget. This favorable variance is mainly attributed to unfilled vacant positions, both in the salaries and wages area, as well as SERS mid-year adjustment.

Group insurance expenses totaled \$33.8 million, \$5 million less than budget. The variance is due to more vacancies than anticipated.

Contractual services totaled \$78.5 million, \$5.6 million more than budget. The unfavorable variance is mainly attributed to increase in calls minutes, due to new back-office system, increased violator notices, I-PASS mailings and an increase in credit card transactions.

Materials/operational supplies/other expenses totaled \$5.1 million and \$2.6 million less than budget. This variance is mainly due to less spending for winter operational materials as the Chicago area experienced a milder winter and transfer of I-PASS mailings from in-house to outside service.

Utilities expenses, which include electricity, natural gas, water and telephone, totaled \$8.1 million, \$170 thousand less than budget. This favorable variance was in natural gas category where usage was lower than anticipated due to a milder winter.

All other insurance expenses totaled \$7.5 million, \$4.2 million less than 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 funding adjustment of the clam reserve for 2017 reflecting the most recent actuarial review of claims.

Parts and fuel expenses totaled \$6 million, \$652 thousand less than budget. This favorable variance is partially due to lower fuel consumption.

Equipment/office rental and maintenance expenditures totaled \$23.4 million, \$2 million less than the budgeted amount. This variance is mainly due to timing of maintenance renewals for IT licensing support and a reduction in software support for back-office system.

Other Miscellaneous Expenses totaled \$945 thousand, \$13 thousand less than budget. This cost category includes travel, training, dues, books, subscriptions, uniforms and accessories.

Recovery of expenses totaled \$2.3 million; this category includes reimbursement for emergency services (ambulances and/or fire departments) 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 redemption,
- (iii) net payments on interest rate exchange (“swap”) agreements, and
- (iv) costs of bond credit/liquidity agreements, bond remarketing agreements and bond ratings.

Budget/Revised Estimate vs. Actual (Unaudited)
Fiscal Year 2017
(\$ millions)

	Budget	Revised Estimate	Actual	Revised Est. less Actual	
				\$	%
Debt Service Transfers for Existing Debt	\$390.0	\$389.0	\$389.0	\$0.0	0.0%
Debt Service Transfers for New Debt	\$15.0	\$1.3	\$0.0	\$1.3	100.0%
Total Debt Service Transfers	\$405.0	\$390.3	\$389.0	\$1.3	0.3%

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.

In October 2017, in connection with preparing its 2018 Budget, the Tollway reduced its estimate from the original budget of \$405.0 million to \$390.3 million, primarily to account for bonds issued later than anticipated, resulting in less interest expense on those bonds during 2017.

Actual 2017 transfers to the Debt Service Account were \$389.0 million, materially in line with the revised estimate.

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 December 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						
Estimated Valuation of Swap Portfolio as of December 31, 2017						
(Note: Valuations are net of accrued interest on hand.)						
(\$ 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	(\$32,606)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(\$32,610)
2007 SERIES A-1 TOTAL		\$350,000				(\$65,216)
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(\$48,727)
2007 SERIES A-2	Wells Fargo Bank*	87,500	3.9925%	SIFMA	7/1/2030	(\$16,153)
2007 SERIES A-2 TOTAL		\$350,000				(\$64,880)
2008 SERIES A-1	The Bank of New York Mellon	191,550	3.7740%	SIFMA	1/1/2031	(\$31,613)
2008 SERIES A-1	Deutsche Bank AG, NY Branch	191,550	3.7740%	SIFMA	1/1/2031	(\$31,515)
2008 SERIES A-1 TOTAL		\$383,100				(\$63,128)
2008 SERIES A-2	Bank of America, N.A.**	95,775	3.7640%	SIFMA	1/1/2031	(\$15,695)
2008 SERIES A-2 TOTAL		\$95,775				(\$15,695)
TOTAL		\$1,178,875				(\$208,920)

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 2008.

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 \$14 billion. The fiscal year 2017 Capital Budget allocated \$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 allocated \$45.8 million to complete CRP projects.

Revised Estimate 2017

Revisions to expenditure projections are made during the course of the year. During preparation of the 2018 Budget in October 2017, the Tollway revised the estimates for the 2017 Capital program downward from \$961 million to \$914 million.

CAPITAL PROGRAM

Fiscal Year 2017

(\$ millions)

	Approved Budget	October Revised Estimate
Tri-State Tollway (I-94/I-294/I-80)	\$56.5	\$63.2
Reagan Memorial Tollway (I-88)	\$38.4	\$35.4
Jane Addams Memorial Tollway (I-90)	\$165.3	\$205.6
Veterans Memorial Tollway (I-355)	\$12.3	\$10.3
Systemwide Improvements	\$295.0	\$257.6
Tri-State Tollway (I-294/I-57) Interchange	\$2.1	\$3.9
Elgin O'Hare Western Access	\$374.5	\$333.0
Other Emerging Projects	\$17.3	\$4.9
Total Capital Program	\$961.3	\$914.0

Capital Program Expenditures

For the purpose of the 2017 fourth quarter review, the capital program actual expenditures are compared to the October revised estimates.

CAPITAL PROGRAM
Revised Estimate vs. Unaudited Actual
Fourth Quarter 2017
(\$ thousands)

	4th Qtr		Variance	
	Revised Estimate	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$30,177	\$20,352	\$9,825	32.6%
Reagan Memorial Tollway (I-88)	6,006	6,030	(24)	-0.4%
Jane Addams Memorial Tollway (I-90)	29,008	29,340	(332)	-1.1%
Veterans Memorial Tollway (I-355)	3,185	1,953	1,232	38.7%
Systemwide Improvements	113,554	89,491	24,063	21.2%
Tri-State Tollway (I-294)/I-57 Interchange	1,729	137	1,592	92.1%
Elgin O'Hare Western Access	60,195	45,998	14,197	23.6%
Other Emerging Projects	2,455	1,680	775	31.6%
Move Illinois and CRP Subtotal	\$246,310	\$194,981	\$51,328	20.8%
Agreement Reimbursement and other Adjustments	-	(821)	821	N/A
Total Capital Program Expenditures	\$246,310	\$194,160	\$52,150	21.2%

CAPITAL PROGRAM
October Estimate vs. Unaudited Actual
Fiscal Year 2017
(\$ thousands)

	YTD		Variance	
	Revised Estimate	Actual	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$63,205	\$44,396	\$18,809	29.8%
Reagan Memorial Tollway (I-88)	35,420	27,365	8,055	22.7%
Jane Addams Memorial Tollway (I-90)	205,635	160,701	44,934	21.9%
Veterans Memorial Tollway (I-355)	10,285	7,722	2,563	24.9%
Systemwide Improvements	257,614	237,466	20,148	7.8%
Tri-State Tollway (I-294)/I-57 Interchange	3,924	859	3,065	78.1%
Elgin O'Hare Western Access	332,998	318,171	14,827	4.5%
Other Emerging Projects	4,945	2,479	2,466	49.9%
Move Illinois and CRP Subtotal	\$914,027	\$799,159	\$114,868	12.6%
Agreement Reimbursements and Other Adjustments	-	(9,807)	9,807	N/A
Total Capital Program Expenditures	\$914,027	\$789,352	\$124,675	13.6%

Analysis

Capital program expenditures are reported on an accrual basis. For the quarter ending December 31, 2017, unaudited capital program expenditures totaled \$194.2 million. This amount included expenses paid during the fourth quarter, as well as \$142.6 million of work completed during the quarter and/or in prior periods for which payments have not been made as of December 31, 2017. The intergovernmental agreement reimbursements and other adjustments made during the quarter reduced expenditures by \$0.8 million.

For fiscal year 2017, capital program expenditures totaled \$789.4 million, or \$124.7 million less than the October revised estimate; the *Move Illinois* and CRP expenses totaled \$799.2 million, \$114.9 million less than the October revised estimate. In addition, reimbursements and other adjustments made during 2017 reduced expenditures by \$9.8 million. The 2017 variance of \$124.7 million was primarily attributed to scheduling changes and the timing of project close out activities.

<u>Corridor</u>	<u>2017 October Revised Estimate</u> (\$ millions)	<u>2017 Expenditure</u> (\$ millions)
-----------------	---	--

Tri-State Tollway (I-94/I-294/I-80)	\$63.2	\$44.4
--	---------------	---------------

During the fourth quarter, master plan and design work for the Central Tri-State Project were ongoing.

Expenditures in 2017 were \$18.8 million less than the revised projection. The main contributors were master plan expenditures that were \$6.8 million less than projected due to an extended completion date and a subsequent delayed start to design activities, as well as \$4.6 million less in expenditures associated with timing differences in utility relocations.

Reagan Memorial Tollway (I-88)	\$35.4	\$27.4
---------------------------------------	---------------	---------------

During the fourth quarter, construction began between York Road and I-290. Design on the connector ramp to the Tri-State Tollway (I-294) continued as well.

Expenditures for the corridor were \$8.1 million less than the revised projection, mainly due to \$8.8 million of underspending on I-88 roadway resurfacing during the closeout process, which was partially offset by spending on mobilization for reconstruction between York Road and I-290.

Jane Addams Memorial Tollway (I-90)	\$205.6	\$160.7
--	----------------	----------------

During the fourth quarter, closeout activities continued for roadway reconstruction and widening, as well as reconstruction of interchanges and bridges between Elgin Toll Plaza and the Kennedy Expressway.

Roadside completion improvements between Elgin Toll Plaza and the Kennedy Expressway continued in the fourth quarter, as did work on Barrington Road Interchange. Fence replacement and signing between Mill Road and Randall Road, as well as bridge reconstruction on Illinois Route 23, was ongoing.

2017 expenditures were \$44.9 million lower than revised projections, due primarily to the timing of the contract closeout process. Contract savings of \$7.7 million were realized, which contributed to the variance. Remaining substantially complete projects are expected to be closed out by June 2018.

Veterans Memorial Tollway (I-355)

\$10.3

\$7.7

During the fourth quarter, design efforts for resurfacing and repairs continued between I-55 and Army Trail Road.

Expenditures for this corridor in 2017 were \$2.6 million less than projected, primarily due to \$2.7 million in reduced spending on design contracts between I-55 to Army Trail Road.

Systemwide Improvements

\$257.6

\$237.5

During the fourth quarter, work on various pavement, bridge and ramp repair contracts continued, including pavement and bridge preservation on the Tri-State Tollway (I-94/I-294) and reconstruction of the Rockford (M-7) and Marengo (M-6) maintenance facilities.

Expenditures in 2017 were \$20.1 million less than projected, mainly due to a \$5.1 million underspend in pavement, bridge and ramp repairs as a result of a reassessment of required repairs. Slower than expected spending on violation enforcement system cameras and other Business Systems Department projects contributed to the variance.

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

\$3.9

\$0.9

Surveying upon request was ongoing.

Expenditures for the corridor were \$3.1 million less than projected.

Elgin O'Hare Western Access Project

\$333.0

\$318.2

In the fourth quarter of 2017, the second toll segment of the Illinois Route 390 Tollway opened to traffic, expanding the new Tollway east to Illinois Route 83. Project construction has transitioned to the I-490 Interchange and I-490 Tollway segments, where project completions included the advance earthwork and south frontage roads, building removals and mass grading for the I-490 Tollway associated with the Chicago O'Hare International Airport's central deicing facility project. Roadway construction continued at the Illinois Route 19 widening east of York Road to Taft Avenue.

In 2017, expenditures were \$14.8 million less than the revised estimate, primarily attributed to timing differences in utility relocations and construction underspend associated with the delay in right-of-way acquisition.

Other Emerging Projects

\$4.9

\$2.5

Feasibility studies continued in the fourth quarter for the possible extension of Illinois Route 53/120 Environmental Impact Statement study.

Expenditures for this corridor were \$2.5 million less than projected due to a phased approach on the phase I study contract.

Financial Summaries

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY				
October Revised Estimate vs. UNAUDITED ACTUAL				
Fourth Quarter Ending December 31, 2017				
	4th Qtr		Variance	
	October Revised Estimate	Actual	\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$340,438,252	\$345,246,985	\$4,808,733	1.4%
Concessions	1,269,464	568,407	(701,057)	-55.2%
Investment Income	483,810	4,430,971	3,947,161	815.8%
Miscellaneous	406,525	4,148,834	3,742,309	920.6%
Total Revenue	\$342,598,050	\$354,395,196	\$11,797,146	3.4%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$43,093,754	\$38,794,049	\$4,299,705	10.0%
Group Insurance	9,714,732	7,139,122	2,575,610	26.5%
Contractual Services	19,423,106	22,274,209	(2,851,103)	-14.7%
Materials/Operational Supplies/Other Expenses	3,939,501	1,818,473	2,121,028	53.8%
Utilities	2,311,767	1,983,572	328,195	14.2%
All Other Insurance	2,911,503	2,646,117	265,386	9.1%
Parts and Fuel	1,846,750	2,196,802	(350,052)	-19.0%
Equipment/Office Rental and Maintenance	6,227,395	6,046,067	181,328	2.9%
Other Miscellaneous Expenses	239,700	237,798	1,902	0.8%
Recovery of Expenses	(613,800)	(685,620)	71,820	11.7%
Total Maintenance and Operations Expenditures	\$89,094,408	\$82,450,590	\$6,643,818	7.5%
Net Revenue				
Revenue Less M and O Expenditures	\$253,503,642	\$271,944,606	\$18,440,964	7.3%
Debt Service Transfers				
Existing Debt	\$97,452,186	\$97,411,272	\$40,913	0.0%
New Debt	1,250,000	-	1,250,000	100.0%
Total Debt Service Transfers	\$98,702,186	\$97,411,272	\$1,290,913	1.3%
Net Revenue Less Debt Service Transfers	\$154,801,456	\$174,533,334	\$19,731,877	12.7%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY				
October Estimate vs. UNAUDITED ACTUAL				
Fourth Quarter Ending December 31, 2017				
	4th Qtr		Variance	
	Revised Estimate	Actual	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$30,176,795	\$20,352,185	\$9,824,610	32.6%
Reagan Memorial Tollway (I-88)	6,006,441	6,030,421	(23,980)	-0.4%
Jane Addams Memorial Tollway (I-90)	29,007,732	29,339,853	(332,121)	-1.1%
Veterans Memorial Tollway (I-355)	3,185,463	1,953,194	1,232,269	38.7%
Systemwide Improvements	113,553,914	89,490,969	24,062,945	21.2%
Tri-State Tollway (I-294)/I-57 Interchange	1,728,779	136,954	1,591,825	92.1%
Elgin O'Hare Western Access	60,195,249	45,997,807	14,197,442	23.6%
Other Emerging Projects	2,455,356	1,679,893	775,463	31.6%
Move Illinois and CRP Subtotal	\$246,309,729	\$194,981,277	\$51,328,452	20.8%
Agreement Reimbursements and Other Adjustments	-	(821,053)	821,053	N/A
Total Capital Program Expenditures	\$246,309,729	\$194,160,224	\$52,149,505	21.2%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY					
October Revised Estimate vs. UNAUDITED ACTUAL					
Fiscal Year 2017					
	October Revised Estimate	FY 2017		Variance	
		Actual	\$	%	
REVENUE					
Toll Revenue and Evasion Recovery	\$1,370,000,000	\$1,374,808,733	\$4,808,733	0.4%	
Concessions	3,000,000	2,298,943	(701,057)	-23.4%	
Investment Income	10,000,000	13,947,161	3,947,161	39.5%	
Miscellaneous	7,000,000	10,742,309	3,742,309	53.5%	
Total Revenue	\$1,390,000,000	\$1,401,797,146	\$11,797,146	0.8%	
Maintenance and Operations (M and O) Expenditures					
Payroll and Related Costs	\$166,066,171	\$158,169,586	\$7,896,585	4.8%	
Group Insurance	38,831,924	33,812,559	5,019,365	12.9%	
Contractual Services	72,918,215	78,509,288	(5,591,073)	-7.7%	
Materials/Operational Supplies/Other Expenses	7,716,536	5,107,632	2,608,904	33.8%	
Utilities	8,303,780	8,134,249	169,531	2.0%	
All Other Insurance	11,646,000	7,469,580	4,176,420	35.9%	
Parts and Fuel	6,671,748	6,019,276	652,472	9.8%	
Equipment/Office Rental and Maintenance	25,408,464	23,404,061	2,004,403	7.9%	
Other Miscellaneous Expenses	957,710	945,083	12,627	1.3%	
Recovery of Expenses	(2,259,500)	(2,319,556)	60,056	2.7%	
Total Maintenance and Operations Expenditures	\$336,261,048	\$319,251,757	\$17,009,291	5.1%	
Net Revenue					
Revenue Less M and O Expenditures	\$1,053,738,952	\$1,082,545,389	\$28,806,437	2.7%	
Debt Service Transfers					
Existing Debt	\$389,010,050	\$388,969,136	\$40,913	0.0%	
New Debt	1,250,000	-	1,250,000	100.0%	
Total Debt Service Transfers	\$390,260,050	\$388,969,136	\$1,290,913	0.3%	
Net Revenue Less Debt Service (Coverage)	\$663,478,902	\$693,576,252	\$30,097,350	4.5%	

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY				
October Estimate vs. UNAUDITED ACTUAL				
Year-To-Date December 31, 2017				
	2017		Variance	
	Revised Estimate	Actual	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$63,205,370	\$44,395,932	\$18,809,438	29.8%
Reagan Memorial Tollway (I-88)	35,420,226	27,365,137	8,055,089	22.7%
Jane Addams Memorial Tollway (I-90)	205,634,558	160,700,749	44,933,809	21.9%
Veterans Memorial Tollway (I-355)	10,285,010	7,721,867	2,563,143	24.9%
Systemwide Improvements	257,613,934	237,465,881	20,148,053	7.8%
Tri-State Tollway (I-294)/I-57 Interchange	3,923,755	858,761	3,064,994	78.1%
Elgin O'Hare Western Access	332,998,398	318,171,089	14,827,309	4.5%
Other Emerging Projects	4,945,427	2,479,483	2,465,944	49.9%
Move Illinois and CRP Subtotal	\$914,026,678	\$799,158,900	\$114,867,778	12.6%
Agreement Reimbursements and Other Adjustments	-	(9,806,783)	9,806,783	N/A
Total Capital Program Expenditures	\$914,026,678	\$789,352,117	\$124,674,561	13.6%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY					
BUDGET vs. UNAUDITED ACTUAL					
Fiscal Year 2017					
	Budget	FY 2017		Variance	
		Actual		\$	%
REVENUE					
Toll Revenue and Evasion Recovery	\$1,366,000,000	\$1,374,808,733	\$8,808,733		0.6%
Concessions	3,000,000	2,298,943	(701,057)		-23.4%
Investment Income	6,000,000	13,947,161	7,947,161		132.5%
Miscellaneous	5,000,000	10,742,309	5,742,309		114.8%
Total Revenue	\$1,380,000,000	\$1,401,797,146	\$21,797,146		1.6%
Maintenance and Operations (M and O) Expenditures					
Payroll and Related Costs	\$166,066,171	\$158,169,586	\$7,896,585		4.8%
Group Insurance	38,831,924	33,812,559	5,019,365		12.9%
Contractual Services	72,918,215	78,509,288	(5,591,073)		-7.7%
Materials/Operational Supplies/Other Expenses	7,716,536	5,107,632	2,608,904		33.8%
Utilities	8,303,780	8,134,249	169,531		2.0%
All Other Insurance	11,646,000	7,469,580	4,176,420		35.9%
Parts and Fuel	6,671,748	6,019,276	652,472		9.8%
Equipment/Office Rental and Maintenance	25,408,464	23,404,061	2,004,403		7.9%
Other Miscellaneous Expenses	957,710	945,083	12,627		1.3%
Recovery of Expenses	(2,259,500)	(2,319,556)	60,056		2.7%
Total Maintenance and Operations Expenditures	\$336,261,048	\$319,251,757	\$17,009,291		5.1%
Net Revenue					
Revenue Less M and O Expenditures	\$1,043,738,952	\$1,082,545,389	\$38,806,437		3.7%
Debt Service Transfers					
Existing Debt	\$390,040,635	\$388,969,136	\$1,071,498		0.3%
New Debt	15,000,000	-	15,000,000		100.0%
Total Debt Service Transfers	\$405,040,635	\$388,969,136	\$16,071,498		4.0%
Net Revenue Less Debt Service (Coverage)	\$638,698,317	\$693,576,252	\$54,877,935		8.6%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY				
PROJECTION vs. UNAUDITED ACTUAL				
Year-To-Date December 31, 2017				
	2017		Variance	
	Projection	Actual	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$56,470,183	\$44,395,932	\$12,074,251	21.4%
Reagan Memorial Tollway (I-88)	38,436,268	27,365,137	11,071,131	28.8%
Jane Addams Memorial Tollway (I-90)	165,263,082	160,700,749	4,562,333	2.8%
Veterans Memorial Tollway (I-355)	12,349,679	7,721,867	4,627,812	37.5%
Systemwide Improvements	294,976,703	237,465,881	57,510,822	19.5%
Tri-State Tollway (I-294)/I-57 Interchange	2,078,556	858,761	1,219,795	58.7%
Elgin O'Hare Western Access	374,453,545	318,171,089	56,282,456	15.0%
Other Emerging Projects	17,255,201	2,479,483	14,775,718	85.6%
Move Illinois and CRP Subtotal	\$961,283,217	\$799,158,900	\$162,124,317	16.9%
Agreement Reimbursements and Other Adjustments	-	(9,806,783)	9,806,783	N/A
Total Capital Program Expenditures	\$961,283,217	\$789,352,117	\$171,931,100	17.9%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY				
2017 Unaudited Actual vs. 2016 Actual				
Fourth Quarter Ending December 31, 2017				
	4th Qtr		Variance	
	2016	2017	\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$315,755,220	\$345,246,985	\$29,491,765	9.3%
Concessions	562,390	568,407	6,017	1.1%
Investment Income	2,979,026	4,430,971	1,451,945	48.7%
Miscellaneous	4,654,716	4,148,834	(505,883)	-10.9%
Total Revenue	\$323,951,352	\$354,395,196	\$30,443,844	9.4%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$41,681,681	\$38,794,049	\$2,887,632	6.9%
Group Insurance	8,520,637	7,139,122	1,381,515	16.2%
Contractual Services	18,018,983	22,274,209	(4,255,226)	-23.6%
Materials/Operational Supplies/Other Expenses	2,996,644	1,818,473	1,178,171	39.3%
Utilities	1,992,171	1,983,572	8,600	0.4%
All Other Insurance	2,530,725	2,646,117	(115,392)	-4.6%
Parts and Fuel	1,753,121	2,196,802	(443,681)	-25.3%
Equipment/Office Rental and Maintenance	6,965,267	6,046,067	919,200	13.2%
Other Miscellaneous Expenses	276,630	237,798	38,832	14.0%
Recovery of Expenses	(750,330)	(685,620)	(64,710)	-8.6%
Total Maintenance and Operations Expenditures	\$83,985,531	\$82,450,590	\$1,534,941	1.8%
Net Revenue				
Revenue Less M and O Expenditures	\$239,965,821	\$271,944,606	\$31,978,785	13.3%
Debt Service Transfers				
Existing Debt	\$78,785,766	\$97,411,272	(\$18,625,506)	-23.6%
New Debt	4,062,500	-	4,062,500	100.0%
Total Debt Service Transfers	\$82,848,266	\$97,411,272	(\$14,563,006)	-17.6%
Net Revenue Less Debt Service Transfers	\$157,117,555	\$174,533,334	\$17,415,779	11.1%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY				
2017 Unaudited Actual vs. 2016 Actual				
Fourth Quarter Ending December 31, 2017				
	4th Qtr		Variance	
	2016	2017	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$5,666,574	\$20,352,185	(\$14,685,611)	N/A
Reagan Memorial Tollway (I-88)	21,270,965	6,030,421	15,240,543	71.6%
Jane Addams Memorial Tollway (I-90)	90,318,418	29,339,853	60,978,565	67.5%
Veterans Memorial Tollway (I-355)	4,742,042	1,953,194	2,788,848	58.8%
Systemwide Improvements	61,710,344	89,490,969	(27,780,626)	-45.0%
Tri-State Tollway (I-294)/I-57 Interchange	124,377	136,954	(12,577)	-10.1%
Elgin O'Hare Western Access	100,290,915	45,997,807	54,293,108	54.1%
Other Emerging Projects	37,803	1,679,893	(1,642,089)	N/A
Move Illinois and CRP Subtotal	\$284,161,438	\$194,981,277	\$89,180,161	31.4%
Agreement Reimbursements and Other Adjustments	(1,763,048)	(821,053)	(941,996)	53.4%
Total Capital Program Expenditures	\$282,398,389	\$194,160,224	\$88,238,165	31.2%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY					
2017 Unaudited Actual vs. 2016 Actual					
Fiscal Year 2017					
		YTD		Variance	
	2016	2017	\$	%	
REVENUE					
Toll Revenue and Evasion Recovery	\$1,280,788,913	\$1,374,808,733	\$94,019,820		7.3%
Concessions	2,253,646	2,298,943	45,297		2.0%
Investment Income	6,529,527	13,947,161	7,417,633		113.6%
Miscellaneous	9,227,672	10,742,309	1,514,637		16.4%
Total Revenue	\$1,298,799,758	\$1,401,797,146	\$102,997,387		7.9%
Maintenance and Operations (M and O) Expenditures					
Payroll and Related Costs	\$161,478,269	\$158,169,586	\$3,308,683		2.0%
Group Insurance	33,762,856	33,812,559	(49,703)		-0.1%
Contractual Services	67,383,778	78,509,288	(11,125,510)		-16.5%
Materials/Operational Supplies/Other Expenses	6,771,541	5,107,632	1,663,909		24.6%
Utilities	7,434,317	8,134,249	(699,931)		-9.4%
All Other Insurance	6,610,769	7,469,580	(858,810)		-13.0%
Parts and Fuel	5,411,750	6,019,276	(607,526)		-11.2%
Equipment/Office Rental and Maintenance	22,230,647	23,404,061	(1,173,414)		-5.3%
Other Miscellaneous Expenses	927,011	945,083	(18,072)		-1.9%
Recovery of Expenses	(2,772,081)	(2,319,556)	(452,525)		-16.3%
Total Maintenance and Operations Expenditures	\$309,238,857	\$319,251,757	(\$10,012,900)		-3.2%
Net Revenue					
Revenue Less M and O Expenditures	\$989,560,901	\$1,082,545,389	\$92,984,487		9.4%
Debt Service Transfers					
Existing Debt	\$376,284,935	\$388,969,136	(\$12,684,201)		-3.4%
New Debt	6,770,833	-	6,770,833		100.0%
Total Debt Service Transfers	\$383,055,769	\$388,969,136	(\$5,913,368)		-1.5%
Net Revenue Less Debt Service (Coverage)	\$606,505,133	\$693,576,252	\$87,071,120		14.4%

Quarterly Financial Review December 31, 2017

ILLINOIS TOLLWAY				
2017 Actual vs. 2016 Unaudited Actual				
Year-To-Date December 31, 2017				
	2016	2017	\$	Variance %
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$39,738,733	\$44,395,932	(\$4,657,199)	-11.7%
Reagan Memorial Tollway (I-88)	83,498,039	27,365,137	56,132,901	67.2%
Jane Addams Memorial Tollway (I-90)	547,685,261	160,700,749	386,984,512	70.7%
Veterans Memorial Tollway (I-355)	7,868,571	7,721,867	146,704	1.9%
Systemwide Improvements	186,885,981	237,465,881	(50,579,900)	-27.1%
Tri-State Tollway (I-294)/I-57 Interchange	1,730,286	858,761	871,525	50.4%
Elgin O'Hare Western Access	322,312,870	318,171,089	4,141,781	1.3%
Other Emerging Projects	481,168	2,479,483	(1,998,315)	N/A
Move Illinois & CRP Subtotal	\$1,190,200,908	\$799,158,900	\$391,042,008	32.9%
Agreement Reimbursements and Other Adjustments	(31,440,342)	(9,806,783)	(21,633,559)	68.8%
Total Capital Program Expenditures	\$1,158,760,566	\$789,352,117	\$369,408,449	31.9%