



2016 Budget Analysis

(Unaudited)

Quarterly Financial Review

October 1 – December 31, 2016

Quarterly Financial Review December 31, 2016

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INTRODUCTION

In December 2015, the Tollway Board of Directors adopted the annual budget for 2016. 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 2017 Budget in October 2016, the Tollway revised the 2016 revenue estimates for toll evasion and recovery from \$1,290 million to \$1,287 million. Investment income was revised from \$2 million to \$5 million. In addition, debt service transfers were revised from \$399 million to \$383 million, and the 2016 capital program projections were revised downward by \$157 million, from \$1,404 million to \$1,247 million.

This report provides an analysis of actual revenue and expenditures through the fourth quarter of fiscal year 2016. The purpose of this analysis is to assess the actual financial performance of the Tollway relative to the 2016 Budget or the October revised estimates. 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 2016 Budget, approved by the Board of Directors in December 2015, includes the maintenance and operations budget, debt service transfers and capital budget in support of the fifth year of the *Move Illinois* Program.

Budgeted Revenue 2016

The 2016 revenue was estimated at \$1,300 million, including \$1,290 million from toll revenue and evasion recovery, \$2.0 million from investment income and \$8.0 million from concessions revenue and miscellaneous income.

The Tollway's 2016 Budget allocates \$322 million for maintenance and operations expenses, \$399 million for debt service transfers and \$579 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 2016

During preparation of the 2017 Budget in October 2016, the Tollway revised the 2016 toll revenue and evasion recovery estimates from \$1,290 million to \$1,287 million. Investment income was revised from \$2 million to \$5 million. In addition, debt service transfers were revised from \$399 million to \$383 million.

2016 Revenue Sources and Allocations		
(\$ millions)		
SOURCES OF REVENUE		
	2016 Budget	2016 October Estimate
Toll Revenue and Evasion Recovery	\$1,290	\$1,287
Investment Income	2	5
Concessions Revenue and Miscellaneous Income	8	8
Total Revenue	\$1,300	\$1,300
ALLOCATIONS OF REVENUE		
	2016 Budget	2016 October Estimate
Maintenance and Operations	\$322	\$322
Debt Service Transfers	399	383
Deposits to Renewal/Replacement and Improvement	579	595
Total Allocations	\$1,300	\$1,300

RESULTS SUMMARY 2016

Revenue

Revenue for 2016 totaled \$1,298.8 million and was \$1.2 million less than the October revised estimate. Toll and evasion recovery revenue totaled \$1,280.8 million, short of the revised estimate by \$6.2 million. Concessions revenue totaled \$2.3 million, investment income totaled \$6.5 million and miscellaneous income totaled \$9.2 million.

Expenditures

The Illinois Tollway's 2016 operating expenditures totaled \$309.2 million or \$12.6 million less than the \$321.8 million annual maintenance and operations budget.

Debt service transfers totaled \$383.1 million and were \$.2 million more than the October revised estimate, but \$15.9 million less than budgeted at the beginning of 2016.

Capital program expenditures for 2016 totaled \$1,152.3 million, or 7.6 percent less than the revised estimate of \$1,246.6 million. *Move Illinois* and Congestion-Relief Program expenses totaled \$1,119.2 million, other capital projects totaled \$64.6 million and Intergovernmental and fiber optic agreement reimbursements and other adjustments reduced 2016 expenses by nearly \$31.4 million.

REVENUE SUMMARY

October Estimate vs. Unaudited Actual Fourth Quarter 2016

(\$ thousands)

	4th Qtr		Variance	
	October Estimate	Actual	\$	%
Toll Revenue and Evasion Recovery	\$321,966	\$315,765	(\$6,201)	-1.9%
Concessions	509	562	54	10.5%
Investment Income	1,449	2,979	1,530	105.5%
Miscellaneous	1,227	4,655	3,428	279.3%
Total Revenue	\$325,152	\$323,961	(\$1,190)	-0.4%

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

October Estimate vs. Unaudited Actual Fiscal Year 2016

(\$ thousands)

	FY 2016		Variance	
	October Estimate	Actual	\$	%
Toll Revenue and Evasion Recovery	\$1,287,000	\$1,280,799	(\$6,201)	-0.5%
Concessions	2,200	2,254	54	2.4%
Investment Income	5,000	6,530	1,530	30.6%
Miscellaneous	5,800	9,228	3,428	59.1%
Total Revenue	\$1,300,000	\$1,298,810	(\$1,190)	-0.1%

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

During preparation of the 2017 Budget in October 2016, the Tollway revised the 2016 toll revenue and evasion recovery estimates from \$1,290 million to \$1,287 million.

Fourth Quarter Analysis

Revenue for the 2016 fourth quarter totaled \$324 million, or \$1.2 million less than the October revised estimate for the same period.

Toll and evasion recovery revenue totaled \$315.8 million, concession and miscellaneous revenue and investment income totaled \$8.2 million.

Full Year 2016 Analysis

Revenue for fiscal year 2016 totaled \$1,298.8 million

Toll and evasion recovery revenue totaled \$1,280.8 million, or \$6.2 million less than the revised estimate. The variance can be attributed to evasion recovery and totaled \$7.5 million lower than the October revised estimate and toll revenue totaled \$1.3 million higher than October revised estimate.

Toll transactions for all vehicle classes grew 5.7 percent compared to 2015 and on-target to the 2016 revised estimate. Passenger car transactions grew 5.9 percent from 2015 and on-target to the 2016 revised estimate. Commercial vehicle transactions grew 4.2 percent compared to the same period in 2015, and totaled slightly higher than the budget by 0.6 percent.

Concessions revenue totaled \$2.3 million and was in-line with the revised estimate. Investment income totaled \$6.5 million for fiscal year 2016. Miscellaneous income totaled \$9.2 million, and the increase was due to return of transponder deposits associated with a one-time tag expiration clean up in 2016.

MAINTENANCE AND OPERATIONS SUMMARY

Budget vs. Unaudited Actual

Fourth Quarter 2016

(\$ millions)

	4th Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$41,723	\$41,682	\$41	0.1%
Group Insurance	9,217	8,521	696	7.6%
Contractual Services	17,518	18,019	(501)	-2.9%
Materials/Operational Supplies/Other Expenses	3,432	2,997	436	12.7%
Utilities	2,064	1,992	72	3.5%
All Other Insurance	3,140	2,531	609	19.4%
Parts and Fuel	2,826	1,753	1,073	38.0%
Equipment/Office Rental and Maintenance	4,812	6,965	(2,153)	-44.7%
Other Miscellaneous Expenses	233	277	(44)	-18.8%
Recovery of Expenses	(618)	(750)	132	21.4%
Total Maintenance and Operations Expenditures	\$84,347	\$83,986	\$361	0.4%

Notes:

1. Positive variance indicates lower than budget, while negative variance indicates higher than budget.
2. Numbers may not add to totals due to rounding.

Budget vs. Unaudited Actual

Fiscal Year 2016

(\$ thousands)

	FY 2016		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$166,686	\$161,478	\$5,207	3.1%
Group Insurance	36,442	33,763	2,679	7.4%
Contractual Services	67,032	67,384	(352)	-0.5%
Materials/Operational Supplies/Other Expenses	7,778	6,772	1,006	12.9%
Utilities	8,091	7,434	656	8.1%
All Other Insurance	12,065	6,611	5,454	45.2%
Parts and Fuel	7,304	5,412	1,893	25.9%
Equipment/Office Rental and Maintenance	17,763	22,231	(4,467)	-25.1%
Other Miscellaneous Expenses	970	927	43	4.5%
Recovery of Expenses	(2,325)	(2,772)	448	19.3%
Total Maintenance and Operations Expenditures	\$321,807	\$309,239	\$12,568	3.9%

Note: Numbers may not add to totals due to rounding

Analysis

The Tollway's 2016 operating expenditures totaled \$309.2 million, or \$12.6 million below the annual maintenance and operations budget of \$321.8 million.

The variances to the 2016 budget are explained below:

Payroll and related costs totaled \$161.5 million, \$5.2 million under budget. This favorable variance is mainly attributable to unfilled vacancies, both in the salaries and wages area.

Group insurance expenses totaled \$33.8 million, \$2.7 million less than budget. The variance is attributable to fewer claims and more vacancies than anticipated.

Contractual services totaled \$67.4 million, \$0.4 million more than budget. The unfavorable variance is mainly attributable to increase in call minutes due to new back-office system and a Stivers vs. Credit Acceptance Corporation class action settlement that was resolved in the fourth quarter, partially offset by Engineering and IT contracts ending earlier in the year than anticipated.

Materials/operational supplies/other expenses totaled \$6.8 million and \$1.0 million less than budget. This variance is mainly due to less spending for operational materials (mainly rock salt) as the Chicago area experienced a relatively mild winter.

Utilities expenses, which include electricity, natural gas, water and telephone, totaled \$7.4 million, \$656 thousand under the budgeted amount. This favorable variance was mainly due to seasonable mild first and fourth quarters.

All other insurance expenses totaled \$6.6 million, \$5.4 million under 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 2016 reflecting the most recent actuarial review of claims.

Parts and fuel expenses totaled \$5.4 million, \$1.9 million less than budget. This favorable variance is partially due to lower consumption and lower than anticipated fuel prices during winter months.

Equipment/office rental and maintenance expenditures totaled \$22.2 million, \$4.5 million more than the budgeted amount. This variance is mainly due to timing of maintenance renewals for IT licensing and support.

Other Miscellaneous Expenses totaled \$927 thousand, \$43 thousand under budget. This cost category includes travel, training, dues, books, subscriptions, uniforms and accessories.

Recovery of expenses totaled \$2.8 million. 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 2016 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 2015.

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.

Budget/Revised Estimate vs. Actual (Unaudited)
Fiscal Year 2016
(\$ millions)

	Budget	Revised Estimate	Actual	Rev. Est. vs Actual	
				\$	%
Debt Service Transfers for Existing Debt	\$384.0	\$376.1	\$376.3	(\$0.2)	(0.1%)
Debt Service Transfers for New Debt	\$15.0	\$6.8	\$6.8	\$0.0	0.0%
Total Debt Service Transfers	\$399.0	\$382.9	\$383.1	(\$0.2)	(0.1%)

Analysis

For 2016 the Tollway budgeted \$399.0 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 2016, in connection with preparing its 2017 Budget, the Tollway reduced its estimate from the original budget of \$399.0 million to \$382.9 million, primarily to account for bonds issued later than anticipated, resulting in less interest expense on those bonds during 2016 and savings resulting from the refunding of the Tollway’s Series 2008B bonds in January 2016.

Actual 2016 transfers to the Debt Service Account were \$383.1 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, 2016. 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.

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The Illinois State Toll Highway Authority Swap Portfolio as of December 31, 2016 (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	(\$34,778)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(\$34,573)
2007 SERIES A-1 TOTAL		\$350,000				(\$69,350)
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(\$52,592)
2007 SERIES A-2	Wells Fargo Bank*	87,500	3.9925%	SIFMA	7/1/2030	(\$17,790)
2007 SERIES A-2 TOTAL		\$350,000				(\$70,382)
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	SIFMA	1/1/2031	(\$33,607)
2008 SERIES A-1	Deutsche Bank AG, NY Branch	191,550	3.7740%	SIFMA	1/1/2031	(\$33,662)
2008 SERIES A-1 TOTAL		\$383,100				(\$67,270)
2008 SERIES A-2	Bank of America, N.A.**	95,775	3.7640%	SIFMA	1/1/2031	(\$16,758)
2008 SERIES A-2 TOTAL		\$95,775				(\$16,758)
TOTAL		\$1,178,875				(\$223,760)

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 2016

The majority of the expenditures for the capital program are for major capital renewal or repair projects and for improvements made 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*, 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 2016 Capital Budget allocates \$1.2 billion to fund the fifth 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 2016 Capital Budget allocates \$158.6 million to fund the twelfth year of the CRP. Additionally, the fiscal year 2016 Capital Budget allocates approximately \$60 million to fund “other” capital projects to support ongoing operations of the Tollway.

Revised Estimate 2016

Revisions to expenditure projections are made during the course of the year. During preparation of the 2017 Budget in October 2016, the Tollway revised the estimates for the 2016 Capital program downward from \$1,404 million to \$1,247 million. The *Move Illinois* and CRP portion of the capital program was revised from \$1,344 million to \$1,183 million, and the other capital projects estimate was also revised from \$60 million to \$64 million.

CAPITAL PROGRAM

Fiscal Year 2016

(\$ millions)

	Approved Budget	October Revised Estimate
Tri-State Tollway (I-94/I-294/I-80)	\$68.0	\$58.2
Reagan Memorial Tollway (I-88)	\$105.3	\$81.1
Jane Addams Memorial Tollway (I-90)	\$577.4	\$560.3
Veterans Memorial Tollway (I-355)	\$7.7	\$10.2
Open Road Tolling (ORT)	\$5.2	\$3.4
Systemwide Improvements	\$189.7	\$126.9
Tri-State Tollway (I-294/I-57) Interchange	\$1.5	\$4.0
Elgin O'Hare Western Access	\$383.6	\$337.8
Other Emerging Projects	\$5.8	\$0.8
Move Illinois and CRP Total	\$1,344.2	\$1,182.6
Other Capital Projects	\$60.0	\$64.0
Total Capital Program	\$1,404.2	\$1,246.6

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

Capital Program Expenditures

For the purpose of the 2016 fourth quarter review, the capital program actual expenditures are compared to the October revised estimates.

Revised Estimate vs. Unaudited Actual

Fourth Quarter 2016

(\$ thousands)

	4th Qtr		Variance	
	Revised Estimate	Actual	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$16,921	\$5,667	\$11,255	66.5%
Reagan Memorial Tollway (I-88)	23,562	21,271	2,291	9.7%
Jane Addams Memorial Tollway (I-90)	114,837	90,290	24,548	21.4%
Veterans Memorial Tollway (I-355)	6,913	4,742	2,171	31.4%
Open Road Tolling (ORT)	2,820	1,018	1,802	63.9%
Systemwide Improvements	52,560	34,473	18,087	34.4%
Tri-State Tollway (I-294)/I-57 Interchange	1,990	124	1,866	93.8%
Elgin O'Hare Western Access	105,386	93,915	11,470	10.9%
Other Emerging Projects	288	38	251	86.9%
Move Illinois and CRP Subtotal	\$325,278	\$251,539	\$73,739	22.7%
"Other" Capital Projects	25,622	26,181	(558)	-2.2%
Capital Program Subtotal	\$350,900	\$277,719	\$73,181	20.9%
Intergovernmental Agreement Reimbursement and other Adjustments	-	(1,763)	1,763	N/A
Total Capital Program Expenditures	\$350,900	\$275,956	\$74,944	21.4%

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October Estimate vs. Unaudited Actual
Fiscal Year 2016
(\$ thousands)

	2016		Variance	
	Revised Estimate	Actual	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$58,174	\$39,739	\$18,436	31.7%
Reagan Memorial Tollway (I-88)	81,052	83,498	(2,446)	-3.0%
Jane Addams Memorial Tollway (I-90)	560,330	547,657	12,673	2.3%
Veterans Memorial Tollway (I-355)	10,188	7,869	2,319	22.8%
Open Road Tolling (ORT)	3,356	2,614	742	22.1%
Systemwide Improvements	126,930	119,675	7,254	5.7%
Tri-State Tollway (I-294)/I-57 Interchange	3,963	1,730	2,233	56.3%
Elgin O'Hare Western Access	337,790	315,937	21,853	6.5%
Other Emerging Projects	804	481	323	40.1%
Move Illinois and CRP Subtotal	\$1,182,587	\$1,119,200	\$63,387	5.4%
"Other" Capital Projects	64,000	64,558	(558)	-0.9%
Capital Program Subtotal	\$1,246,587	\$1,183,759	\$62,829	5.0%
Agreement Reimbursements and Other Adjustments	-	(31,440)	31,440	N/A
Total Capital Program Expenditures	\$1,246,587	\$1,152,318	\$94,269	7.6%

Analysis

Capital program expenditures are reported on an accrual basis. For the quarter ending December 31, 2016, unaudited capital program expenditures totaled \$276.0 million. This amount included expenses paid during the fourth quarter, as well as \$89.5 million of work completed during the quarter and/or in prior periods for which payments have not been made as of December 31, 2016. *Move Illinois* and CRP expenditures totaled \$251.5 million and other capital project expenditures totaled \$26.2 million. In addition, other adjustments made during the quarter reduced expenditures by \$1.8 million.

For fiscal year 2016, Capital Program expenditures totaled \$1,152.3 million, or \$94.3 million less than the October revised estimate. The *Move Illinois* and CRP program expenses totaled \$1,119.2 million, \$63.4 million less than the October revised estimate, and the other capital projects expenses totaled \$64.6 million, or \$0.6 million more than the estimate. In addition, reimbursements and other adjustments made during 2016 reduced expenditures by \$31.4 million. The 2016 variance of \$94.3 million was primarily attributed to scheduling changes, ROW, utility relocation impacts and reduction in overall expenditures due to reimbursements from intergovernmental agreements.

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Corridor

2016 October
Revised Estimate
(\$ millions)

2016
Expenditure
(\$ millions)

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

\$58.2

\$39.7

During the fourth quarter, master plan and design work for the Central Tri-State were ongoing. The 2016 expenditures were \$18.4 million less than the revised projection mainly due to timing of the start of design and master plan efforts between 95th Street and Balmoral Avenue.

Reagan Memorial Tollway (I-88)

\$81.1

\$83.5

During the fourth quarter, construction continued on roadway resurfacing and bridge rehabilitation from U.S. 30 to Illinois Route 251 on the west end of the corridor. Design on the east end for reconstruction from York Road to I-290 and on the east-west connector ramp continued as well.

The corridor expenditures were greater than projections by \$2.4 million and can be attributed to the poor condition of the existing mainline pavement which required additional rehabilitation as well as favorable fall weather conditions that resulted in more resurfacing work being completed between U.S. Route 30 and Illinois Route 251 than originally anticipated for 2016.

Jane Addams Memorial Tollway (I-90)

\$560.3

\$547.7

Jane Addams Memorial Tollway (I-90) Rebuilding and Widening Project was substantially completed in 2016. This project included delivering 10 new or improved interchanges, 109 bridges and rebuilding and widening 62 miles of roadway over a four-year span.

During the fourth quarter, reconstruction and widening of the inside lanes in the east section from the Elgin Toll Plaza to the Tri-State Tollway (I-294) was completed with closeout continuing throughout 2017.

Improved access at several interchanges was completed and closeout was started in 2016, including Illinois Route 31, Illinois Route 25, Roselle Road and Meacham Road. Bridge work at Barrington Road, Fox River, Des Plaines River, Tripp Road and Spring Center Road was also completed in 2016. Landscaping was completed between Irene Road and Randall Road in west section as were bridge and roadway repairs from Randall Road to U.S. Route 20. Work on Barrington Road Interchange continued including reconstruction and a pedestrian overpass bridge. ITS work continued to implement the SmartRoad on I-90 between Barrington Road and the Kennedy Expressway.

The expenditures for this corridor were \$12.6 million less than the revised projection mostly due to \$8.9 million due to the timing of close out activities and \$10.1 million in construction delays due to utility relocations. This underspend was partially offset by construction schedule changes of \$7.4 million which are related to accelerating completion of the inside lanes between Elgin Plaza and Tri-State Tollway (I-294).

Veterans Memorial Tollway (I-355)

\$10.2

\$7.9

During the fourth quarter, a fourth southbound lane was opened between 71st and 75th Streets. Final landscaping and close out continues into 2017.

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Expenditures for this corridor in 2016 were \$2.3 million less than projected, primarily due to \$2.7 million in reduced spending on design contracts between I-55 to Army Trail Road as the notice to proceed was issued later than originally projected.

Open Road Tolling (ORT)

\$3.4

\$2.6

Expenditures for the Traffic Revenue Management and Maintenance Project (TRMMP) were \$0.8 million lower than the October revised estimate.

Systemwide Improvements

\$126.9

\$119.7

During the fourth quarter, various pavement, bridge, and ramp repair contracts progressed, as well as several maintenance facility contracts, including the start of Marengo M-7 maintenance site reconstruction.

The expenditures for this corridor were \$7.2 million less than the revised 2016 projection primarily due to \$3.1 million in procurement delays and \$1.7 million in IT and Business Systems delays. This underspending was partially offset by maintenance facilities and bridge and pavement repair work that progressed ahead of schedule.

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

\$4.0

\$1.7

Closeout balancing efforts continued along the corridor as well as right-of-way acquisition and utility relocations. Expenditures for the corridor were \$2.3 million less than projected.

Elgin O'Hare Western Access Project

\$337.8

\$315.9

Work remained on-going at the I-290 system interchange which is scheduled to complete in mid-2017. Design development continues for the eastern section of the I-490 Tollway and includes the critical Illinois Route 390 Interchange that will link the Tollways as well as provide access into the west side of O'Hare International Airport.

Overall 2016 expenditures for this corridor were \$22 million below planned spending levels due primarily to underspending on construction and the timing of right-of-way acquisitions. Tollway construction spending was lower due to federal grant spending realized on the eastbound I-290 to Illinois Route 390 Congestion Mitigation & Air Quality Improvement Program (CMAQ) project.

Other Emerging Projects

\$0.8

\$0.5

Feasibility studies were on hold during the majority of the time period. Spending for this corridor was \$323 thousand lower than projected.

Other Capital Projects

\$60.0

\$64.6

Expenditures in this corridor included purchases for transponders, police equipment, computer hardware and software, fleet, general engineering consultant, traffic engineering consultant and other consulting services, enterprise resource planning (ERP) system, Traffic Incident and Management System (TIMS), intelligent transportation systems (ITS), systemwide signage, pavement marking, systemwide facilities repairs and improvements, as well as central administration building, roof and parking lot repairs.

Financial Summaries

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
October Revised Estimate/Budget vs. UNAUDITED ACTUAL				
Fourth Quarter Ending December 31, 2016				
	October Revised Estimate/Budget	4th Quarter Actual	Variance	
			\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$321,966,307	\$315,765,269	(\$6,201,037)	-1.9%
Concessions	508,744	562,390	53,646	10.5%
Investment Income	1,449,498	2,979,024	1,529,526	105.5%
Miscellaneous	1,227,044	4,654,716	3,427,672	279.3%
Total Revenue	\$325,151,592	\$323,961,399	(\$1,190,193)	-0.4%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$41,722,974	\$41,681,681	\$41,293	0.1%
Group Insurance	9,216,740	8,520,637	696,103	7.6%
Contractual Services	17,518,164	18,018,983	(500,819)	-2.9%
Materials/Operational Supplies/Other Expenses	3,432,193	2,996,644	435,549	12.7%
Utilities	2,064,221	1,992,171	72,050	3.5%
All Other Insurance	3,139,500	2,530,725	608,775	19.4%
Parts and Fuel	2,825,994	1,753,121	1,072,873	38.0%
Equipment/Office Rental and Maintenance	4,812,492	6,965,267	(2,152,775)	-44.7%
Other Miscellaneous Expenses	232,756	276,630	(43,874)	-18.8%
Recovery of Expenses	(618,202)	(750,330)	132,128	21.4%
Total Maintenance and Operations Expenditures	\$84,346,832	\$83,985,530	\$361,302	0.4%
Net Revenue				
Revenue Less M and O Expenditures	\$240,804,760	\$239,975,869	(\$828,892)	-0.3%
Debt Service Transfers				
Existing Debt	78,589,276	78,785,766	(196,490)	-0.3%
New Debt	4,062,500	4,062,500	-	0.0%
Total Debt Service Transfers	\$82,651,776	\$82,848,266	(196,489.86)	-0.2%
Net Revenue Less Debt Service Transfers	\$158,152,984	\$157,127,603	(\$1,025,382)	-0.6%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
October Estimate vs. UNAUDITED ACTUAL				
Fourth Quarter Ending December 31, 2016				
	4th Quarter		Variance	
	Revised Estimate	Actual	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	16,921,325	5,666,574	\$11,254,751	66.5%
Reagan Memorial Tollway (I-88)	23,561,659	21,270,965	2,290,694	9.7%
Jane Addams Memorial Tollway (I-90)	114,837,241	90,289,698	24,547,543	21.4%
Veterans Memorial Tollway (I-355)	6,912,896	4,742,042	2,170,854	31.4%
Open Road Tolling (ORT)	2,820,340	1,018,440	1,801,900	63.9%
Systemwide Improvements	52,560,197	34,473,367	18,086,830	34.4%
Tri-State Tollway (I-294)/I-57 Interchange	1,990,070	124,377	1,865,693	93.8%
Elgin O'Hare Western Access	105,385,776	93,915,357	11,470,419	10.9%
Other Emerging Projects	288,340	37,803	250,537	86.9%
Move Illinois and CRP Subtotal	\$325,277,844	\$251,538,624	\$73,739,220	22.7%
"Other" Capital Projects	25,622,169	26,180,556	(558,387)	-2.2%
Capital Program Subtotal	\$350,900,013	\$277,719,179	\$73,180,834	20.9%
Intergovernmental Agreement Reimbursements and Other Adjustments	-	(1,763,048)	1,763,048	N/A
Total Capital Program Expenditures	\$350,900,013	\$275,956,131	\$74,943,882	21.4%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
October Revised Estimate/Budget vs. UNAUDITED ACTUAL				
Fiscal Year 2016				
	FY 2016		Variance	
	October Revised Estimate/Budget	Actual	\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$1,287,000,000	\$1,280,798,963	(\$6,201,037)	-0.5%
Concessions	2,200,000	2,253,646	53,646	2.4%
Investment Income	5,000,000	6,529,526	1,529,526	30.6%
Miscellaneous	5,800,000	9,227,672	3,427,672	59.1%
Total Revenue	\$1,300,000,000	\$1,298,809,807	(\$1,190,193)	-0.1%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$166,685,500	\$161,478,269	\$5,207,231	3.1%
Group Insurance	36,442,300	33,762,856	2,679,444	7.4%
Contractual Services	67,031,925	67,383,778	(351,853)	-0.5%
Materials/Operational Supplies/Other E	7,777,977	6,771,541	1,006,437	12.9%
Utilities	8,090,500	7,434,317	656,183	8.1%
All Other Insurance	12,064,700	6,610,769	5,453,931	45.2%
Parts and Fuel	7,304,499	5,411,750	1,892,749	25.9%
Equipment/Office Rental and Maintena	17,763,499	22,230,647	(4,467,148)	-25.1%
Other Miscellaneous Expenses	970,200	927,011	43,189	4.5%
Recovery of Expenses	(2,324,500)	(2,772,081)	447,581	19.3%
Total Maintenance and Operations Ex	\$321,806,600	\$309,238,857	\$12,567,743	3.9%
Net Revenue				
Revenue Less M and O Expenditures	\$978,193,400	\$989,570,950	\$11,377,550	1.2%
Debt Service Transfers				
Existing Debt	\$376,088,445	\$376,284,935	(196,490)	-0.1%
New Debt	6,770,833	6,770,833	-	0.0%
Total Debt Service Transfers	\$382,859,279	\$383,055,769	(196,490)	-0.1%
Net Revenue Less Debt Service (Cove	\$595,334,121	\$606,515,181	\$11,181,060	1.9%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
October Estimate vs. UNAUDITED ACTUAL				
Year-To-Date December 31, 2016				
	2016		Variance	
	Revised Estimate	Actual	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	58,174,447	39,738,733	\$18,435,714	31.7%
Reagan Memorial Tollway (I-88)	81,052,467	83,498,039	(2,445,572)	-3.0%
Jane Addams Memorial Tollway (I-90)	560,330,038	547,656,541	12,673,497	2.3%
Veterans Memorial Tollway (I-355)	10,187,910	7,868,571	2,319,339	22.8%
Open Road Tolling (ORT)	3,355,964	2,614,402	741,562	22.1%
Systemwide Improvements	126,929,597	119,675,161	7,254,436	5.7%
Tri-State Tollway (I-294)/I-57 Interchange	3,963,411	1,730,336	2,233,075	56.3%
Elgin O'Hare Western Access	337,789,917	315,937,312	21,852,605	6.5%
Other Emerging Projects	803,669	481,168	322,501	40.1%
Move Illinois and CRP Subtotal	1,182,587,420	\$1,119,200,263	\$63,387,157	5.4%
"Other" Capital Projects	64,000,000	64,558,387	(558,387)	-0.9%
Capital Program Subtotal	\$1,246,587,420	\$1,183,758,650	\$62,828,770	5.0%
Agreement Reimbursements and Other Adjustments	-	(31,440,343)	31,440,343	N/A
Total Capital Program Expenditures	\$1,246,587,420	\$1,152,318,307	\$94,269,113	7.6%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY					
BUDGET vs. UNAUDITED ACTUAL					
Fiscal Year 2016					
	Budget	FY 2016		Variance	
		Actual	\$	%	
REVENUE					
Toll Revenue and Evasion Recovery	\$1,290,000,000	\$1,280,798,963	(\$9,201,037)	-0.7%	
Concessions	2,200,000	2,253,646	53,646	2.4%	
Investment Income	2,000,000	6,529,526	4,529,526	226.5%	
Miscellaneous	5,800,000	9,227,672	3,427,672	59.1%	
Total Revenue	\$1,300,000,000	\$1,298,809,807	(\$1,190,193)	-0.1%	
Maintenance and Operations (M and O) Expenditures					
Payroll and Related Costs	\$166,685,500	\$161,478,269	\$5,207,231	3.1%	
Group Insurance	36,442,300	33,762,856	2,679,444	7.4%	
Contractual Services	67,031,925	67,383,778	(351,853)	-0.5%	
Materials/Operational Supplies/Other Expenses	7,777,977	6,771,541	1,006,437	12.9%	
Utilities	8,090,500	7,434,317	656,183	8.1%	
All Other Insurance	12,064,700	6,610,769	5,453,931	45.2%	
Parts and Fuel	7,304,499	5,411,750	1,892,749	25.9%	
Equipment/Office Rental and Maintenance	17,763,499	22,230,647	(4,467,148)	-25.1%	
Other Miscellaneous Expenses	970,200	927,011	43,189	4.5%	
Recovery of Expenses	(2,324,500)	(2,772,081)	447,581	19.3%	
Total Maintenance and Operations Expenditures	\$321,806,600	\$309,238,857	\$12,567,743	3.9%	
Net Revenue					
Revenue Less M and O Expenditures	\$978,193,400	\$989,570,950	\$11,377,550	1.2%	
Debt Service Transfers					
Existing Debt	\$383,957,312	\$376,284,935	\$7,672,377	2.0%	
New Debt	15,000,000	6,770,833	8,229,167	54.9%	
Total Debt Service Transfers	\$398,957,312	\$383,055,769	\$15,901,543	4.0%	
Net Revenue Less Debt Service (Coverage)	\$579,236,088	\$606,515,181	\$27,279,093	4.7%	

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
PROJECTION vs. UNAUDITED ACTUAL				
Year-To-Date December 31, 2016				
	2016		Variance	
	Projection	Actual	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	68,046,799	39,738,733	\$28,308,066	41.6%
Reagan Memorial Tollway (I-88)	105,263,125	83,498,039	21,765,086	20.7%
Jane Addams Memorial Tollway (I-90)	577,396,245	547,656,541	29,739,704	5.2%
Veterans Memorial Tollway (I-355)	7,726,559	7,868,571	(142,012)	-1.8%
Open Road Tolling (ORT)	5,165,629	2,614,402	2,551,227	49.4%
Systemwide Improvements	189,661,994	119,675,161	69,986,833	36.9%
Tri-State Tollway (I-294)/I-57 Interchange	1,522,604	1,730,336	(207,732)	-13.6%
Elgin O'Hare Western Access	383,558,035	315,937,312	67,620,723	17.6%
Other Emerging Projects	5,834,915	481,168	5,353,747	91.8%
Move Illinois and CRP Subtotal	\$1,344,175,906	\$1,119,200,263	\$224,975,642	16.7%
"Other" Capital Projects	60,000,000	64,558,387	(4,558,387)	-7.6%
Capital Program Subtotal	\$1,404,175,906	\$1,183,758,650	\$220,417,256	15.7%
Agreement Reimbursements and Other Adjustments	-	(31,440,343)	31,440,343	N/A
Total Capital Program Expenditures	\$1,404,175,906	\$1,152,318,307	\$251,857,599	17.9%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
2016 vs. 2015 Unaudited Actual				
Fourth Quarter Ending December 31st				
	Fourth Quarter		Variance	
	2015	2016	\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$305,589,172	\$315,765,269	\$10,176,097	3.3%
Concessions	524,445	562,390	37,945	7.2%
Investment Income	507,348	2,979,024	2,471,676	487.2%
Miscellaneous	2,070,155	4,654,716	2,584,561	124.8%
Total Revenue	\$308,691,119	\$323,961,399	\$15,270,280	4.9%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$40,605,164	\$41,681,681	(\$1,076,517)	-2.7%
Group Insurance	\$8,029,061	\$8,520,637	(\$491,576)	-6.1%
Contractual Services	\$17,418,258	\$18,018,983	(\$600,725)	-3.4%
Materials/Operational Supplies/Other Expenses	\$3,037,398	\$2,996,644	\$40,754	1.3%
Utilities	\$2,292,937	\$1,992,171	\$300,766	13.1%
All Other Insurance	\$2,691,488	\$2,530,725	\$160,763	6.0%
Parts and Fuel	\$2,597,867	\$1,753,121	\$844,746	32.5%
Equipment/Office Rental and Maintenance	\$3,426,874	\$6,965,267	(\$3,538,394)	-103.3%
Other Miscellaneous Expenses	\$381,696	\$276,630	\$105,066	27.5%
Recovery of Expenses	(\$794,971)	(\$750,330)	(\$44,641)	-5.6%
Total Maintenance and Operations Expenditures	\$79,685,771	\$83,985,530	(\$4,299,759)	-5.4%
Net Revenue				
Revenue Less M and O Expenditures	\$229,005,348	\$239,975,869	\$10,970,521	4.8%
Debt Service Transfers				
Existing Debt	\$80,156,983	\$78,785,766	\$1,371,217	1.7%
New Debt	5,033,333	4,062,500	970,833	19.3%
Total Debt Service Transfers	\$85,190,317	\$82,848,266	\$2,342,051	2.7%
Net Revenue Less Debt Service Transfers	\$143,815,031	\$157,127,603	\$13,312,572	9.3%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
2016 Actual vs. 2015 Unaudited Actual				
Fourth Quarter Ending December 31st				
	4th Quarter		Variance	
	2015	2016	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	10,494,813	5,666,574	\$4,828,239	NM
Reagan Memorial Tollway (I-88)	32,466,928	21,270,965	11,195,963	34%
Jane Addams Memorial Tollway (I-90)	282,667,416	90,289,698	192,377,718	68%
Veterans Memorial Tollway (I-355)	298,037	4,742,042	(4,444,005)	NM
Open Road Tolling (ORT)	469,947	1,018,440	(548,493)	NM
Systemwide Improvements	41,572,890	34,473,367	7,099,523	17%
Tri-State Tollway (I-294)/I-57 Interchange	(614,912)	124,377	(739,289)	120%
Elgin O'Hare Western Access	99,690,427	93,915,357	5,775,070	6%
Other Emerging Projects	293,756	37,803	255,953	87%
Move Illinois and CRP Subtotal	\$467,339,303	\$251,538,624	\$215,800,679	46%
"Other" Capital Projects	16,929,385	26,180,556	(9,251,171)	-55%
Capital Program Subtotal	\$484,268,687	\$277,719,179	\$206,549,508	43%
Agreement Reimbursements and Other Adjustments	(7,243,332)	(1,763,048)	(5,480,284)	76%
Total Capital Program Expenditures	\$477,025,355	\$275,956,131	\$201,069,224	42%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
2016 vs. 2015 Unaudited Actual				
	2015	2016	Variance	
			\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$1,210,952,585	\$1,280,798,963	\$69,846,378	5.8%
Concessions	2,117,517	2,253,646	136,129	6.4%
Investment Income	1,846,445	6,529,526	4,683,081	253.6%
Miscellaneous	5,546,835	9,227,672	3,680,837	66.4%
Total Revenue	\$1,220,463,382	\$1,298,809,807	\$78,346,425	6.4%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$160,800,432	\$161,478,269	(\$677,837)	-0.4%
Group Insurance	\$32,363,961	\$33,762,856	(1,398,895)	-4.3%
Contractual Services	\$62,442,673	\$67,383,778	(4,941,105)	-7.9%
Materials/Operational Supplies/Other Expenses	\$7,277,121	\$6,771,541	505,581	6.9%
Utilities	\$7,534,577	\$7,434,317	100,260	1.3%
All Other Insurance	\$8,216,636	\$6,610,769	1,605,867	19.5%
Parts and Fuel	\$6,361,153	\$5,411,750	949,403	14.9%
Equipment/Office Rental and Maintenance	\$14,824,546	\$22,230,647	(7,406,101)	-50.0%
Other Miscellaneous Expenses	\$987,991	\$927,011	60,980	6.2%
Recovery of Expenses	(\$2,329,920)	(\$2,772,081)	442,161	19.0%
Total Maintenance and Operations Expenditures	\$298,479,171	\$309,238,857	(\$10,759,685)	-3.6%
Net Revenue				
Revenue Less M and O Expenditures	\$921,984,210	\$989,570,950	\$67,586,740	7.3%
Debt Service Transfers				
Existing Debt	\$344,632,799	\$376,284,935	(\$31,652,136)	-9.2%
New Debt	\$8,388,889	6,770,833	1,618,056	19.3%
Total Debt Service Transfers	\$353,021,688	\$383,055,769	(\$30,034,081)	-8.5%
Net Revenue Less Debt Service (Coverage)	\$568,962,522	\$606,515,181	\$37,552,659	6.6%

Quarterly Financial Review December 31, 2016

ILLINOIS TOLLWAY				
2016 Actual vs. 2015 Unaudited Actual				
Year-To-Date December 31, 2016				
	2015	2016	\$	Variance %
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	11,432,585	39,738,733	(\$28,306,148)	-248%
Reagan Memorial Tollway (I-88)	98,446,985	83,498,039	14,948,946	15%
Jane Addams Memorial Tollway (I-90)	824,381,011	547,656,541	276,724,470	34%
Veterans Memorial Tollway (I-355)	671,470	7,868,571	(7,197,101)	NM
Open Road Tolling (ORT)	2,341,035	2,614,402	(273,367)	-12%
Systemwide Improvements	156,719,154	119,675,161	37,043,993	24%
Tri-State Tollway (I-294)/I-57 Interchange	10,332,550	1,730,336	8,602,214	83%
Elgin O'Hare Western Access	367,709,435	315,937,312	51,772,122	14%
Other Emerging Projects	1,340,795	481,168	859,627	64%
Move Illinois & CRP Subtotal	\$1,473,375,020	1,119,200,263	\$354,174,756	24%
"Other" Capital Projects	50,107,259	64,558,387	(14,451,128)	-29%
Capital Program Subtotal	\$1,523,482,278	\$1,183,758,650	\$339,723,628	22%
Agreement Reimbursements and Other Adjustments	(9,967,052)	(31,440,343)	21,473,291	NM
Total Capital Program Expenditures	\$1,513,515,226	\$1,152,318,307	\$361,196,919	24%