



**KANSAS TURNPIKE AUTHORITY
FINANCIAL STATEMENTS**

WITH SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2005 AND 2004

WITH
INDEPENDENT AUDITORS' REPORT



KANSAS TURNPIKE AUTHORITY

FINANCIAL STATEMENTS

Years Ended December 31, 2005 and 2004

TABLE OF CONTENTS

	PAGE
■ Independent Auditors' Report	1 - 2
■ Management's Discussion and Analysis	3 - 6
Basic Financial Statements:	
■ Balance Sheets	8 - 9
■ Statements of Revenues, Expenses and Changes in Net Assets	10
■ Statements of Cash Flows	11
■ Notes to Financial Statements	12 - 20
Supplementary Information:	
■ Combining Balance Sheet	22 - 23
■ Combining Statement of Revenues, Expenses and Changes in Net Assets	24 - 25
Statistical Data:	
■ Operating Summaries — Vehicles, Mileage and Revenue	27
■ Schedule of Service Area Traffic and Sales	28
■ Summary of Toll Revenues	28
■ Schedule of Activity by Interchange	29
■ Schedule of Monthly Vehicles, Mileage and Toll Revenues	30

■ INDEPENDENT AUDITORS' REPORT

Board of Directors
Kansas Turnpike Authority

We have audited the accompanying basic financial statements of the Kansas Turnpike Authority as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the Turnpike's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note 1, the Turnpike does not provide for recognition of depreciation on turnpike facilities, does not capitalize either interest costs or the costs of improvements and replacements financed by other than bond proceeds, and capitalizes bond issuance costs and related premiums and discounts as part of turnpike facilities without amortizing such costs (collectively, the "Exceptions"). These practices are not, in our opinion, in accordance with accounting principles generally accepted in the United States of America. The effects of these practices on the financial statements have not been determined.

In our opinion, except for the effects of the Exceptions as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Kansas Turnpike Authority as of December 31, 2005 and 2004, and its changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

continued on page 2

continued from page 1

Our audits were conducted for the purpose of forming an opinion on the Turnpike's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, except for the effects of the accounting methods discussed in the third paragraph of our report on the basic financial statements, such information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical data has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion thereon.

Allen, Gibbs & Houlik, L.C.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2006
Wichita, Kansas

■ MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2005

Our discussion and analysis of The Kansas Turnpike Authority's (KTA or Turnpike) financial performance provides an overview of the Turnpike's financial activities for the fiscal year ended December 31, 2005. Please read it in conjunction with the Turnpike's financial statements and associated footnotes.

Financial Highlights

- The Turnpike's net assets increased in 2005 by approximately \$28.4 million or 9.6% compared to 2004.
- Operating income decreased by approximately \$3.2 million or 8.3% in 2005 compared to 2004.
- Operating expenses increased by approximately \$4 million or 10.3% in 2005 compared to 2004.
- Long-term debt decreased by approximately \$9.5 million or 3.6% in 2005 compared to 2004.

Using this Annual Report

This discussion and analysis is intended to serve as an introduction to the KTA's financial statements, which are comprised of the basic financial statements and the notes to the financial statements and supplementary information presented. Since the KTA operates like a single enterprise fund, fund level financial statements are not shown. In addition to the basic financial statements, this report also contains other supplementary information.

The basic financial statements are designed to provide readers with a broad overview of the KTA's finances, in a manner similar to a private-sector business. The Turnpike's financial statements consist of three statements: Balance Sheet; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows. These statements provide information about the activities of the Turnpike, including resources held by the Turnpike but restricted for specific purposes by bond trust indentures. In addition to the basic financial statements, this report

also contains other supplementary information concerning the Turnpike's traffic and revenues by vehicle class, as required by bond trust indentures.

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Assets

One of the most important questions asked about the Turnpike's finances is, "Is the Turnpike as a whole better or worse off as a result of the year's activities?" The Balance Sheets and the Statements of Revenues, Expenses, and Change in Net Assets report information about the Turnpike's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Turnpike's net assets and changes in them. You can think of the Turnpike's net assets — the difference between assets and liabilities — as one way to measure the Turnpike's financial health, or financial position. Over time, increases or decreases in the Turnpike's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Turnpike's customer base and measures of the quality of service it provides, as well as local, regional and national economic factors to assess the overall health of the Turnpike.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" and "What was the change in cash balance during the reporting period?"

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information

concerning Turnpike traffic and revenues by vehicle class, as required by bond trust indentures.

The Turnpike's Net Assets

The Turnpike's net assets are the difference between its assets and liabilities reported in the Balance sheet. The Turnpike's net assets increased in 2005 by approximately \$28.4 million (9.6%). See below.

	ASSETS		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 30,661,789	\$ 18,387,497	\$ 24,917,636
Short-term investments	65,760,276	63,424,625	4,540,938
Accounts receivable	561,564	558,056	529,155
Other current assets	2,437,226	2,569,359	1,941,388
Capital assets	411,268,520	368,449,299	355,569,844
Other noncurrent assets	<u>90,520,412</u>	<u>126,184,956</u>	<u>120,495,057</u>
Total assets	<u>601,209,787</u>	<u>579,573,792</u>	<u>507,994,018</u>
	LIABILITIES		
Long-term debt outstanding	254,130,000	263,645,000	221,430,000
Other current liabilities	22,028,978	19,243,616	19,740,136
Other long-term liabilities	<u>1,525,685</u>	<u>1,548,800</u>	<u>1,322,679</u>
Total liabilities	<u>277,684,663</u>	<u>284,437,416</u>	<u>242,492,815</u>
	NET ASSETS		
Invested in capital assets, net of related debt	145,502,123	95,229,317	131,672,824
Restricted expendable net assets	48,607,892	87,902,763	42,478,397
Unrestricted	<u>129,415,109</u>	<u>112,004,296</u>	<u>91,349,982</u>
Total net assets	<u>\$ 323,525,124</u>	<u>\$ 295,136,376</u>	<u>\$ 265,501,203</u>

Net assets may serve, over time, as a useful indicator of an organization's financial position. In the case of the KTA, assets exceeded liabilities by \$323,525,124 at the close of the most recent year. This represents an increase of \$28,388,748 (9.6%) over the previous year.

Unrestricted net assets increased from \$112,004,296 at December 31, 2004 to \$129,415,109 at December 31, 2005, an increase of \$17,410,813 (15.5%) in unrestricted net assets.

By far, the largest portion of the KTA's net assets reflects its investment in capital assets, such as right-of-way, roads, bridges, and buildings less any related debt used to acquire those assets that are still outstanding. The KTA uses these capital assets to provide services to customers and consequently, these assets are not available to liquidate liabilities or other future spending. Although the Turnpike's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital

assets themselves cannot be used to liquidate these liabilities.

The most noteworthy change in the Turnpike's assets and liabilities is an increase in Capital Assets, attributed to the widening of I-70 between Topeka and Lecompton.

Changes in the Turnpike's Net Assets

In 2005, the Turnpike's net assets increased by approximately \$28.4 million or 9.6%, as shown in the table below.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating revenues			
Tolls	\$ 73,622,065	\$ 71,670,147	\$ 67,953,883
Other operating revenues	<u>3,714,207</u>	<u>4,834,008</u>	<u>3,350,499</u>
Total operating revenues	<u>77,336,272</u>	<u>76,504,155</u>	<u>71,304,382</u>
Operating expenses			
Administration	5,766,982	5,482,821	5,510,337
Insurance	6,326,547	5,813,239	5,489,040
Toll collection	11,000,904	10,755,690	10,730,954
Patrol	4,894,323	4,507,789	4,135,032
Maintenance	8,829,274	7,878,182	7,562,229
Cost of improvements, major repairs and replacements	<u>5,757,349</u>	<u>4,144,644</u>	<u>9,652,065</u>
Total operating expenses	<u>42,575,379</u>	<u>38,582,365</u>	<u>43,079,657</u>
Operating income	34,760,893	37,921,790	28,224,725
Nonoperating revenues (expenses)			
Investment revenue	5,991,874	2,276,243	2,423,983
Interest on long-term debt	<u>(12,364,019)</u>	<u>(10,562,860)</u>	<u>(9,861,589)</u>
Net nonoperating revenues (expenses)	<u>(6,372,145)</u>	<u>(8,286,617)</u>	<u>(7,437,606)</u>
Increase in Net Assets	<u>\$ 28,388,748</u>	\$ 29,635,173	\$ 20,787,119

Operating Income

The first component of the overall change in the Turnpike's net assets is its operating income — generally, the difference between net toll revenue and the expenses incurred to maintain and patrol the road and collect that revenue. In fiscal year 2005, the Turnpike reported operating income, which is consistent with the Turnpike's operating history. The Turnpike's management and staff have worked together to ensure quality customer service and maintain a strong financial position.

Net toll revenues grew from approximately \$71.6 million in fiscal year 2004 to approximately \$73.6 million in fiscal year 2005, an increase of 2.7%. This growth is primarily attributed to an approximate 5% overall rate increase on August 1, 2004. The Turnpike's concessionaire rental revenue decreased 2.0% in 2005 compared to 2004. Another significant area of increase was in K-TAG transactions, which increased 4.5% in 2005 compared to 2004. Over 38% of all vehicles used the K-TAG electronic system.

Operating expenses increased approximately \$4 million or 10.3% from fiscal year 2004 to fiscal year 2005. The increase was attributable to more Turnpike improvements being funded with bond proceeds in 2005 than in 2004. Also, snow removal expenses in the early and late months of 2005 increased maintenance expenses for the year significantly. Management of the Turnpike continues to monitor expenses associated with employee benefits.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment earnings and interest paid on long-term debt. One factor contributing to the increase in nonoperating revenues is the comparatively higher rate of interest in the current economic environment and improvement in the fair value of the investments. Revenues from investments for fiscal year 2005 were approximately \$3.7 million more than fiscal year 2004.

The Turnpike's Cash Flows

Changes in the Turnpike's operating cash flows are consistent with changes in operating income and nonoperating revenues and expenses, discussed earlier.

Capital Asset and Debt Administration

Capital Assets

At the end of 2005, the Turnpike had approximately \$411 million invested in capital assets. In 2005, the Turnpike capitalized approximately \$43 million in construction projects, turnpike improvements and other monies spent from bond proceeds. The major construction projects involved widening the portion of I-70 between East Topeka and Lecompton to six lanes.

Debt

At the end of fiscal year 2005, the Turnpike had \$263,645,000 of tax-exempt bonds outstanding. Moody's Investor Service has rated KTA bonds "Aaa" Insured/"A1" Underlying, and Standard & Poor's has rated the bonds "AAA" Insured/"A" Underlying.

Contacting the Turnpike's Financial Management

This financial report is designed to provide our customers, suppliers, investors, and creditors with a general overview of the Turnpike's finances and of the Turnpike's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Kansas Turnpike Headquarters at 9401 E. Kellogg, Wichita, KS 67207.

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2005

■ BALANCE SHEETS

December 31, 2005 and 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current Assets		
Cash and cash equivalents	\$ 30,661,789	\$ 18,387,497
Short-term investments	65,760,276	63,424,625
Accounts receivable	561,564	558,056
Accrued interest receivable	953,454	1,080,712
Material and supply inventory	391,875	362,875
Prepaid expense and other assets	<u>1,091,897</u>	<u>1,125,772</u>
Total current assets	<u>99,420,855</u>	<u>84,939,537</u>
Restricted Assets		
Cash and cash equivalents	12,393,387	44,022,074
Investments	40,114,008	47,130,388
Accrued interest receivable	<u>164,866</u>	<u>328,984</u>
Total restricted assets	<u>52,672,261</u>	<u>91,481,446</u>
Other Long-Term Investments	<u>37,848,151</u>	<u>34,703,510</u>
Capital Assets		
Cost of initial turnpike and improvements financed with bond proceeds	<u>411,268,520</u>	<u>368,449,299</u>
Total assets	<u>\$ 601,209,787</u>	<u>\$ 579,573,792</u>

■ BALANCE SHEETS

December 31, 2005 and 2004

LIABILITIES AND NET ASSETS

	<u>2005</u>	<u>2004</u>
Current Liabilities		
Current maturities of long-term debt	\$ 9,515,000	\$ 9,120,000
Prepaid tolls	2,199,460	2,023,816
Accounts payable	997,733	929,211
Accrued expenses	5,302,798	3,591,906
Accrued interest	<u>4,013,987</u>	<u>3,578,683</u>
Total current liabilities	<u>22,028,978</u>	<u>19,243,616</u>
Long-Term Debt		
Turnpike revenue bonds	254,130,000	263,645,000
Other Long-Term Liabilities	<u>1,525,685</u>	<u>1,548,800</u>
Total liabilities	<u>277,684,663</u>	<u>284,437,416</u>
Net Assets		
Invested in capital assets, net of related debt	145,502,123	95,229,317
Restricted – expendable for debt service	10,588,657	10,529,811
Turnpike improvements	38,019,235	77,372,952
Unrestricted	<u>129,415,109</u>	<u>112,004,296</u>
Total net assets	<u>323,525,124</u>	<u>295,136,376</u>
Total liabilities and net assets	<u>\$ 601,209,787</u>	<u>\$ 579,573,792</u>

The accompanying notes on the following pages are an integral part of these financial statements.

■ STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues		
Tolls	\$ 73,622,065	\$ 71,670,147
Concessionaire rentals	2,824,057	2,869,021
Miscellaneous	890,150	1,964,987
	<u>77,336,272</u>	<u>76,504,155</u>
Operating Expenses		
Administration	5,766,982	5,482,821
Insurance	6,326,547	5,813,239
Toll collection	11,000,904	10,755,690
Patrol	4,894,323	4,507,789
Maintenance	8,829,274	7,878,182
Cost of improvements, major repairs and replacements	5,757,349	4,144,644
	<u>42,575,379</u>	<u>38,582,365</u>
Operating Income	<u>34,760,893</u>	<u>37,921,790</u>
Nonoperating Revenues (Expenses)		
Investment revenue	5,991,874	2,276,243
Interest on long-term debt	(12,364,019)	(10,562,860)
	<u>(6,372,145)</u>	<u>(8,286,617)</u>
Change in Net Assets	<u>28,388,748</u>	<u>29,635,173</u>
Net Assets, Beginning of Year	<u>295,136,376</u>	<u>265,501,203</u>
Net Assets, End of Year	<u>\$ 323,525,124</u>	<u>\$ 295,136,376</u>

The accompanying notes on the following pages are an integral part of these financial statements.

■ STATEMENTS OF CASH FLOWS

Years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Activities		
Cash received from toll collections	\$ 73,783,662	\$ 71,814,484
Cash received from concessionaire rentals and miscellaneous	3,724,746	4,836,242
Cash paid to suppliers and employees	<u>(42,480,620)</u>	<u>(39,485,454)</u>
Net cash flows from operating activities	<u>35,027,788</u>	<u>37,165,272</u>
Capital and Related Financing Activities		
Proceeds from issuance of long-term debt	---	51,335,000
Interest paid	(11,928,715)	(10,476,270)
Retirement of long-term debt	(9,120,000)	(8,700,000)
Payments for capitalized costs	<u>(41,152,806)</u>	<u>(13,106,074)</u>
Net cash flows from capital and related financing activities	<u>(62,201,521)</u>	<u>19,052,656</u>
Investing Activities		
Investment revenue realized	6,603,147	3,789,212
Proceeds from sale and maturities of investments	120,482,000	100,103,000
Purchase of investments	<u>(119,265,809)</u>	<u>(138,878,878)</u>
Net cash flows from investing activities	<u>7,819,338</u>	<u>(34,986,666)</u>
Change in Cash and Cash Equivalents	<u>(19,354,395)</u>	<u>21,231,262</u>
Cash and Cash Equivalents, Beginning of Year	<u>62,409,571</u>	<u>41,178,309</u>
Cash and Cash Equivalents, End of Year	<u>\$ 43,055,176</u>	<u>\$ 62,409,571</u>
Reconciliation of Net Operating Activities to Net Cash Flows from Operating Activities		
Operating income	\$ 34,760,893	\$ 37,921,790
Changes in operating assets and liabilities		
Accounts receivable and prepaid tolls	172,136	146,571
Material and supply inventory	(29,000)	(63,425)
Accounts payable and accrued expenses	89,884	(725,842)
Prepaid expenses and other assets	<u>33,875</u>	<u>(113,822)</u>
Net cash flows from operating activities	<u>\$ 35,027,788</u>	<u>\$ 37,165,272</u>

The accompanying notes on the following pages are an integral part of these financial statements.

■ NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2005

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Turnpike — The Kansas Turnpike Authority (Turnpike) was created as a public corporation in 1953 by the Kansas Legislature with power to construct, operate and maintain turnpike projects and to issue revenue bonds for any of its corporate purposes, payable solely from the tolls and revenue pledged for their payment.

The Kansas Turnpike Authority consists of five members, two appointed by the Governor, the Secretary of Transportation, the Chairperson of the Senate Committee on Transportation and Utilities and a member of the House of Representatives Committee on Transportation.

The Turnpike extends unsecured credit to certain K-TAG customers.

Basis of Accounting, Capitalized Costs and Depreciation — The Turnpike maintains its accounts in accordance with its interpretation of the Kansas statutes and the 1985 Trust Agreement, as amended. Capitalized costs include the cost of the initial turnpike and subsequent improvements financed with bond proceeds. Capitalized costs include the cost of acquisition and construction, allocable expense in connection with bond offerings, premium or discount on sale of bonds and certain legal and administrative expenses incurred during the construction period. However, other practices do not conform with generally accepted accounting principles, including: 1) Cost of major repairs, replacements and improvements not financed by bond proceeds are paid by the replacement reserve fund and are not capitalized, 2) Interest costs are not capitalized, 3) Depreciation is not provided on capital assets, and 4) Amortization is not applied to the other costs capitalized. Otherwise, the financial statements of the Turnpike have been prepared on the accrual basis of accounting using the economic resources measurement focus.

Operating Revenues and Expenses — The principal revenues of the Turnpike are toll revenues received from customers. The Turnpike also recognizes as operating revenue rental fees received from concessionaires from operating leases on concession property, rental fees received from right-of-way operating leases and other revenues earned related to the operation of the Turnpike, administrative expenses and Turnpike improvements not funded from bonds. All other revenues and expenses are reported as non-operating revenues and expenses. The Turnpike first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

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

Investments and Investment Income — Investments are recorded at fair value. Fair value is determined using quoted market prices. Investment income includes dividend and interest income and the net change for the year in the fair value. In accordance with the 1985 Trust Agreement, as amended, interest earned and profits realized from investments in all funds and accounts, except the construction fund, are deposited in the revenue fund. Losses are charged to the fund or account owning the investment.

Inventories — Material and supply inventory is valued at cost determined using the FIFO (first-in, first-out) method.

Prepaid Tolls — The Turnpike collects tolls in advance of actual usage for certain members using the K-TAG program. Customers are allowed a discount from normal toll rates if certain prepaid balances are maintained. Prepaid amounts are recorded as a liability until such amounts are realized through the usage of the Turnpike by its customers.

Cash Equivalents — The Turnpike considers all liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. At December 31, 2005 and 2004, cash equivalents consisted primarily of commercial paper, money market accounts with brokers and certain U.S. agency obligations.

Proprietary Activity Accounting — As permitted by Governmental Accounting Standards Board Statement No. 20, the Turnpike has elected to apply only those applicable Financial Accounting Standards Board Statements and Interpretations issued prior to December 1, 1989.

Compensated Absences — The Turnpike policies allow full-time employees to earn vacation as follows:

<u>Length of Service</u>	<u>Earnings Rate</u>	<u>Allowed Vacation Earnings</u>
Less than 5 years	4 hours for each two-week period	13 days per year
5 to 15 years	5 hours for each two-week period	16.25 days per year
15 to 25 years	6 hours for each two-week period	19.5 days per year
Greater than 25 years	7 hours for each two-week period	22.75 days per year

The maximum number of vacation days, which may be accumulated as of the first day period ending January, is 30 days. This maximum is increased by five days for each five years of service for employees with lengths of service over 25 years.

Beginning December 20, 1996, the Turnpike discontinued the sick leave policy and created paid time off (PTO). Paid time off can be used at the employee's discretion and is earned at the rate of 2.5 hours (3.5 hours over 25 years) each two-week period. Once each calendar year, the employee can choose to be paid for PTO over 40 hours. The accumulated sick leave balance prior to December 20, 1996, may still be taken after all PTO is used. Employees who have completed eight years of continuous full-time service will be paid 30% of the value of any unused sick leave upon termination.

The Turnpike has recorded these liabilities using the pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the balance sheet date is included in other long-term liabilities.

Net Assets — Net assets of the Turnpike are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted expendable net assets are non-capital assets, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantor or donors, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable net assets.

2. BUDGET PROCESS

Each year the Turnpike prepares a preliminary annual budget of operating expenses. Copies are filed with the Trustee, Consulting Engineers and Principal Underwriters on or before November 1. Holders of 25% in the aggregate principal amount of bonds outstanding or a majority of the Principal Underwriters may request a public hearing. On or before December 1, the Consulting Engineers recommend the amount to be transferred to the replacement reserve fund for major repairs and replacements. The budget is adopted on or before January 1. The Turnpike may amend the budget at any time with the approval of the Consulting Engineers.

A comparison of actual expenses in the revenue fund and operations account with the budget for the year ended December 31, 2005, is as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Administration	\$ 5,689,800	\$ 5,766,982	\$ 77,182
Insurance	5,950,000	6,326,547	376,547
Toll Collection	10,697,000	11,000,904	303,904
Patrol	4,861,300	4,894,323	33,023
Maintenance	<u>9,315,000</u>	<u>8,829,274</u>	<u>(485,726)</u>
	<u>\$ 36,513,100</u>	<u>\$ 36,818,030</u>	<u>\$ 304,930</u>

3. DEPOSITS, INVESTMENTS AND INVESTMENT INCOME

Deposits — Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits may not be returned to it. The Turnpike's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At December 31, 2005 and 2004, \$81,426 and \$17,776 of the Turnpike's bank balances of \$7,081,460 and \$7,147,348, respectively, were exposed to custodial credit risk since they were uninsured and uncollateralized.

Investments — The Turnpike may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, bank repurchase agreements, money market funds, commercial paper and municipal obligations.

At December 31, 2005, the Turnpike had the following investments and maturities:

Type	<u>Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
U.S. Treasury obligations	\$ 11,202,690	\$ ---	\$ 7,309,794	\$ ---	\$ 3,892,896
U.S. agencies obligations	128,149,380	94,194,124	33,955,256	---	---
Money market mutual funds	2,059,726	2,059,726	---	---	---
Commercial paper obligations	<u>37,638,227</u>	<u>37,638,227</u>	---	---	---
	<u>\$ 179,050,023</u>	<u>\$ 133,892,077</u>	<u>\$ 41,265,050</u>	<u>\$ ---</u>	<u>\$ 3,892,896</u>

Interest Rate Risk — As a means of limiting its exposure to fair value losses arising from rising interest rates, the Turnpike’s investment policy limits investments in mortgage backed security issuers with remaining maturities not exceeding three years, commercial paper which matures no more than 270 days after the date of purchase and U.S. dollar denominated deposit accounts maturing no more than 360 days after purchase.

Credit Risk — Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Turnpike’s policy to limit its investments in securities to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). At December 31, 2005 and 2004 the Turnpike’s investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Services and its investments in commercial paper obligations were rated A-1+ by Standard & Poor’s.

Concentration of Credit Risk — The Turnpike places no limit on the amount that may be invested in any one issuer. At December 31, 2005 and 2004, the Turnpike’s investment in Federal Home Loan Mortgage Corporation constituted 28.6% and 14.8% of total investments, investments in Federal National Mortgage Association constituted 25.9% and 14.8%, and investments in Federal Home Loan Bank constituted 12.6% and 14.8%, respectively, of its total investments.

Summary of Carrying Values — The carrying values of deposits and investments shown above are included in the balance sheet as follows:

	<u>2005</u>	<u>2004</u>
Carrying Value:		
Deposits	\$ 7,727,288	\$ 7,170,675
Investments	<u>179,050,323</u>	<u>200,497,419</u>
	<u>\$ 186,777,611</u>	<u>\$ 207,668,094</u>

Included in the following balance sheet captions:

Cash and cash equivalents	\$ 30,661,789	\$ 18,387,497
Short-term investments	65,760,276	63,424,625
Restricted cash and cash equivalents	12,393,387	44,022,074
Restricted investments	40,114,008	47,130,388
Other long-term investments	<u>37,848,151</u>	<u>34,703,510</u>
	<u>\$ 186,777,611</u>	<u>\$ 207,668,094</u>

Investment Income — Investment income for the year ended December 31, consisted of:

	<u>2005</u>	<u>2004</u>
Interest and dividend income	\$ 4,798,830	\$ 3,711,896
Net change in fair value of investments	<u>1,193,044</u>	<u>(1,435,653)</u>
	<u>\$ 5,991,874</u>	<u>\$ 2,276,243</u>

4. CAPITAL ASSETS

Capital assets activity for the years ended December 31, 2005 and 2004, was:

	<u>December 31,</u> <u>2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>December 31,</u> <u>2005</u>
Cost of initial Turnpike and improvements financed with bond proceeds	\$ 368,449,299	\$ 42,819,221	\$ ---	\$ ---	\$ 411,268,520

	<u>December 31,</u> <u>2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>December 31,</u> <u>2004</u>
Cost of initial Turnpike and improvements financed with bond proceeds	\$ 355,569,844	\$ 12,879,455	\$ ---	\$ ---	\$ 368,449,299

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses in current liabilities at December 31, consisted of:

	<u>2005</u>	<u>2004</u>
Payable to suppliers	\$ 997,733	\$ 929,211
Contracts payable and retained amounts	2,213,020	556,894
Payable to employees (including payroll taxes and benefits)	2,339,778	2,285,012
Estimated self-insurance costs	<u>750,000</u>	<u>750,000</u>
	<u>\$ 6,300,531</u>	<u>\$ 4,521,117</u>

6. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the Turnpike for the years ended December 31, 2005 and 2004:

	<u>December 31,</u> <u>2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31,</u> <u>2005</u>	<u>Current Portion</u>
Long-term debt revenue bonds	\$ 272,765,000	\$ ---	\$ 9,120,000	\$ 263,645,000	\$ 9,515,000
Other long-term liabilities:					
accrued compensated absences	<u>3,248,800</u>	<u>1,684,122</u>	<u>1,707,237</u>	<u>3,225,685</u>	<u>1,700,000</u>
Total long-term obligations	<u>\$ 276,013,800</u>	<u>\$ 1,684,122</u>	<u>\$ 10,827,237</u>	<u>\$ 266,870,685</u>	<u>\$ 11,215,000</u>

	<u>December 31,</u> <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31,</u> <u>2004</u>	<u>Current</u> <u>Portion</u>
Long-term debt revenue bonds	\$ 230,130,000	\$ 51,335,000	\$ 8,700,000	\$ 272,765,000	\$ 9,120,000
Other long-term liabilities:					
accrued compensated absences	<u>3,060,246</u>	<u>1,690,000</u>	<u>1,501,446</u>	<u>3,248,800</u>	<u>1,700,000</u>
Total long-term obligations	<u>\$ 233,190,246</u>	<u>\$ 53,025,000</u>	<u>\$ 10,201,446</u>	<u>\$ 276,013,800</u>	<u>\$ 10,820,000</u>

7. REVENUE BONDS PAYABLE

At December 31, 2005 and 2004, Turnpike revenue bonds payable were as follows:

	<u>2005</u>	<u>2004</u>
Series 1993	\$ 5,180,000	\$ 5,180,000
Series 1998	9,840,000	15,695,000
Series 1999	12,105,000	12,870,000
Series 2002	84,185,000	86,200,000
Series 2003A	101,000,000	101,485,000
Series 2004	<u>51,335,000</u>	<u>51,335,000</u>
	<u>\$ 263,645,000</u>	<u>\$ 272,765,000</u>

Interest rates on the bonds vary between 2.00% and 5.55%. The debt service requirements as of December 31, 2005, are as follows:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 21,556,950	\$ 9,515,000	\$ 12,041,950
2007	21,558,931	9,950,000	11,608,931
2008	21,563,855	10,380,000	11,183,855
2009	21,560,266	10,845,000	10,715,266
2010	21,560,877	11,265,000	10,295,877
2011–2015	107,811,205	64,750,000	43,061,205
2016–2020	87,521,578	59,500,000	28,021,578
2021–2025	58,044,241	41,000,000	17,044,241
2026–2030	37,047,094	29,925,000	7,122,094
2031–2034	<u>18,438,945</u>	<u>16,515,000</u>	<u>1,923,945</u>
	<u>\$ 416,663,942</u>	<u>\$ 263,645,000</u>	<u>\$ 153,018,942</u>

Bonds subject to redemption prior to maturity at the Turnpike's option are as follows:

	<u>Callable on or After</u>	<u>Call Price</u>
Series 1999	September 1, 2007	At par
Series 2002	September 1, 2012	At 101% of par
	September 1, 2013	At par
Series 2003A	September 1, 2013	At par
Series 2004A-1	September 1, 2014	At par
Series 2004A-2	September 1, 2014	At 101% of par
	September 1, 2015	At 100.50% of par
	September 1, 2016	At par

8. DEFINED BENEFIT PENSION PLAN

The Turnpike participates in the Kansas Public Employees Retirement System (KPERs) which is a cost-sharing multiple-employer defined benefit pension plan administered by the KPERs Board of Trustees. The plan provides retirement, life insurance, disability income and death benefits which are established and may be changed by the Kansas Legislature with the concurrence of the Governor. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs at 611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, or by calling KPERs at 1-888-275-5737.

Contribution requirements are established and may be changed by the Kansas Legislature with the concurrence of the Governor. Plan members of KPERs are required to contribute 4% of their annual covered salary and the Turnpike is required to contribute at an actuarially determined rate. The employer contribution rates for KPERs for 2005, 2004 and 2003 were 3.41%, 3.22%, and 3.07%, respectively. The Turnpike's contributions to KPERs for 2005, 2004 and 2003 were \$624,319 and \$594,276, \$531,616, respectively, and were equal to the required contributions for each year.

9. CONTINGENCIES

The Turnpike records liabilities resulting from claim and legal action only when it is probable that a liability has been incurred and the amount can be reasonably estimated. Various legal actions, primarily due to automobile accidents, are pending against the Turnpike. These claims are generally covered by insurance. No amount has been recorded as a liability for contingencies at December 31, 2005 and 2004.

10. RISK MANAGEMENT

The Turnpike is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to worker's compensation and employee health benefits. Settled claims have not exceeded such commercial coverage during the past three years.

Liabilities include an accrual for claims that have been incurred but not reported. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors.

Changes in the balance of claims liabilities during 2005 and 2004 are summarized as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 750,000	\$ 800,000
Current year claims and changes in estimates	4,664,526	3,986,220
Claim payments	<u>(4,664,526)</u>	<u>(4,036,220)</u>
Balance, end of year	<u>\$ 750,000</u>	<u>\$ 750,000</u>

Employees who have reached age 59 and choose to retire early will continue to receive the same Kansas Turnpike Authority standard insurance plan paid by the Turnpike to age 65, providing they meet certain longevity requirements. The Turnpike is liable for the health insurance claims of nine early retirees at December 31, 2005. Medical claims attributable to the retirees are funded on a pay-as-you-go basis.

11. OPERATING LEASES

The Turnpike has entered into several leasing agreements with service stations, restaurants and communications companies along the turnpike. The future minimum rental income on these leases are as follows:

2006	\$ 2,959,436
2007	2,959,436
2008	2,266,109
2009	2,266,109
2010	2,175,894
2011–2013	<u>4,946,227</u>
Total	<u>\$ 17,573,211</u>

The leases generally have terms of five years, 10.5 years or 12 years. The five-year service station leases have one five-year renewal option. The five-year restaurant leases have up to three five-year renewal options. Both restaurant and service station leases with 10.5 years have no renewal options, and the 12-year leases have two five-year renewal options if mutually agreed upon by the Turnpike and lessee. All leases are anticipated to renew at a time of expiration or be leased to other parties. The Turnpike is reimbursed for all utility payments and the lessee is responsible for insurance expenses associated with the properties. In one instance, the Turnpike has agreed to have the lessee construct new buildings. If, at the conclusion of the lease, the lessee is not successful in the bidding for a new lease, the Turnpike is committed to reimburse the lessee for certain costs of construction, net of depreciation, of approximately \$285,000. The service station and restaurant leases have base rents and contingent rental payments based on the gallons of gasoline sold or gross sales for the restaurant.

The lease agreements with communications companies are to operate communication systems within the Turnpike right-of-way. The leases generally have terms of five years or ten years. The five-year leases have anywhere from four to nine five-year renewal options. The Turnpike does not incur any significant costs associated with the maintenance of the communications systems and upon termination of the leases, the communication systems become the property of the Turnpike.

12. COMMITMENTS

The Turnpike has committed to construction contracts for turnpike repair and improvements valued at approximately \$25,500,000 at December 31, 2005.

The Turnpike has an agreement with the Kansas Highway Patrol (Patrol), whereby the Patrol agrees to provide adequate policing and patrolling of the Kansas Turnpike and its facilities. The total cost of policing the Kansas Turnpike and its facilities is paid by the Turnpike, including salaries and benefits, and the cost of uniforms, equipment and other expenses. The Turnpike also reimburses the Patrol for certain training costs related to increases in the number of troops provided by the Patrol to the Turnpike.

13. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

The effect on the Turnpike's financial statements of the following statements issued, but not yet adopted, has not yet been determined:

GASB Statement No. 43, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, was issued in April 2004. The objective of this statement is to establish uniform standards of financial reporting by state or local government entities for other post-employment benefit plan (OPEB) plans. The term "other post-employment benefits" refers to post-employment other than pension benefits and includes: (1) post-employment healthcare benefits, and (2) other types of post employment benefits (i.e., life insurance) if provided separately from a pension plan. This statement provides standards for measurement, recognition, and display of the assets, liabilities, and, where applicable, net assets and changes in net assets of such funds and for related disclosures. The provisions of this statement are effective for periods beginning after December 31, 2005.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, was issued in June 2004. This statement provides guidance on the accounting and reporting by employers for the costs and obligations of post-employment healthcare and other non-pension benefits provided to employees as part of their compensation of services. The provisions of this statement are effective for periods beginning after December 15, 2006.

GASB Statement No. 47, Accounting for Termination Benefits was issued in June 2005. This standard provides guidance when measuring, recognizing and reporting expenses and liabilities associated with termination benefits paid to employees. Statement No. 47 addresses all termination benefits including: (1) voluntary termination benefits without limitation as to the period of time during which the benefits are offered, and (2) involuntary termination benefits. The provisions of this statement are effective for the Turnpike's fiscal year ending December 31, 2006.

SUPPLEMENTARY INFORMATION

Year Ended December 31, 2005

■ COMBINING BALANCE SHEET

December 31, 2005

	ASSETS		
	<u>Total</u>	<u>Interfund Eliminations Reclassifications</u>	<u>Construction Fund</u>
Current Assets			
Cash and cash equivalents	\$ 30,661,789	\$ ---	\$ ---
Short-term investments	65,760,276	---	---
Interfund receivable	---	(554,996)	---
Accounts receivable	561,564	---	---
Accrued interest receivable	953,454	---	---
Material and supply inventory	391,875	---	---
Prepaid expense and other assets	<u>1,091,897</u>	---	---
Total current assets	<u>99,420,855</u>	<u>(554,996)</u>	<u>---</u>
Restricted assets			
Cash and cash equivalents	12,393,387	---	9,420,520
Investments	40,114,008	---	28,433,849
Accrued interest receivable	<u>164,866</u>	---	<u>164,866</u>
Total restricted assets	<u>52,672,261</u>	<u>---</u>	<u>38,019,235</u>
Other long-term investments	<u>37,848,151</u>	<u>---</u>	<u>---</u>
Capital assets			
Costs of initial turnpike and improvements financed with bond proceeds	<u>411,268,520</u>	<u>---</u>	<u>411,268,520</u>
	<u>\$ 601,209,787</u>	<u>\$(554,996)</u>	<u>\$ 449,287,755</u>

LIABILITIES AND NET ASSETS

Current liabilities			
Current maturities of long-term debt	\$ 9,515,000	\$ ---	\$ 9,515,000
Prepaid tolls	2,199,460	---	---
Accounts payable	997,733	---	---
Interfund payable	---	(554,996)	---
Accrued expenses	5,302,798	---	2,121,397
Accrued interest	<u>4,013,987</u>	---	<u>---</u>
Total current liabilities	<u>22,028,978</u>	<u>(554,996)</u>	<u>11,636,397</u>
Long-term debt			
Turnpike revenue bonds	254,130,000	---	254,130,000
Other long-term liabilities	<u>1,525,685</u>	<u>---</u>	<u>---</u>
Total liabilities	<u>277,684,663</u>	<u>(554,996)</u>	<u>265,766,397</u>
Net assets			
Invested in capital assets, net of related debt	145,502,123	---	145,502,123
Restricted—expendable for			
Debt service	10,588,657	---	---
Turnpike improvements	38,019,235	---	38,019,235
Unrestricted	<u>129,415,109</u>	<u>---</u>	<u>---</u>
Total net assets	<u>323,525,124</u>	<u>---</u>	<u>183,521,358</u>
Total liabilities and net assets	<u>\$ 601,209,787</u>	<u>\$(554,996)</u>	<u>\$ 449,287,755</u>

<u>Revenue Fund and Operations Fund</u>	<u>Debit Service Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Replacement Reserve Fund</u>	<u>General Fund</u>
\$ 12,886,132	\$ ---	\$ ---	\$ 10,790,807	\$ 6,984,850
5,952,506	---	---	54,357,136	5,450,634
554,996	---	---	---	---
561,564	---	---	---	---
901,738	---	---	37,352	14,364
391,875	---	---	---	---
1,091,897	---	---	---	---
<u>22,340,708</u>	---	---	<u>65,185,295</u>	<u>12,449,848</u>
---	2,865,669	107,198	---	---
---	4,370,365	7,309,794	---	---
---	---	---	---	---
---	<u>7,236,034</u>	<u>7,416,992</u>	---	---
1,982,640	---	---	<u>31,972,615</u>	<u>3,892,896</u>
---	---	---	---	---
<u>\$ 24,323,348</u>	<u>\$ 7,236,034</u>	<u>\$ 7,416,992</u>	<u>\$ 97,157,910</u>	<u>\$ 16,342,744</u>
\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
2,199,460	---	---	---	---
997,733	---	---	---	---
---	50,382	---	298,105	206,509
3,089,778	---	---	91,623	---
---	<u>4,013,987</u>	---	---	---
<u>6,286,971</u>	<u>4,064,369</u>	---	<u>389,728</u>	<u>206,509</u>
---	---	---	---	---
1,525,685	---	---	---	---
<u>7,812,656</u>	<u>4,064,369</u>	---	<u>389,728</u>	<u>206,509</u>
---	---	---	---	---
---	3,171,665	7,416,992	---	---
---	---	---	---	---
16,510,692	---	---	<u>96,768,182</u>	<u>16,136,235</u>
<u>16,510,692</u>	<u>3,171,665</u>	<u>7,416,992</u>	<u>96,768,182</u>	<u>16,136,235</u>
<u>\$ 24,323,348</u>	<u>\$ 7,236,034</u>	<u>\$ 7,416,992</u>	<u>\$ 97,157,910</u>	<u>\$ 16,342,744</u>

**■ COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS**

Year Ended December 31, 2005

	<u>Total</u>	<u>Construction Fund</u>	<u>Revenue Fund and Operations Fund</u>
Operating Revenues			
Tolls	\$ 73,622,065	\$ ---	\$ 73,622,065
Concessionaire rentals	2,824,057	---	2,824,057
Miscellaneous	<u>890,150</u>	<u>---</u>	<u>890,150</u>
	<u>77,336,272</u>	<u>---</u>	<u>77,336,272</u>
Operating Expenses			
Administration	5,766,982	---	5,766,982
Insurance	6,326,547	---	6,326,547
Toll collection	11,000,904	---	11,000,904
Patrol	4,894,323	---	4,894,323
Maintenance	8,829,274	---	8,829,274
Cost of improvements, major repairs and replacements	<u>5,757,349</u>	<u>---</u>	<u>---</u>
	<u>42,575,379</u>	<u>---</u>	<u>36,818,030</u>
Operating Income (Loss)	<u>34,760,893</u>	<u>---</u>	<u>40,518,242</u>
Nonoperating revenues (expenses)			
Transfers between funds	---	9,120,000	(44,424,706)
Investment revenue	5,991,874	1,799,089	4,192,625
Interest on long-term debt	<u>(12,364,019)</u>	<u>---</u>	<u>---</u>
	<u>(6,372,145)</u>	<u>10,919,089</u>	<u>(40,232,081)</u>
Change in net assets	28,388,748	10,919,089	286,161
Net assets, beginning of year	<u>295,136,376</u>	<u>172,602,269</u>	<u>16,224,531</u>
Net assets, end of year	<u>\$ 323,525,124</u>	<u>\$ 183,521,358</u>	<u>\$ 16,510,692</u>

<u>Debit Service Fund</u>	<u>Debit Service Reserve Fund</u>	<u>Replacement Reserve Fund</u>	<u>General Fund</u>
\$ ---	\$ ---	\$ ---	\$ ---
---	---	---	---
---	---	---	---
---	---	---	---
---	---	---	---
---	---	---	---
---	---	---	---
---	---	5,757,349	---
---	---	5,757,349	---
---	---	(5,757,349)	---
12,495,686	---	19,000,000	3,809,020
---	(72,821)	40,605	32,376
(12,364,019)	---	---	---
<u>131,667</u>	(72,821)	<u>19,040,605</u>	<u>3,841,396</u>
131,667	(72,821)	13,283,256	3,841,396
<u>3,039,998</u>	<u>7,489,813</u>	<u>83,484,926</u>	<u>12,294,839</u>
<u>\$ 3,171,665</u>	<u>\$ 7,416,992</u>	<u>\$ 96,768,182</u>	<u>\$ 16,136,235</u>

STATISTICAL DATA

Year Ended December 31, 2005

■ OPERATING SUMMARIES — VEHICLES, MILEAGE AND REVENUE

Years Ended December 31, 2005 and 2004 (Unaudited)

	<u>2005</u>	<u>2004</u>	<u>2005 Increase (Decrease) as a Percent of 2004</u>
Number of Vehicles:			
Passenger Cars	27,891,984	28,116,123	-0.80%
Commercial vehicles	4,308,501	4,203,728	2.49%
Discounts and adjustments	<u>391,358</u>	<u>368,454</u>	6.22%
Total	<u>32,591,843</u>	<u>32,688,305</u>	-0.30%
Percentage of Vehicles:			
Passenger cars	85.58%	86.01%	-0.50%
Commercial vehicles	13.22%	12.86%	2.80%
Number of Miles:			
Passenger cars	1,122,740,267	1,141,674,642	-1.66%
Commercial vehicles	<u>264,209,330</u>	<u>259,501,615</u>	1.81%
Total	<u>1,386,949,597</u>	<u>1,401,176,257</u>	-1.02%
Percentage of Miles:			
Passenger cars	80.95%	81.48%	-0.65%
Commercial vehicles	19.05%	18.52%	2.86%
Toll Revenue (Gross):			
Passenger cars	\$ 44,795,678	\$ 43,991,067	1.83%
Commercial vehicles	29,636,802	28,379,732	4.43%
Discounts and adjustments	<u>(810,415)</u>	<u>(700,652)</u>	15.67%
Total	<u>\$ 73,622,065</u>	<u>\$ 71,670,147</u>	2.72%
Percentage of Toll Revenue:			
Passenger car	60.85%	61.38%	-0.87%
Commercial vehicles	40.26%	39.60%	1.66%
Miles Per Trip:			
Passenger car	40.25	40.61	-0.87%
Commercial vehicles	61.32	61.73	-0.66%
Revenue Per Trip:			
Passenger car	\$ 1.61	\$ 1.56	2.65%
Commercial Vehicles	\$ 6.88	\$ 6.75	1.89%
Revenue Per Mile:			
Passenger Car	\$ 0.03990	\$ 0.03853	3.55%
Commercial vehicles	\$ 0.11217	\$ 0.10936	2.57%
Discounts and adjustment	\$ (0.00058)	\$ (0.00050)	6.85%

■ SCHEDULE OF SERVICE AREA TRAFFIC AND SALES

Years Ended December 31, 2005 and 2004 (Unaudited)

Service Area	2005			Per Vehicle Passing Area	
	Vehicles Passing Areas	Gallons Motor Fuel Sold	Restaurant Gross Sales	Gallons Motor Fuel	Restaurant Sales
Belle Plaine	6,630,548	4,597,708	\$ 2,482,729	0.69	\$ 0.37
Towanda	4,611,218	3,583,747	1,397,223	0.78	\$ 0.30
Matfield Green	4,624,589	3,889,742	1,893,881	0.84	\$ 0.41
Emporia	2,357,093	2,416,584	1,285,638	1.03	\$ 0.55
Topeka	12,557,187	5,274,389	2,482,267	0.42	\$ 0.20
Lawrence	<u>10,319,087</u>	<u>4,984,376</u>	<u>3,176,735</u>	0.48	\$ 0.31
	<u>41,099,722</u>	<u>24,746,546</u>	<u>\$ 12,718,473</u>		

Service Area	2004			Gallons Motor Fuel	Restaurant Sales
	Vehicles Passing Areas	Gallons Motor Fuel Sold	Restaurant Gross Sales		
Belle Plaine	6,720,052	4,783,908	\$ 2,374,760	0.71	\$ 0.35
Towanda	4,771,409	3,680,087	1,446,518	0.77	\$ 0.30
Matfield Green	4,746,569	3,889,349	1,836,302	0.82	\$ 0.39
Emporia	2,397,835	2,278,810	1,219,801	0.95	\$ 0.51
Topeka	12,688,376	5,203,260	2,602,842	0.41	\$ 0.21
Lawrence	<u>10,213,652</u>	<u>4,745,115</u>	<u>3,030,094</u>	0.46	\$ 0.30
	<u>41,537,893</u>	<u>24,580,5296</u>	<u>\$ 12,510,317</u>		

■ SUMMARY OF TOLL REVENUES

Year Ended December 31, 2005

CLASS	<u>Toll Revenue</u>	<u>Vehicles</u>
2-axle vehicles	\$ 44,795,678	27,891,984
3-axle vehicles	1,328,050	530,663
4-axle vehicles	2,567,699	581,219
5-axle vehicles	22,337,346	3,004,215
6-axle vehicles	1,154,467	111,771
7-axle vehicles	944,202	39,960
8-axle vehicles	887,111	27,989
9-axle vehicles	417,927	12,684
Discounts and adjustments	<u>(810,415)</u>	<u>391,358</u>
Total	<u>\$ 73,622,065</u>	<u>32,591,843</u>

■ SCHEDULE OF ACTIVITY BY INTERCHANGE

Year Ended December 31, 2005 and 2004 (Unaudited)

Interchange		2005			2004	
No.	Location	Entering Vehicles	Exiting Vehicles	Total Vehicles	Total Vehicles	Percent Increase (Decrease)
004	Southern Terminal	2,623,129	2,747,127	5,370,256	5,449,416	-1.45%
019	Wellington: US 160	756,807	722,291	1,479,098	1,496,364	-1.15%
033	Mulvane: K-53	571,142	520,110	1,091,252	1,134,315	-3.80%
039	Haysville-Derby: 71st St.	706,684	726,197	1,432,881	1,284,275	11.57%
042	Wichita: I-135, I-235, 47th St.	3,343,707	3,336,580	6,680,287	6,777,615	-1.44%
045	Wichita: K-15	753,148	831,470	1,584,618	1,550,754	2.18%
050	Wichita: US 54/400, Kellogg Ave.	1,543,951	1,564,092	3,108,043	3,196,457	-2.77%
053	Wichita: K-96	808,484	779,960	1,588,444	1,529,809	3.83%
057	Andover: 21st St.	446,010	431,241	877,251	808,972	8.44%
071	El Dorado: US 254	1,023,186	1,002,529	2,025,715	2,023,446	0.11%
076	El Dorado: US 77	175,636	171,379	347,015	404,898	-14.30%
092	Cassoday: K-177	113,831	117,484	231,315	220,670	4.82%
127	Emporia: I-35N	2,010,691	1,905,951	3,916,642	4,009,994	-2.33%
147	Council Grove, Osage City: US 56	133,924	130,293	264,217	258,005	2.41%
177	Topeka: I-470W, US 75, Topeka Blvd.	2,421,768	2,433,133	4,854,901	4,989,926	-2.71%
182	Topeka/Valley Falls: K-4/I-70W	491,774	437,262	929,036	961,537	-3.38%
183	Topeka: I-70	4,366,097	4,431,287	8,797,384	8,846,033	-0.55%
197	Lecompton, Lawrence: K-10	1,548,089	1,494,964	3,043,053	3,227,327	-5.71%
202	Lawrence: US 59, S. Iowa St.	1,905,469	1,853,746	3,759,215	3,637,184	3.36%
204	Lawrence: US 59, US 40	1,179,846	1,224,248	2,404,094	2,328,559	3.24%
224	Bonner Springs	190,397	172,004	362,401	358,946	0.96%
236	Eastern Terminal	4,938,387	5,018,809	9,957,196	9,855,152	1.04%

■ SCHEDULE OF MONTHLY VEHICLES, MILEAGE AND TOLL REVENUES

Year Ended December 31, 2005 (Unaudited)

Month	Vehicles	Mileage	Gross Revenue		Average Miles Per Vehicle	Average Revenue Per Vehicle
			Passenger	Commercial		
January	2,279,088	96,050,049	\$ 3,055,640	\$ 2,238,372	42.14	\$ 2.32
February	2,275,365	94,643,761	3,032,452	2,171,063	41.59	2.29
March	2,783,099	121,108,133	3,929,027	2,555,729	43.52	2.33
April	2,610,346	109,273,810	3,502,655	2,456,301	41.86	2.28
May	2,902,337	125,697,238	4,109,546	2,526,184	43.31	2.29
June	2,855,157	124,033,558	4,015,383	2,577,642	43.44	2.31
July	2,975,706	133,242,912	4,389,249	2,479,534	44.78	2.31
August	2,829,724	121,308,188	3,893,533	2,634,456	42.87	2.31
September	2,612,861	110,334,432	3,516,814	2,482,840	42.23	2.30
October	2,758,387	117,435,291	3,758,340	2,609,657	42.57	2.31
November	2,694,609	118,195,273	3,830,361	2,496,222	43.86	2.35
December	<u>2,623,806</u>	<u>115,626,952</u>	<u>3,762,678</u>	<u>2,408,802</u>	44.07	2.35
	<u>32,200,485</u>	<u>1,386,949,597</u>	<u>\$ 44,795,678</u>	<u>\$ 29,636,802</u>	43.07	\$ 2.31

Total Gross Toll Revenue	\$ 74,432,480
Discounts and Adjustments	<u>(810,415)</u>
Total Adjusted Revenue	<u>\$ 73,622,065</u>