

**Kansas Turnpike Authority**  
**Financial Statements**  
**with Supplementary Information**

**Years ended December 31, 2006 and 2005**

**with**

**Independent Auditors' Report**

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# 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, 2006 and 2005, 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, 2006 and 2005, 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 accounting principles accepted in the United States of America. 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.

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.*

CERTIFIED PUBLIC ACCOUNTANTS

February 21, 2007  
Wichita, Kansas

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2006. Please read it in conjunction with the Turnpike's financial statements and associated footnotes.

## **Financial Highlights**

- The Turnpike's net assets increased in 2006 by approximately \$29.4 million or 9.1% compared to 2005.
- Operating income decreased by approximately \$1.6 million or 4.5% in 2006 compared to 2005.
- Operating expenses increased by approximately \$4.2 million or 10% in 2006 compared to 2005.
- Long-term debt decreased by approximately \$7.8 million or 3% in 2006 compared to 2005.

## **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 Change 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 2006 by approximately \$29.4 million (9.1%).

	<b>ASSETS</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
Cash and cash equivalents	\$ <b>27,328,335</b>	\$ 30,661,789	\$ 18,387,497
Short-term investments	<b>98,814,123</b>	65,760,276	63,424,625
Accounts receivable	<b>773,419</b>	561,564	558,056
Other current assets	<b>3,273,011</b>	2,437,226	2,569,359
Capital assets	<b>447,974,637</b>	411,268,520	368,449,299
Other noncurrent assets	<b>43,510,333</b>	90,520,412	126,184,956
Total assets	<b>621,673,858</b>	601,209,787	579,573,792
	<b>LIABILITIES</b>		
Long-term debt outstanding	<b>246,380,000</b>	254,130,000	263,645,000
Other current liabilities	<b>20,697,460</b>	22,028,978	19,243,616
Other long-term liabilities	<b>1,622,846</b>	1,525,685	1,548,800
Total liabilities	<b>268,700,306</b>	277,684,663	284,437,416
	<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	<b>191,503,760</b>	145,502,123	95,229,317
Restricted expendable net assets	<b>12,932,142</b>	48,607,892	87,902,763
Unrestricted	<b>148,537,650</b>	129,415,109	112,004,296
Total net assets	<b>\$352,973,552</b>	\$ 323,525,124	\$ 295,136,376

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 \$352,973,552 at the close of the most recent year. This represents an increase of \$29,448,428 (9.1%) over the previous year.

Unrestricted net assets increased from \$129,415,109 at December 31, 2005, to \$148,537,650 at December 31, 2006, an increase of \$19,122,541 (14.8%) 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 continuation of the widening of I-70 between Topeka and LeCompton.

## **Changes in the Turnpike's Net Assets**

In 2006, the Turnpike's net assets increased by approximately \$29.4 million or 9.1% of total net assets, as shown in the table below.

### ***CHANGES IN NET ASSETS***

	2006	2005	2004
<b>Operating revenues</b>			
Tolls	\$ 75,745,880	\$ 73,622,065	\$ 71,670,147
Other operating revenues	<u>4,250,517</u>	<u>3,714,207</u>	<u>4,834,008</u>
Total operating revenues	<u>79,996,397</u>	<u>77,336,272</u>	<u>76,504,155</u>
<b>Operating expenses</b>			
Administration	6,281,659	5,766,982	5,482,821
Insurance	6,422,266	6,326,547	5,813,239
Toll Collection	11,062,548	11,000,904	10,755,690
Patrol	5,241,421	4,894,323	4,507,789
Maintenance	7,814,559	8,829,274	7,878,182
Cost of improvements, major repairs and replacements	<u>9,971,643</u>	<u>5,757,349</u>	<u>4,144,644</u>
Total operating expenses	<u>46,794,096</u>	<u>42,575,379</u>	<u>38,582,365</u>
<b>Operating income</b>	<b>33,202,301</b>	34,760,893	37,921,790
<b>Nonoperating revenues (expenses)</b>			
Investment revenue	8,124,447	5,991,874	2,276,243
Interest on long-term debt	( 11,878,320 )	( 12,364,019 )	( 10,562,860 )
Net nonoperating revenues (expenses)	<u>( 3,753,873 )</u>	<u>( 6,372,145 )</u>	<u>( 8,286,617 )</u>
<b>Increase in Net Assets</b>	<b>\$ 29,448,428</b>	\$ 28,388,748	\$ 29,635,173

## **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 2006, 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 \$73.6 million in fiscal year 2005 to approximately \$75.7 million, an increase of 2.9%. The Turnpike's concessionaire rental revenue increased 5.8% in 2006 compared to 2005. Another significant area of increase was in K-TAG transactions, which increased 4.9% in 2006 compared to 2005. Over 39% of all vehicles used the K-TAG electronic system.

Operating expenses increased approximately \$4.2 million or 10% from fiscal year 2005 to fiscal year 2006. The increase was primarily attributable to the cost of improvements, major repairs, and replacements, which increased from \$5.7 million in 2005 to \$10 million in 2006.

## **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 2006 were approximately \$2.1 million more than fiscal year 2005.

## **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 2006, the Turnpike had approximately \$448 million invested in capital assets. In 2006, the Turnpike capitalized approximately \$37 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 2006, the Turnpike had \$255,505,000 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 Turnpike's Headquarters at 9401 E. Kellogg, Wichita, KS 67207.

# Balance Sheets

December 31, 2006 and 2005

## **ASSETS**

	<u>2006</u>	<u>2005</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 27,328,335	\$ 30,661,789
Short-term investments	98,814,123	65,760,276
Accounts receivable	773,419	561,564
Accrued interest receivable	1,578,919	953,454
Material and supply inventory	433,702	391,875
Prepaid expense and other assets	1,260,390	1,091,897
Total current assets	<u>130,188,888</u>	<u>99,420,855</u>
<b>Restricted Assets</b>		
Cash and cash equivalents	2,591,484	12,393,387
Investments	14,158,868	40,114,008
Accrued interest receivable	5,489	164,866
Total restricted assets	<u>16,755,841</u>	<u>52,672,261</u>
<b>Other Long-Term Investments</b>	<u>26,754,492</u>	<u>37,848,151</u>
<b>Capital Assets</b>		
Cost of initial turnpike and improvements financed with bond proceeds	447,974,637	411,268,520
Total assets	<u>\$ 621,673,858</u>	<u>\$ 601,209,787</u>

## **LIABILITIES AND NET ASSETS**

	<u>2006</u>	<u>2005</u>
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 9,125,000	\$ 9,515,000
Prepaid tolls	2,278,610	2,199,460
Accounts payable	858,702	997,733
Accrued expenses	4,735,757	5,302,798
Accrued interest	3,699,391	4,013,987
	<u>20,697,460</u>	<u>22,028,978</u>
<b>Long-Term Debt</b>		
Turnpike revenue bonds	246,380,000	254,130,000
<b>Other Long-Term Liabilities</b>	<u>1,622,846</u>	<u>1,525,685</u>
	<u>268,700,306</u>	<u>277,684,663</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	191,503,760	145,502,123
Restricted – expendable for		
Debt service	11,601,326	10,588,657
Turnpike improvements	1,330,816	38,019,235
Unrestricted	148,537,650	129,415,109
	<u>352,973,552</u>	<u>323,525,124</u>
	<u>\$ 621,673,858</u>	<u>\$ 601,209,787</u>

The accompanying notes are an integral part of these financial statements.

# Statements of Revenues, Expenses and Changes in Net Assets

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>Operating Revenues</b>		
Tolls	\$ 75,745,880	\$ 73,622,065
Concessionaire rentals	2,987,601	2,824,057
Miscellaneous	1,262,916	890,150
	<u>79,996,397</u>	<u>77,336,272</u>
<b>Operating Expenses</b>		
Administration	6,281,659	5,766,982
Insurance	6,422,266	6,326,547
Toll Collection	11,062,548	11,000,904
Patrol	5,241,421	4,894,323
Maintenance	7,814,559	8,829,274
Cost of improvements, major repairs and replacements	9,971,643	5,757,349
	<u>46,794,096</u>	<u>42,575,379</u>
<b>Operating Income</b>	<u>33,202,301</u>	<u>34,760,893</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment revenue	8,124,447	5,991,874
Interest on long-term debt	( 11,878,320)	( 12,364,019)
	<u>( 3,753,873)</u>	<u>( 6,372,145)</u>
<b>Change in Net Assets</b>	<u>29,448,428</u>	<u>28,388,748</u>
<b>Net Assets, Beginning of Year</b>	<u>323,525,124</u>	<u>295,136,376</u>
<b>Net Assets, End of Year</b>	<u>\$ 352,973,552</u>	<u>\$ 323,525,124</u>

The accompanying notes are an integral part of these financial statements.

# Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>Operating Activities</b>		
Cash received from toll collections	\$ 75,850,060	\$ 73,783,662
Cash received from concessionaire rentals and miscellaneous	4,013,632	3,724,746
Cash paid to suppliers and employees	( 46,457,807 )	( 42,480,620 )
Net cash flows from operating activities	<u>33,405,885</u>	<u>35,027,788</u>
<b>Capital and Related Financing Activities</b>		
Proceeds from issuance of long-term debt	12,690,000	--
Interest paid	( 12,192,916 )	( 11,928,715 )
Retirement of long-term debt	( 20,830,000 )	( 9,120,000 )
Payments for capitalized costs	( 37,861,637 )	( 41,152,806 )
Net cash flows from capital and related financing activities	<u>( 58,194,553 )</u>	<u>( 62,201,521 )</u>
<b>Investing Activities</b>		
Investment revenue realized	5,869,842	6,603,147
Proceeds from sale and maturities of investments	166,247,634	120,482,000
Purchase of investments	( 160,464,165 )	( 119,265,809 )
Net cash flows from investing activities	<u>11,653,311</u>	<u>7,819,338</u>
<b>Change in Cash and Cash Equivalents</b>	<u>( 13,135,357 )</u>	<u>( 19,354,395 )</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>43,055,176</u>	<u>62,409,571</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 29,919,819</u>	<u>\$ 43,055,176</u>
<b>Reconciliation of Net Operating Activities to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 33,202,301	\$ 34,760,893
Changes in operating assets and liabilities		
Accounts receivable and prepaid tolls	( 132,705 )	172,136
Material and supply inventory	( 41,827 )	( 29,000 )
Accounts payable and accrued expenses	546,609	89,884
Prepaid expenses and other assets	( 168,493 )	33,875
Net cash flows from operating activities	<u>\$ 33,405,885</u>	<u>\$ 35,027,788</u>

The accompanying notes are an integral part of these financial statements.

# Notes to Financial Statements

Years ended December 31, 2006 and 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, 2006 and 2005, 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:

<b><u>Length of Service</u></b>	<b><u>Earnings Rate</u></b>	<b><u>Allowed Vacation Earnings</u></b>
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 pay 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, 2006, is as follows:

	<b>Budget</b>	<b>Actual</b>	<b>Over (Under)</b>
Administration	\$ 6,513,200	\$ 6,281,659	\$ (231,541)
Insurance	6,500,000	6,422,266	(77,734)
Toll Collection	10,583,000	11,062,548	479,548
Patrol	5,032,600	5,241,421	208,821
Maintenance	<u>8,963,700</u>	<u>7,814,559</u>	<u>(1,149,141)</u>
	<u>\$ 37,592,500</u>	<u>\$ 36,822,453</u>	<u>\$ (770,047)</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 of 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, 2006 and 2005, \$26,529 and \$81,426 of the Turnpike's bank balances of \$7,218,763 and \$7,081,460, 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, 2006, the Turnpike had the following investments and maturities:

Type	Fair Value	Maturities in Years			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury obligations	\$ 11,133,234	\$ 7,380,909	\$ --	\$ --	\$ 3,752,325
U.S. agency obligations	128,594,248	105,592,081	23,002,167	--	--
Money market mutual funds	18,106,561	18,106,561	--	--	--
Commercial paper obligations	3,862,279	3,862,279	--	--	--
	<u>161,696,322</u>	<u>\$ 134,941,830</u>	<u>\$ 23,002,167</u>	<u>\$ --</u>	<u>\$ 3,752,325</u>
Less cash equivalents	<u>(21,968,839)</u>				
Investments per the balance sheet	<u>\$ 139,727,483</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, 2006 and 2005, the Turnpike’s investments in U.S. agency 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, 2006 and 2005, the Turnpike’s investment in Federal Home Loan Mortgage Corporation constituted 28.8% and 28.6% of total investments, investments in Federal National Mortgage Association constituted 47.6% and 25.9% and investments in Federal Home Loan Bank constituted 3.2% and 12.6% 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>2006</u>	<u>2005</u>
<b>Carrying Value:</b>		
Deposits	\$ 7,950,980	\$ 7,727,288
Investments	<u>161,696,322</u>	<u>179,050,323</u>
	<u>\$ 169,647,302</u>	<u>\$ 186,777,611</u>

Included in the following balance sheet captions:

Cash and cash equivalents	\$ 27,328,335	\$ 30,661,789
Short-term investments	98,814,123	65,760,276
Restricted cash and cash equivalents	2,591,484	12,393,387
Restricted investments	14,158,868	40,114,008
Other long-term investments	<u>26,754,492</u>	<u>37,848,151</u>
	<u>\$ 169,647,302</u>	<u>\$ 186,777,611</u>

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

	<u>2006</u>	<u>2005</u>
Interest and dividend income	\$ 7,544,851	\$ 4,798,830
Net change in fair value of investments	<u>579,596</u>	<u>1,193,044</u>
	<u>\$ 8,124,447</u>	<u>\$ 5,991,874</u>

#### 4. CAPITAL ASSETS

Capital assets activity for the years ended December 31, 2006 and 2005, was:

	<u>December 31,</u> <u>2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>December 31,</u> <u>2006</u>
Cost of initial Turnpike and improvements financed with bond proceeds	\$411,268,520	\$ 36,706,117	\$ --	\$ --	\$ 447,974,637

	<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

## 5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	<u>2006</u>	<u>2005</u>
Payable to suppliers	\$ 858,702	\$ 997,733
Contracts payable and retained amounts	1,511,293	2,213,020
Payable to employees (including payroll taxes and benefits)	2,474,464	2,339,778
Estimated self-insurance costs	<u>750,000</u>	<u>750,000</u>
	<u>\$ 5,594,459</u>	<u>\$ 6,300,531</u>

## 6. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the Turnpike for the years ended December 31, 2006 and 2005:

	<u>December 31, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2006</u>	<u>Current Portion</u>
Long-term debt					
Revenue bonds	\$ 263,645,000	\$ 12,690,000	\$ 20,830,000	\$ 255,505,000	\$ 9,125,000
Other long-term liabilities					
Accrued compensated absences	<u>3,225,685</u>	<u>1,734,769</u>	<u>1,637,608</u>	<u>3,322,846</u>	<u>1,700,000</u>
Total long-term obligations	<u>\$ 266,870,685</u>	<u>\$ 14,424,769</u>	<u>\$ 22,467,608</u>	<u>\$ 258,827,846</u>	<u>\$ 10,825,000</u>
	<u>December 31, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 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>

## 7. REVENUE BONDS PAYABLE

At December 31, 2006 and 2005, Turnpike revenue bonds payable were as follows:

	<u>2006</u>	<u>2005</u>
Series 1993	\$ 5,180,000	\$ 5,180,000
Series 1998	3,675,000	9,840,000
Series 1999	--	12,105,000
Series 2002	82,120,000	84,185,000
Series 2003A	100,505,000	101,000,000
Series 2004	51,335,000	51,335,000
Series 2006A	12,690,000	--
	<u>\$ 255,505,000</u>	<u>\$ 263,645,000</u>

Interest rates on the bonds vary between 2.00% and 5.55%. The debt service requirements as of December 31, 2006, are as follows:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 20,927,423	\$ 9,125,000	\$ 11,802,423
2008	21,039,206	9,520,000	11,519,206
2009	21,034,192	9,950,000	11,084,192
2010	21,037,841	10,335,000	10,702,841
2011	21,040,791	10,805,000	10,235,791
2012 – 2016	105,195,456	62,130,000	43,065,456
2017 – 2021	91,613,753	63,640,000	27,973,753
2022 – 2026	58,042,679	43,000,000	15,042,679
2027 – 2031	30,042,746	24,340,000	5,702,746
2032 – 2035	13,831,185	12,660,000	1,171,185
	<u>\$ 403,805,272</u>	<u>\$ 255,505,000</u>	<u>\$ 148,300,272</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 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

In October 2006, the Turnpike issued \$12,690,000 in Series 2006A Turnpike Refunding Revenue Bonds with a net interest cost of 3.45% to currently refund Series 1999 Revenue Bonds which had interest rates ranging from 4.10% to 4.75%. The refunding increased the total debt

service payments over the next 14 years by \$3,779,885, and resulted in an economic loss of \$746,500. As a result of the refunding, the refunded bonds are considered to be defeased and have been removed from long-term debt. The bonds are considered auction rate securities, with variable interest rates established at each “auction period”, which is weekly for these bonds. The maximum interest rate allowed under current Kansas law is the daily yield for 10-year treasury bonds published on the Monday preceding each auction date, plus 3%.

## **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 2006, 2005 and 2004 were 3.81%, 3.41%, 3.22%, respectively. The Turnpike’s contributions to KPERS for 2006, 2005 and 2004 were \$706,333, \$624,319 and \$594,276, 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, 2006 and 2005.

## **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 2006 and 2005 are summarized as follows:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 750,000	\$ 750,000
Current year claims and changes in estimates	4,683,327	4,664,526
Claim payments	<u>( 4,683,327 )</u>	<u>( 4,664,526 )</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 15 early retirees at December 31, 2006. 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 is as follows:

2007	\$ 3,191,676
2008	3,118,369
2009	2,944,692
2010	2,944,692
2011	2,844,192
2012 – 2014	<u>3,580,242</u>
Total	<u>\$ 18,623,863</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 \$30 million at December 31, 2006.

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. 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 health-care 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.

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# **SUPPLEMENTARY INFORMATION**

**Year ended December 31, 2006**

# COMBINING BALANCE SHEET

December 31, 2006

## ASSETS

	<u>Total</u>	<u>Interfund Eliminations Reclassifications</u>	<u>Construction Fund</u>
<b>Current assets</b>			
Cash and cash equivalents	\$ 27,328,335	\$ -	\$ -
Short-term investments	98,814,123	-	-
Interfund receivable	-	(1,343,770)	-
Accounts receivable	773,419	-	-
Accrued interest receivable	1,578,919	-	-
Material and supply inventory	433,702	-	-
Prepaid expense and other assets	1,260,390	-	-
Total current assets	<u>130,188,888</u>	<u>(1,343,770)</u>	<u>-</u>
<b>Restricted assets</b>			
Cash and cash equivalents	2,591,484	-	1,325,327
Investments	14,158,868	-	-
Accrued interest receivable	5,489	-	5,489
Total restricted assets	<u>16,755,841</u>	<u>-</u>	<u>1,330,816</u>
<b>Other long-term investments</b>	<u>26,754,492</u>	<u>-</u>	<u>-</u>
<b>Capital assets</b>			
Cost of initial Turnpike and improvements financed with bond proceeds	<u>447,974,637</u>	<u>-</u>	<u>447,974,637</u>
	<u>\$ 621,673,858</u>	<u>\$ (1,343,770)</u>	<u>\$ 449,305,453</u>

## LIABILITIES AND NET ASSETS

<b>Current liabilities</b>			
Current maturities of long-term debt	\$ 9,125,000	\$ -	\$ 9,125,000
Prepaid tolls	2,278,610	-	-
Accounts payable	858,702	-	-
Interfund payable	-	(1,343,770)	-
Accrued expenses	4,735,757	-	965,877
Accrued interest	3,699,391	-	-
Total current liabilities	<u>20,697,460</u>	<u>(1,343,770)</u>	<u>10,090,877</u>
<b>Long-term debt</b>			
Turnpike revenue bonds	246,380,000	-	246,380,000
<b>Other long-term liabilities</b>			
Total liabilities	<u>1,622,846</u>	<u>-</u>	<u>-</u>
	<u>268,700,306</u>	<u>(1,343,770)</u>	<u>256,470,877</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	191,503,760	-	191,503,760
Restricted - expendable for			
Debt service	11,601,326	-	-
Turnpike improvements	1,330,816	-	1,330,816
Unrestricted	148,537,650	-	-
Total net assets	<u>352,973,552</u>	<u>-</u>	<u>192,834,576</u>
Total liabilities and net assets	<u>\$ 621,673,858</u>	<u>\$ (1,343,770)</u>	<u>\$ 449,305,453</u>

<b>Revenue Fund And Operations Fund</b>	<b>Debt Service Fund</b>	<b>Debt Service Reserve Fund</b>	<b>Replacement Reserve Fund</b>	<b>General Fund</b>
\$ 13,001,675	\$ -	\$ -	\$ 10,011,763	\$ 4,314,897
8,971,568	-	-	81,114,804	8,727,751
1,343,770	-	-	-	-
773,419	-	-	-	-
1,370,646	-	-	105,616	102,657
433,702	-	-	-	-
1,260,390	-	-	-	-
<u>27,155,170</u>	<u>-</u>	<u>-</u>	<u>91,232,183</u>	<u>13,145,305</u>
-	155,768	1,110,389	-	-
-	6,777,959	7,380,909	-	-
-	-	-	-	-
-	<u>6,933,727</u>	<u>8,491,298</u>	-	-
-	-	-	15,023,104	11,731,388
-	-	-	-	-
<u>\$ 27,155,170</u>	<u>\$ 6,933,727</u>	<u>\$ 8,491,298</u>	<u>\$ 106,255,287</u>	<u>\$ 24,876,693</u>
\$ -	\$ -	\$ -	\$ -	\$ -
2,278,610	-	-	-	-
858,702	-	-	-	-
-	51,487	72,821	1,139,632	79,830
3,224,464	-	-	545,416	-
-	3,699,391	-	-	-
<u>6,361,776</u>	<u>3,750,878</u>	<u>72,821</u>	<u>1,685,048</u>	<u>79,830</u>
-	-	-	-	-
1,622,846	-	-	-	-
<u>7,984,622</u>	<u>3,750,878</u>	<u>72,821</u>	<u>1,685,048</u>	<u>79,830</u>
-	-	-	-	-
-	3,182,849	8,418,477	-	-
-	-	-	-	-
19,170,548	-	-	104,570,239	24,796,863
<u>19,170,548</u>	<u>3,182,849</u>	<u>8,418,477</u>	<u>104,570,239</u>	<u>24,796,863</u>
<u>\$ 27,155,170</u>	<u>\$ 6,933,727</u>	<u>\$ 8,491,298</u>	<u>\$ 106,255,287</u>	<u>\$ 24,876,693</u>

# COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended December 31, 2006

	<b>Total</b>	<b>Construction Fund</b>	<b>Revenue Fund And Operations Fund</b>
<b>Operating Revenues</b>			
Tolls	\$ 75,745,880	\$ -	\$ 75,745,880
Concessionaire rentals	2,987,601	-	2,987,601
Miscellaneous	1,262,916	-	1,262,916
	<u>79,996,397</u>	<u>-</u>	<u>79,996,397</u>
<b>Operating Expenses</b>			
Administration	6,281,659	-	6,281,659
Insurance	6,422,266	-	6,422,266
Toll Collection	11,062,548	-	11,062,548
Patrol	5,241,421	-	5,241,421
Maintenance	7,814,559	-	7,814,559
Cost of improvements, major repairs and replacements	9,971,643	-	-
	<u>46,794,096</u>	<u>-</u>	<u>36,822,453</u>
<b>Operating Income (Loss)</b>	<u>33,202,301</u>	<u>-</u>	<u>43,173,944</u>
<b>Nonoperating revenues (expenses)</b>			
Transfers between funds	-	8,442,289	(48,005,983)
Investment revenue	8,124,447	870,929	7,491,895
Interest on long-term debt	(11,878,320)	-	-
	<u>(3,753,873)</u>	<u>9,313,218</u>	<u>(40,514,088)</u>
<b>Change in net assets</b>	29,448,428	9,313,218	2,659,856
<b>Net assets, beginning of year</b>	<u>323,525,124</u>	<u>183,521,358</u>	<u>16,510,692</u>
<b>Net assets, end of year</b>	<u>\$ 352,973,552</u>	<u>\$ 192,834,576</u>	<u>\$ 19,170,548</u>

<b>Debt Service Fund</b>	<b>Debt Service Reserve Fund</b>	<b>Replacement Reserve Fund</b>	<b>General Fund</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	9,971,643	-
-	-	9,971,643	-
-	-	(9,971,643)	-
11,889,504	1,003,191	18,000,000	8,670,999
-	(1,706)	(226,300)	(10,371)
(11,878,320)	-	-	-
11,184	1,001,485	17,773,700	8,660,628
11,184	1,001,485	7,802,057	8,660,628
3,171,665	7,416,992	96,768,182	16,136,235
\$ 3,182,849	\$ 8,418,477	\$ 104,570,239	\$ 24,796,863

# SUMMARY OF TOLL REVENUES

Year Ended December 31, 2006

<b>Class</b>	<b><u>Toll Revenue</u></b>	<b><u>Vehicles</u></b>
2-axle vehicles	\$ 45,388,097	28,297,667
3-axle vehicles	1,319,965	505,931
4-axle vehicles	2,710,716	614,123
5-axle vehicles	23,569,444	3,134,181
6-axle vehicles	1,263,640	118,623
7-axle vehicles	970,656	41,764
8-axle vehicles	908,822	28,658
9-axle vehicles	493,235	14,985
Discounts and Adjustments	( 878,695)	366,477
	<u>\$ 75,745,880</u>	<u>33,122,409</u>

# STATISTICAL DATA

# OPERATING SUMMARIES - VEHICLES, MILEAGE AND REVENUE

Years Ended December 31, 2006 and 2005  
(Unaudited)

	2006	2005	2006 Increase (Decrease) as a Percent of 2005
<b>Number of Vehicles:</b>			
Passenger cars	28,297,667	27,891,984	1.45%
Commercial vehicles	4,458,265	4,308,501	3.48%
Discounts and adjustments	366,477	391,358	-6.36%
Total	33,122,409	32,591,843	1.63%
<b>Percentage of Vehicles:</b>			
Passenger cars	85.43%	85.58%	-0.17%
Commercial vehicles	13.46%	13.22%	1.82%
<b>Number of Miles:</b>			
Passenger cars	1,138,192,093	1,122,740,267	1.38%
Commercial vehicles	277,008,048	264,209,330	4.84%
Total	1,415,200,141	1,386,949,597	2.04%
<b>Percentage of Miles:</b>			
Passenger cars	80.43%	80.95%	-0.65%
Commercial vehicles	19.57%	19.05%	2.75%
<b>Toll Revenue (Gross):</b>			
Passenger cars	\$ 45,388,097	\$ 44,795,678	1.32%
Commercial vehicles	31,236,478	29,636,802	5.40%
Discounts and adjustments	(878,695 )	(810,415 )	8.43%
Total	\$ 75,745,880	\$ 73,622,065	2.88%
<b>Percentage of Toll Revenue:</b>			
Passenger cars	59.92%	60.85%	-1.52%
Commercial vehicles	41.24%	40.26%	2.44%
<b>Miles Per Trip:</b>			
Passenger cars	40.22	40.25	-0.08%
Commercial vehicles	62.13	61.32	1.32%
<b>Revenue Per Trip:</b>			
Passenger cars	\$ 1.60	\$ 1.61	-0.13%
Commercial vehicles	\$ 7.01	\$ 6.88	1.86%
<b>Revenue Per Mile:</b>			
Passenger cars	\$ 0.03988	\$ 0.03990	-0.05%
Commercial vehicles	\$ 0.11276	\$ 0.11217	0.53%
Discounts and adjustments	\$ (0.00062 )	\$ (0.00058 )	6.26%



# SCHEDULE OF ACTIVITY BY INTERCHANGE

Years Ended December 31, 2006 and 2005

(Unaudited)

Interchange		2006			2005		Percent Increase (Decrease)
No.	Location	Entering Vehicles	Exiting Vehicles	Total Vehicles	Total Vehicles		
004	Southern Terminal	2,689,377	2,829,959	5,519,336	5,370,256	2.78%	
019	Wellington: US 160	761,505	723,736	1,485,241	1,479,098	0.42%	
033	Mulvane: K-53	570,260	524,448	1,094,708	1,091,252	0.32%	
039	Haysville-Derby: 71st St.	803,994	810,283	1,614,277	1,432,881	12.66%	
042	Wichita: I-135, I-235, 47th St.	3,382,778	3,383,389	6,766,167	6,680,287	1.29%	
045	Wichita: K-15	811,839	879,946	1,691,785	1,584,618	6.76%	
050	Wichita: US 54/400, Kellogg Ave.	1,533,239	1,569,378	3,102,617	3,108,043	(0.17%)	
053	Wichita: K-96	845,365	823,711	1,669,076	1,588,444	5.08%	
057	Andover: 21st St.	449,472	426,865	876,337	877,251	(0.10%)	
071	El Dorado: US 254	1,024,755	999,460	2,024,215	2,025,715	(0.07%)	
076	El Dorado: US 77	178,409	174,635	353,044	347,015	1.74%	
092	Cassoday: K-177	111,329	114,547	225,876	231,315	(2.35%)	
127	Emporia: I-35N	2,035,790	1,921,199	3,956,989	3,916,642	1.03%	
147	Council Grove, Osage City: US 56	128,256	128,241	256,497	264,217	(2.92%)	
177	Topeka: I-470W, US 75, Topeka Blvd.	2,410,221	2,414,793	4,825,014	4,854,901	(0.62%)	
182	Topeka / Valley Falls: K-4/I-70W	504,211	447,453	951,664	929,036	2.44%	
183	Topeka: I-70	4,421,833	4,491,812	8,913,645	8,797,384	1.32%	
197	Lecompton, Lawrence: K-10	1,519,929	1,510,042	3,029,971	3,043,053	(0.43%)	
202	Lawrence: US 59, S. Iowa St.	1,907,059	1,830,690	3,737,749	3,759,215	(0.57%)	
204	Lawrence: US 59, US40	1,201,932	1,240,422	2,442,354	2,404,094	1.59%	
224	Bonner Springs	200,802	178,720	379,522	362,401	4.72%	
236	Eastern Terminal	5,105,505	5,174,131	10,279,636	9,957,196	3.24%	

# SCHEDULE OF MONTHLY VEHICLES, MILEAGE AND TOLL REVENUE

Year Ended December 31, 2006

(Unaudited)

Month	Vehicles	Mileage	Gross Revenue		Average Miles Per Vehicle	Average Revenue Per Vehicle
			Passenger	Commercial		
January	2,482,597	103,689,013	\$ 3,291,219	\$ 2,449,218	41.77	\$ 2.31
February	2,317,506	96,181,361	3,049,647	2,308,953	41.50	2.31
March	2,765,948	119,938,897	3,839,451	2,690,114	43.36	2.36
April	2,631,896	111,712,819	3,570,607	2,527,300	42.45	2.32
May	2,872,993	124,026,993	3,992,396	2,686,228	43.17	2.32
June	2,874,567	124,884,790	3,994,899	2,745,628	43.44	2.34
July	2,879,925	129,408,612	4,199,097	2,596,516	44.93	2.36
August	2,807,584	120,730,893	3,814,260	2,822,310	43.00	2.36
September	2,760,959	118,162,961	3,776,793	2,627,101	42.80	2.32
October	2,880,646	123,366,364	3,940,337	2,768,072	42.83	2.33
November	2,746,700	120,952,902	3,922,861	2,537,035	44.04	2.35
December	2,734,611	122,144,536	3,996,530	2,478,003	44.67	2.37
	32,755,932	1,415,200,141	\$ 45,388,097	\$ 31,236,478	43.20	\$2.34
	Total Gross Toll Revenue		\$ 76,624,575			
	Discounts and Adjustments		( 878,695)			
	Total Adjusted Revenue		\$ 75,745,880			