

# **THE MAINE TURNPIKE AUTHORITY**

## **Financial Statements**

**For the Years Ended December 31, 2025 and 2024**

# THE MAINE TURNPIKE AUTHORITY

## Financial Statements

For the Years Ended December 31, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Maine Turnpike Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities of the Maine Turnpike Authority, a component unit of the State of Maine, as of and for the years ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Maine Turnpike Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Maine Turnpike Authority as of December 31, 2025, and 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Maine Turnpike Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maine Turnpike Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Maine Turnpike Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maine Turnpike Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related the pension and OPEB liabilities be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maine Turnpike Authority's basic financial statements. The accompanying calculation of the composite debt service ratio and statement of activities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the calculation of the composite debt service ratio and statement of activities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the Maine Turnpike Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Maine Turnpike Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maine Turnpike Authority's internal control over financial reporting and compliance.



March 20, 2026  
South Portland, Maine

# THE MAINE TURNPIKE AUTHORITY

## Management's Discussion and Analysis

December 31, 2025

The management of the Maine Turnpike Authority (the Authority) offers this narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2025 and 2024. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. The information presented here should be read in conjunction with the Authority's basic financial statements.

### Financial Highlights

Net operating income for the Maine Turnpike Authority was \$54,938,562 and \$64,888,355 for calendar years 2025 and 2024, respectively. The decrease in net operating income is mostly due to an increase in Operating and Preservation expenses supplemented by a decrease in Interest Income and in Net Fare Revenue. Total Revenues declined by 2.3% in 2025, primarily due to a 0.52% decrease in toll revenue compared to the prior year, along with lower investment income resulting from changes in interest rates and the accrual of an estimated arbitrage liability for the Series 2020 and 2022 bonds. The increase in Operating expenses was due to an increase in Salaries, State Police expenses, salt and work performed by others. The increase in Preservation Expense is due to an increase in bridge and culvert repairs offset by a decrease in pavement rehabilitation over the prior year.

Current year activity produced a change in net position of \$42,730,149 compared to \$51,244,439 for fiscal years 2025 and 2024, respectively. The term "net position" refers to the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. At the close of calendar year 2025, the Authority had a net position of \$652,729,726, an increase of 7.0% over calendar year 2024. At the close of calendar year 2024, the Authority's net position was \$609,999,577. The Authority's overall financial position has improved as shown by the increase in net position.

### Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements are presented in a manner similar to a private-sector business and have been prepared according to accounting principles generally accepted (GAAP) in the United States. Revenues are recorded as they are earned and expenses are recorded as they are incurred, regardless of when cash is received or disbursed.

### Basic Financial Statements

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position serve as a relative indicator of the change in financial position of the Authority.

The statement of revenues, expenses, and changes in net position shows the result of the Authority's total operations during the fiscal year and reflects both operating and non-operating activities. Changes in net position reflect the fiscal period operating impact upon the overall financial position of the Authority.

## Management Discussion and Analysis, *continued*

The statement of cash flows provides a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, ending with a reconciliation of operating income to net cash provided by operating activities.

The statement of cash flows is divided into the following activities: operating, capital and related financing, and investing.

### Notes to the Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the basic financial statements.

### Other Information

In addition to the basic financial statements and notes, this report also presents required supplementary information concerning infrastructure condition, the retiree healthcare plan, and information on the Authority's participation in the Maine Public Employer's Retirement System. Additionally, certain supplementary information concerning the Authority's debt service ratio, as defined by the bond resolution, is included.

### Financial Analysis

#### Maine Turnpike Authority's Statement of Net Position

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets and Deferred Outflows</b>		
Current Assets	\$ 224,605,219	\$ 223,542,966
Capital Assets, Net of Accumulated Depreciation	1,022,761,396	1,004,309,680
Non-Current Assets	29,965,143	31,662,439
Non-Current Restricted Assets	27,204,840	31,442,750
Other Assets	143,370	124,920
Deferred Loss on Refunding Bonds	-	1,110,452
Deferred Outflows of Resources	5,403,717	6,205,078
<b>Total Assets and Deferred Outflows</b>	<b>\$ 1,310,083,685</b>	<b>\$ 1,298,398,285</b>
<b>Liabilities and Deferred Inflows</b>		
Current Liabilities	86,237,676	68,774,925
Bonds Payable, Net of Unamortized Premiums and Discounts, net of current position	488,128,920	528,237,871
Other Post Employment Benefits Liabilities	23,304,781	25,258,413
Other Non-current Liabilities	741,148	737,537
Net Pension (Asset)/Liability	9,057,987	11,427,851
Deferred Gain on Refunded Bonds	2,683,903	-
Deferred Concession Lease Inflows	32,437,258	34,064,775
Deferred Inflows of Resources	14,762,286	19,897,337
<b>Total Liabilities and Deferred Inflows</b>	<b>\$ 657,353,959</b>	<b>\$ 688,398,709</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	495,540,694	450,786,920
Restricted	181,846,586	192,819,489
Unrestricted (Deficit)	(24,657,554)	(33,606,832)
<b>Total Net Position</b>	<b>\$ 652,729,726</b>	<b>\$ 609,999,577</b>
<b>Total Liabilities, Deferred Outflows and Net Position</b>	<b>\$ 1,310,083,685</b>	<b>\$ 1,298,398,285</b>

## **Management Discussion and Analysis, *continued***

As noted earlier, net position serves as an indicator of the Authority's overall financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$652,729,726 at the close of 2025. This represents an increase of \$42,730,149 (7.0%) over the net position balance of \$609,999,577 as of December 31, 2024.

The largest portion of the Authority's net position reflects its net investment in capital assets (e.g., right-of-way, roads, bridges, toll equipment, etc.), less any unamortized bond premiums, outstanding capital accounts payable and retainage, unamortized deferred loss and discounts and related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide service and consequently, these assets are not available for liquidating liabilities or for other spending. The net investment in Capital Assets was \$495,540,694 and \$450,786,920 as of December 31, 2025 and 2024, respectively.

Title 23 MRS §1961(7), which is part of the Maine Turnpike Authority's enabling act, requires that the MTA allocate funds for DOT projects mutually agreed upon by the DOT and MTA in an amount such that the 3-year rolling average of such allocation equals at least 5% of the MTA's annual operating revenues (hereinafter "Joint Use Funds"). For general reference, 5% of annual operating revenue of the MTA in 2025 was approximately \$9.3 million. This year, the MTA and MaineDOT worked on a Memorandum of Agreement that set forth general terms and processes that the parties agree to use to determine how Joint Use Funds will be quantified, agreed upon, allocated, and documented. Eligible uses of Joint Use Funds are all transportation-related work or activities mutually agreed upon by the DOT and MTA. The parties agree that work or activities funded by Joint Use Funds will have sufficient geographic, system, maintenance, operational, or policy nexus to the Turnpike corridor, the MTA, or its customers as reasonably defined by the MTA Executive Director and the DOT Commissioner ("sufficient nexus"). Such work or activities include, but are not limited to, the study, analysis, planning, construction, repair, maintenance or operation of highways and bridges, transit, traveler information services, or other transportation related work or activities, as long as it has sufficient nexus. This agreement was signed in February 2026.

Restricted net position is reserved for projects defined in the bond resolutions and applicable bond issue official statements. The Authority's restricted net position was \$181,846,586 and \$192,819,489 as of December 31, 2025 and 2024, respectively. The decrease in the restricted net position is attributed to the payment of expenses related to the Exit 35 rebuild, Portland Area Widening, fuel system upgrades at the Cumberland Service Plaza and toll system upgrades. Cash and Investment balances in the General Reserve Fund were designated as restricted and had balances of \$117.7 million and \$118 million as of December 31, 2025 and December 31, 2024, respectively. The unrestricted net position for the years ended December 31, 2025 and December 31, 2024 are negative due to the net pension and OPEB liabilities.

## Management Discussion and Analysis, *continued*

### The Maine Turnpike Authority's Changes in Net Position

	For the Years Ended December 31,	
	2025	2024
<b>Revenues:</b>		
Net Fare Revenues	\$ 168,663,697	\$ 169,552,368
Concession Rental	5,860,621	5,846,587
Investment Income	8,849,256	12,328,486
Miscellaneous	3,903,284	3,910,351
<b>Total Revenues</b>	<b>\$ 187,276,859</b>	<b>\$ 191,637,792</b>
<b>Expenses (Income):</b>		
Operations	30,740,838	26,658,870
Maintenance	39,439,950	38,867,249
Administrative	3,382,990	2,819,931
Depreciation	18,478,772	19,047,888
Preservation	38,514,533	36,295,170
Interest Expense	21,899,296	22,734,203
Other	(6,361,791)	(6,029,958)
Extraordinary Item - Auburn Fire	(1,547,879)	-
<b>Total Expenses</b>	<b>\$ 144,546,709</b>	<b>\$ 140,393,353</b>
<b>Change in Net Position</b>	<b>42,730,149</b>	<b>51,244,439</b>
<b>Net Position, beginning of year</b>	<b>\$ 609,999,577</b>	<b>\$ 558,755,138</b>
<b>Net Position, end of year</b>	<b>\$ 652,729,726</b>	<b>\$ 609,999,577</b>

The Authority's net fare revenues, which represent approximately 95% of all operating revenues, decreased \$888,671 (0.52%) in 2025.

On March 19, 2025, the Maine Turnpike Authority was notified that its toll system needed to be shut down due to a suspected system interruption involving its third-party electronic toll collection provider. The system interruption was limited to the vendor and did not impact the Authority's own network. Taking the system offline to prevent further damage and recover from the incident, along with incomplete data captures in the following weeks, resulted in a loss of E-ZPass revenue. This loss also affected the Authority's net fare revenue. In total, the MTA incurred approximately \$2.7 million in lost revenue and data recovery costs. The Authority is currently working with the vendor to recover these losses.

The capital program in 2025 included the substantial completion of the Exit 35 rebuild in Saco, completion of the Portland Area Widening project, fuel system upgrades at the service plaza in Cumberland and toll system upgrades at various locations, eighteen truck chassis, eight pickups and other heavy-duty equipment. Preservation expenses increased \$2,219,363 (6%) in 2025 due to increased spending related to pavement rehabilitation, bridge, and culvert repairs.

## **Capital Assets and Debt Administration**

### *Capital Assets*

The Authority's investment in capital assets as of December 31, 2025 amounted to \$1,198,711,145 of gross asset value with accumulated depreciation of \$175,949,749, leaving a net book value of \$1,022,761,396. Capital assets include right-of-way, roads, bridges, buildings, equipment and vehicles. Please see Note 3 of the financial statements for a schedule of changes in the Authority's capital assets.

Capital asset acquisitions are capitalized at cost. Acquisitions are funded through debt issuance and Authority revenues.

In 2025, the Portland Area Widening project (between miles 44 and 49) northbound lanes received the final pavement layer and the fuel system at the service plaza in Cumberland, Maine was upgraded. Also, the construction to redesign the current Exit 36 in Saco, which began in 2023, was completed and the construction of the new Exit 35 northbound and southbound toll plazas and ramps was substantially completed and open to the public in November 2025. Other projects that were completed in 2025 include the rebuilt York Maintenance 5 Bay Garage, toll system upgrades at various locations, and renovations were completed at the Maine Turnpike Authority headquarters which involved lighting and HVAC upgrades. In 2025, there was also significant investment in new heavy-duty vehicles to update the MTA's aging plow truck fleet. The MTA is in the process of consolidating plow truck chassis manufacturers to become more efficient in the purchasing of truck parts by needing less manufacturer brand parts on hand.

During the summer of 2024, the Authority paused the Gorham Connector project. In March 2025, it announced that the project had been returned to MaineDOT, which will lead a comprehensive effort to identify transportation solutions for persistent traffic congestion west of Portland, as this corridor is—and will remain—under MaineDOT's jurisdiction. This decision reflects feedback from the public and civic leaders who have called for a broader, more holistic, and multimodal approach to the region's mobility challenges. As part of this effort, MaineDOT will review previous mobility studies, including recent work related to the proposed Gorham Connector, and update them to reflect current commuting patterns, community growth trends, and land-use developments.

### *Modified Approach for Infrastructure Assets*

The Maine Turnpike Authority has elected to use the modified approach to infrastructure reporting. This means that, in lieu of reporting depreciation on infrastructure, the Authority reports the costs associated with maintaining the existing asset in good condition as preservation expense. Infrastructure assets include: roads, bridges, interchanges, tunnels, right of way, drainage, guard rails, and lighting systems associated with the road. Pursuant to its bond covenants, the Authority maintains a reserve maintenance fund for these preservation expenses. For fiscal 2025, \$38,514,533 was spent for preservation compared to an estimated cost of \$32,954,946.

In accordance with Section 806 of the Bond Resolution dated May 1, 1991, the General Engineering Consultant is required to inspect the Turnpike at least once per year and submit to the Authority a report. The results of the 2025 inspection states that the Maine Turnpike has been maintained in generally good condition and presents a favorable appearance, which is the same assessment the Authority received in 2024.

## Management Discussion and Analysis, *continued*

### *Long-term Debt*

The Authority has outstanding bonds payable of \$448,420,000 and \$16,595,000 for revenue and special obligation bonds, excluding unamortized bond discounts and premiums. In 2025 the Authority refunded the Series 2015 revenue bonds and the Series 2014 subordinated bonds. A net present value saving on this refunding was \$5.25 million. Please see Note 6 of the financial statements for the annual principal payment requirements on revenue and special obligation bonds as of December 31, 2025.

The Authority has a bond cap, set by the Legislature, on the amount of revenue bonds that can be outstanding at any given time. As of December 31, 2025, the Maine Turnpike Authority has a bond cap of \$600 million for general turnpike projects and a \$150 million bond cap for the Gorham Connector project. As of December 31, 2025, outstanding bonds were \$446,107,000, leaving \$153,893,000 available under the cap for *general* turnpike projects. As of December 31, 2025, outstanding bonds were \$2,313,000, leaving \$147,687,000 available under the cap for the Gorham Connector project.

The Authority's current bond ratings are as follows:

Fitch	AA-
Moody's	Aa3
Standard & Poor's	AA-

In March 2025, Fitch, Moody's and Standard & Poor's reviewed the Authority's finances and all three agencies affirmed the Authority's ratings and gave a stable outlook.

### *Debt Service Reserve Fund*

The general bond resolution requires the Authority to fund the Debt Service Reserve Requirement with cash and investments or with a surety policy or letter of credit.

Currently, the Debt Service Reserve requirement is approximately \$22,030,994, which is fifty percent of maximum annual debt service (MADS). The debt service reserve requirement is fully funded with cash. The Authority has approximately \$4,871,000 of surety bonds in place, however it is rated lower than the Authority's bond ratings and therefore do not count towards the Debt Service Reserve requirement.

Please see Note 7 of the Financial Statements for more discussion of the Debt Service Reserve Fund.

### **Budgetary Controls**

Each year the Maine Turnpike Authority presents their Operating, Reserve Maintenance and Capital budgets to the Transportation Committee of the Maine Legislature. Ultimately, the Legislature has approval and oversight of the Operating budget.

## Management Discussion and Analysis, *continued*

### Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Maine Turnpike Authority, 2360 Congress Street, Portland, ME 04102; or email your questions to [info@maineturnpike.com](mailto:info@maineturnpike.com).

## STATEMENTS OF NET POSITION

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	December 31,	
	2025	2024
<b>Current Assets:</b>		
Cash and Equivalents	\$ 18,135,388	\$ 16,701,513
Investments - Short Term	15,489,851	14,771,900
Restricted Cash and Equivalents to meet current restricted liabilities	50,593,255	79,504,419
Restricted Investments - Short Term	125,647,362	98,515,653
Accounts Receivable and Accrued Interest Receivable	7,652,495	7,620,452
Concession Lease Receivable	2,414,441	2,340,314
Inventory	1,314,852	1,629,956
Other - Current Assets	3,357,574	2,458,759
<b>Total Current Assets</b>	<b>224,605,219</b>	<b>223,542,966</b>
<b>Non-Current Assets:</b>		
Non-Current Assets		
Concession Lease Receivable Long Term	29,965,143	31,662,439
Restricted Assets		
Cash and Equivalents	18,931,957	18,548,594
Investments - Long Term	6,002,985	12,045,889
Accounts Receivable and Accrued Interest Receivable	2,269,897	848,267
<b>Total Restricted Assets</b>	<b>57,169,982</b>	<b>63,105,189</b>
<b>Other Assets</b>		
Prepaid Bond Insurance - Net	143,370	124,920
<b>Total Other Assets</b>	<b>143,370</b>	<b>124,920</b>
<b>Capital Assets not being Depreciated:</b>		
Land and Infrastructure	858,492,637	815,245,992
Construction in Progress	15,834,950	58,253,152
<b>Capital Assets net of Accumulated Depreciation:</b>		
Property and Equipment	148,433,809	130,810,536
<b>Total Capital Assets - Net of Accumulated Depreciation</b>	<b>1,022,761,396</b>	<b>1,004,309,680</b>
<b>Total Non-Current Assets</b>	<b>1,080,074,748</b>	<b>1,067,539,789</b>
<b>TOTAL ASSETS</b>	<b>1,304,679,967</b>	<b>1,291,082,754</b>
<b>Deferred Outflows of Resources:</b>		
Deferred Loss on Refunding Bonds	-	1,110,452
Deferred Pension Outflows	4,506,094	4,821,198
Deferred Other Post Employment Benefit Outflows	897,623	1,383,880
<b>Total Deferred Outflows of Resources</b>	<b>5,403,717</b>	<b>7,315,530</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,310,083,685</b>	<b>\$ 1,298,398,285</b>

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

**STATEMENTS OF NET POSITION, *continued***

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Current Liabilities Payable from Unrestricted Assets:</b>		
Accounts, Contracts and Retainage Payable	\$ 7,466,152	\$ 6,093,882
Accrued Salary, Vacation and Sick Leave Payable	5,072,540	4,603,330
Unearned Fare Revenue	16,528,366	15,769,876
Unearned Concession Rentals	315,025	-
<b>Total Current Liabilities Payable from Unrestricted Assets</b>	<b>29,382,083</b>	<b>26,467,088</b>
<b>Current Liabilities Payable from Restricted Assets:</b>		
Accounts, Contracts and Retainage Payable	13,729,897	8,533,218
Accrued Salary, Vacation and Sick Leave Payable	635,306	572,636
Bond Interest Payable	12,002,952	11,110,414
Current Portion of Revenue Bonds and Subordinated Debt Payable	30,157,238	21,710,000
Other Current Liabilities	330,200	381,569
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>56,855,593</b>	<b>42,307,836</b>
<b>Total Current Liabilities</b>	<b>86,237,676</b>	<b>68,774,925</b>
<b>Non-current Liabilities:</b>		
Long-term Revenue Bonds and Subordinated Debt Payable	488,128,920	528,237,871
Other Post Employment Benefits Liabilities	23,304,781	25,258,413
Net Pension Liability	9,057,987	11,427,851
Other Non-current Liabilities	741,148	737,537
<b>Total Non-current Liabilities</b>	<b>521,232,835</b>	<b>565,661,671</b>
<b>Total Liabilities</b>	<b>607,470,511</b>	<b>634,436,597</b>
<b>Deferred Inflows of Resources:</b>		
Deferred Gain on Refunded Bonds	2,683,903	-
Deferred Concession Lease Inflows	32,437,258	34,064,775
Deferred Pension Inflows	1,938,179	1,508,327
Deferred Other Post Employment Benefit Inflows	12,824,107	18,389,010
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>657,353,958</b>	<b>688,398,709</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	495,540,694	450,786,920
Restricted	181,846,586	192,819,489
Unrestricted (Deficit)	(24,657,554)	(33,606,832)
<b>Total Net Position</b>	<b>652,729,726</b>	<b>609,999,577</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,310,083,685</b>	<b>\$ 1,298,398,285</b>

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

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For the Years Ended December 31,	
	2025	2024
<b>REVENUES</b>		
<b>Operating Revenue:</b>		
Net Fare Revenue	\$ 168,663,697	\$ 169,552,368
Concession Rentals	5,860,621	5,846,587
Miscellaneous	3,903,284	3,910,351
<b>Total Operating Revenues</b>	<b>178,427,602</b>	<b>179,309,305</b>
<b>Interest Income</b>		
Revenue Fund	1,267,694	1,532,706
Reserve Maintenance Fund	787,829	1,955,843
Improvement Account	3,867,097	4,108,790
Interchange Account	1,076,223	1,585,083
Maine Department of Transportation Account	69,199	85,736
<b>Total Interest Income</b>	<b>7,068,043</b>	<b>9,268,158</b>
<b>Total Operating Revenues and Interest Income</b>	<b>185,495,645</b>	<b>188,577,463</b>
<b>EXPENSES</b>		
<b>Operating Expenses:</b>		
Operations	30,740,838	26,658,870
Maintenance	39,439,950	38,867,249
Administration	3,382,990	2,819,931
Depreciation	18,478,772	19,047,888
Reserve Maintenance - Preservation	38,514,533	36,295,170
<b>Total Operating Expenses</b>	<b>130,557,083</b>	<b>123,689,108</b>
<b>Net Operating Income</b>	<b>54,938,562</b>	<b>64,888,355</b>
<b>Non-Operating Revenue/(Expenses):</b>		
Investment Income	1,781,213	3,060,328
Gain / (Loss) on Sale and Disposal of Capital Assets	230,455	95,648
Interest Expense	(21,899,296)	(22,734,203)
Bond Issuance Cost	(992,442)	-
Bond Insurance Amortization	(23,991)	(20,550)
Bond Premium/Discount Amortization	6,802,626	6,713,764
Deferred Loss on Refunding Amortization	362,974	(201,900)
General Reserve Expense	(17,831)	(557,004)
<b>Total Non-Operating Revenue/(Expenses)</b>	<b>(13,756,292)</b>	<b>(13,643,916)</b>
<b>Extraordinary Items</b>		
Gain Auburn Garage Fire	1,547,879	-
<b>Change in Net Position</b>	<b>42,730,149</b>	<b>51,244,439</b>
<b>Net Position at beginning of year</b>	<b>609,999,577</b>	<b>558,755,138</b>
<b>Net Position at end of year</b>	<b>\$ 652,729,726</b>	<b>\$ 609,999,577</b>

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

## STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2025	2024
<b>Operating Activities:</b>		
Cash Received from Tolls/Customers	\$ 218,315,812	\$ 217,773,707
Cash Payments to Suppliers	(120,839,585)	(117,679,525)
Cash Payments to Employees	(32,962,754)	(30,774,284)
<b>Net Cash Provided by Operating Activities</b>	<b>64,513,474</b>	<b>69,319,897</b>
<b>Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	(37,064,365)	(53,862,595)
Proceeds from Issuance of Refunding Revenue Bonds	467,294	-
Payments for Bond Expenses	(494,724)	-
Interest Paid on Revenue Bonds	(20,354,658)	(22,328,528)
Payment of Principal on Revenue Bonds	(20,110,000)	(19,010,000)
Interest Paid on Subordinated Debt Bonds	(652,100)	(919,050)
Payment of Principal on Special Obligation Bonds	(1,600,000)	(1,525,000)
<b>Net Cash Used in Capital and Financing Activities</b>	<b>(79,808,553)</b>	<b>(97,645,173)</b>
<b>Investing Activities:</b>		
Purchase of Investments	(100,372,810)	(80,393,253)
Proceeds from Sales and Maturities of Investments	79,684,775	56,900,000
Interest Received	8,889,188	11,588,329
<b>Net Cash Provided by Investing Activities</b>	<b>(11,798,846)</b>	<b>(11,904,924)</b>
Net Decrease in Cash and Equivalents	(27,093,925)	(40,230,200)
Cash and Equivalents at Beginning of Year	114,754,525	154,984,725
<b>Cash and Equivalents at End of Year</b>	<b>\$ 87,660,600</b>	<b>\$ 114,754,525</b>
Cash and Equivalents - Unrestricted	\$ 18,135,388	\$ 16,701,513
Restricted Cash and Equivalents - Current	50,593,255	79,504,419
Restricted Cash and Equivalents - Non-Current	18,931,957	18,548,594
	<b>\$ 87,660,600</b>	<b>\$ 114,754,525</b>

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

**STATEMENTS OF CASH FLOWS, *continued***

	<b>For the Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</b>		
<b>Income from Operations</b>	<b>\$ 54,938,562</b>	<b>\$ 64,888,355</b>
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:		
Depreciation	18,478,772	19,047,888
Interest Income Included in Operating Revenue	(7,068,043)	(9,268,158)
OPEB/Pension Adjustment to Income	(8,657,186)	(7,146,208)
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(1,490,936)	(39,395)
Prepaid Accounts	(898,815)	(257,791)
Inventory	315,104	239,218
Accounts, Contracts and Retainage Payable	7,290,622	1,533,889
Unearned Toll and Concession Revenue	1,073,515	442,236
Accrued Salary, Vacation and Sick Leave Payable	531,880	(120,136)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 64,513,474</b>	<b>\$ 69,319,897</b>

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

**THE MAINE TURNPIKE AUTHORITY**  
**Notes to Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

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**Note 1 – Summary of Organization and Significant Accounting Policies and Procedures**

**Reporting Entity** – The Maine Turnpike Authority (the Authority) is a body corporate and politic created by an act of the Legislature of the State of Maine, Chapter 69 of the Private and Special Laws of 1941 as amended, authorized and empowered to construct, maintain and operate a turnpike at such a location as shall be approved by the State Highway Commission and to issue turnpike revenue bonds of the Authority, payable solely from revenues of the Authority. Under the provisions of the Act, turnpike revenue bonds and interest thereon shall not be deemed debt or liability or a pledge of the faith and credit of the State of Maine.

During 1982, the Legislature of the State of Maine, Chapter 595 of the Public Laws of the State of Maine 1982, authorized an act to amend the Maine Turnpike Authority Statutes. This act states that the Maine Turnpike Authority shall continue in existence until such a time as the Legislature shall provide for termination and all outstanding indebtedness of the Authority shall be repaid or an amount sufficient to repay that indebtedness shall be set aside in trust.

In evaluating the Authority as a reporting entity, management has addressed all potential component units for which the Authority may be financially accountable and, as such, should be included within the Authority's financial statements. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 61, the Authority is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Authority. Additionally, the Authority is required to consider other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on the application of these criteria, there are no other entities that should be included as part of these financial statements.

Under these standards, the Authority is considered to be a component unit of the State of Maine.

**Basis of Accounting** – The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled, State and Local Governments. The Authority prepares its financial statements using the economic resources management focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States for governmental proprietary funds, which are similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating activity. Operating revenues arise from providing goods or services to outside parties for a fee. The intent of the governing body is that the operating costs, including administration and depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through

## Notes to Financial Statements, *continued*

### Note 1 – Summary of Organization and Significant Accounting Policies and Procedures, *continued*

user charges. Revenues and expenses that are not derived directly from operations are reported as non-operating revenues and expenses.

**Operating Revenues and Expenses** – The Authority’s operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its System. Operating revenues for fares are recognized as the vehicles pass through the toll system. Prepayments on account are recorded as unearned fare revenue. Concession rental income is recognized based on the terms of the rental agreements. Net fare revenue is net of credit card fees of \$3,684,821 and \$3,625,336 for 2025 and 2024, respectively.

**Non-operating revenues** – Non-operating revenues consists of the amortization of bond premiums and discounts realized on previously issued debt, investment income earned and non-operating accounts and gains or loss from the sale of capital assets.

**Interest Income on Operating Accounts** – Interest income generated from on-going operations is included in operating revenue.

**Cash and Equivalents** – For purposes of the statements of cash flow, demand deposit accounts with commercial banks, and cash invested in short-term investments with original maturities of three months or less from the date of acquisition are considered cash equivalents.

**Investments** – Investments are carried at fair value. Accrued interest paid upon the purchase of investments is recognized as interest income in the period it is earned.

**Fair Value Measurements** - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Authority uses various methods, including market, income and cost approaches. Based on these approaches, the Authority often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Authority utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Authority is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

## Notes to Financial Statements, *continued*

### Note 1 – Summary of Organization and Significant Accounting Policies and Procedures, *continued*

- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Authority performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

**Accounts Receivable** – Accounts receivable consists primarily of toll revenues due from commercial accounts and other tolling agencies. The Authority obtains surety bonds to cover commercial accounts receivable. Management believes that the accounts receivable balance of \$9,147,710 and \$7,542,080 as of December 31, 2025 and 2024 respectively, are fully collectable. Therefore, no allowance for doubtful accounts was recorded.

**Inventory** – Inventory consists of EZ Pass transponders, salt and fuel for MTA vehicles. The EZ Pass transponders will be sold to customers and are valued using the First-In First-Out (FIFO) method. Salt and vehicle fuel, to be used in operations, are valued using a weighted average method. Inventory items are carried at the lower of cost or net realizable value. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

**Other Assets** – Expenses that benefit more than one reporting period are charged to Prepaid Expenses and expensed over its service period. Examples include insurance premiums, software site licenses and service contracts.

**Restricted Assets** – Restricted assets of the Authority represent bond proceeds designated for construction, and other monies required to be restricted for debt service, operations, maintenance, renewal and replacement.

**Capital Assets** – All capital assets are recorded on the balance sheet at historical cost. Capital assets are included in one of the following categories: Infrastructure; Land and Land Improvements; Buildings; Vehicles; Toll System; Computer and Other Equipment; Intangible Assets; and Construction in Progress.

Costs to acquire additional capital assets, and to replace existing assets or otherwise prolong their useful lives, are capitalized for toll equipment, buildings, toll facilities, other related costs and furniture and equipment. The Authority has elected to use the modified approach to infrastructure reporting. This means that, in lieu of reporting depreciation on infrastructure, the Authority reports as preservation expense the costs associated with maintaining the existing road in good condition. Infrastructure assets include roads, bridges, interchanges, tunnels, right of way, drainage, guardrails, and lighting systems associated with the road.

**Notes to Financial Statements, continued**

**Note 1 – Summary of Organization and Significant Accounting Policies and Procedures, continued**

Depreciation of toll equipment, buildings, toll facilities, other related costs, signs, software and furniture and equipment is computed using the straight-line method, using the full-month convention, over the estimated useful lives of the assets as follows:

Buildings	30 – 50 years
Building Improvements	15 – 20 years
Land Improvements (exhaustible)	15 years
Toll Equipment	5 – 10 years
Furniture and Fixtures	5 – 15 years
Software	3 – 10 years
Computers, Printers and IT Equipment	3 – 5 years
Other Equipment (incl. Vehicles)	5 – 20 years

The following minimum capitalization thresholds for capitalizing fixed assets are as follows:

Land and Improvements (non-exhaustible)	\$ 1
Land Improvements (exhaustible)	\$ 5,000
Buildings and Improvements	\$ 25,000
Machinery/Equipment/Vehicles	\$ 5,000
Computers, Printers & IT Equipment	\$ 5,000
Software	\$ 10,000
Infrastructure	\$ 100,000

Under the modified approach, infrastructure assets are considered to be “indefinite lived” assets; that is, the assets themselves will last indefinitely and are, therefore, not depreciated. Costs related to maintenance, renewal and replacement for these assets are not capitalized, but instead are considered to be period costs and are included in preservation expense.

Construction in Progress represents costs incurred by the Authority for in-process activities designed to expand, replace, or extend the lives of existing property and equipment.

**GASB 87 Lease Accounting**

The Authority does not have any lease obligations as a lessee.

The Authority is a lessor in several noncancelable operating leases. If the contract provides the right to obtain substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Lease receivable assets and deferred inflow of resources are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term.

The lease receivable is initially and subsequently recognized based on the present value of its future lease receipts. Variable payments are included in the future lease receipts when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease income in the future period in which they are incurred.

## Notes to Financial Statements, *continued*

### Note 1 – Summary of Organization and Significant Accounting Policies and Procedures, *continued*

The Authority recognizes interest revenue on the lease receivable, and an inflow of resources (lease revenue) from the deferred inflow of resources in a systematic and rational manner over the term of the leases.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the Authority's incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, the Authority uses the incremental borrowing rate based on the information available at the commencement date for all leases. The Authority's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

For all underlying classes of assets, the Authority has elected to not recognize lease receivable assets and deferred inflow of resources for short-term leases that have a lease term of 12 months or less at lease commencement. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Authority recognizes short-term lease cost on a straight-line basis over the lease term.

The Authority made an accounting policy election for the building facilities to not separate the lease components of a contract and its associated non-lease components, such as lessor-provided maintenance and other services.

The Authority monitors changes in circumstances that would require remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Retainage Payable** – Retainage payable represents amounts billed to the Authority by contractors for which payment is not due pursuant to retained percentage provisions in construction contracts until substantial completion of performance by contractor and acceptance by the Authority.

**Accrued Vacation and Sick Leave Payable** – Accrued vacation and sick leave payable includes accumulated vacation pay and vested sick pay.

**Accrued Salaries Payable** – Accrued salaries payable includes salary and wage expense incurred at the end of the period but not paid until the following period, which amounted to \$482,387 and \$313,570 for the years ended December 31, 2025 and 2024, respectively, and are included on the statement of net position under Accrued Salary, Vacation and Sick Leave Payable.

**Unearned Toll Revenue** – The Authority offers a prepaid balance program which allows patrons to carry a balance on their account for future toll expenses. This balance is reduced by each trip through the tolls and can be increased by the patron at any time but also includes a minimum balance set by the Authority. The Authority offers a Volume Discount Plan for passenger vehicles for which revenue is earned based on the vehicle passing through the toll system. Any amount remaining in the patrons account is accounted for as unearned revenue.

## Notes to Financial Statements, *continued*

### Note 1 – Summary of Organization and Significant Accounting Policies and Procedures, *continued*

**Bond Premium, Discount and Issuance Costs** – Bond premiums and discounts associated with the issuance of bonds are amortized using the effective interest rate method over the life of the bonds. Bond issuance costs such as bond insurance is amortized using the straight-line method over the life of the bonds. Other bond issuance costs, such as consulting, legal and underwriter fees are expensed in the period they are incurred.

**Refunded Bonds** – The Authority defeased certain bonds in 2022 and 2025 by placing cash received from the advanced refunding into an irrevocable escrow account to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's balance sheets.

**Deferred Outflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has three items that qualifies for reporting in this category. The first is a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items are the deferred outflows related to the pension liability and the deferred outflows related to the other postemployment benefits liability, each of which are more fully disclosed in the footnotes.

**Deferred Inflows of Resources** - In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources recognized on the statement of net position and balance sheet relate to the net pension liability, and the other postemployment liability, each of which are more fully disclosed in the footnotes.

Lease-related amounts are recognized at the inception of leases in which the Authority is the lessor. The deferred inflow of resources is initially recorded in an amount equal to the corresponding lease receivable. The inflow of resources is recognized in a systematic and rational manner of the term of the lease.

**Use of Estimates** – The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements, and reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**Use of Restricted/Unrestricted Net Position** – When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the Authority's policy is to apply restricted net position first.

## Notes to Financial Statements, continued

### Note 2 – Deposits and Investments

#### Deposits

*Custodial Credit Risk-Authority Deposits:* For deposits, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2025, the Authority reported deposits of \$921,901 with bank balances of \$2,221,115. The entire balance of \$2,221,115 was covered by the F.D.I.C. or additional collateral. As of December 31, 2024, the Authority reported deposits of \$526,716 with bank balances of \$2,585,492. The entire balance of \$2,585,492 was covered by the F.D.I.C. or additional collateral.

#### Investments

At December 31, 2025, the Authority had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>More Than 5 Years</u>
Money Market	\$ 136,562,656	\$ 136,562,656	\$ -	\$ -
U.S. Government Securities	96,854,030	90,829,190	6,024,840	-
Federated Treasury Obligation Fund	462,211	462,211	-	-
<b>Total Investments</b>	<b>\$ 233,878,897</b>	<b>\$ 227,854,057</b>	<b>\$ 6,024,840</b>	<b>\$ -</b>

At December 31, 2024, the Authority had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>More Than 5 Years</u>
Money Market	\$ 172,043,513	\$ 172,043,513	\$ -	\$ -
U.S. Government Securities	64,815,795	52,893,863	11,921,933	-
Federated Treasury Obligation Fund	2,701,943	2,701,943	-	-
<b>Total Investments</b>	<b>\$ 239,561,251</b>	<b>\$ 227,639,319</b>	<b>\$ 11,921,933</b>	<b>\$ -</b>

**Notes to Financial Statements, continued**

**Note 2 – Deposits and Investments, continued**

Deposits and investments are as follows:

	<u>2025</u>	<u>2024</u>
Deposits	\$ 921,901	\$ 526,716
Investment	233,878,897	239,561,252
<b>Total Deposits and Investments</b>	<b>\$ 234,800,798</b>	<b>\$ 240,087,968</b>

Deposits and investments have been reported as follows in the financial statements:

	<u>2025</u>	<u>2024</u>
Cash and Equivalents	\$ 18,135,388	\$ 16,701,513
Current Restricted Cash and Equivalents	50,593,255	79,504,419
Noncurrent Restricted Cash and Equivalents	18,931,957	18,548,594
Unrestricted Investments - Short Term	15,489,851	14,771,900
Restricted Investments - Short Term	125,647,362	98,515,653
Restricted Investments - Long Term	6,002,985	12,045,889
<b>Total Deposits and Investments</b>	<b>\$ 234,800,798</b>	<b>\$ 240,087,968</b>

*Fair Value*

Fair Values of Assets measured on a recurring basis at December 31 are as follows:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>December 31, 2025</b>				
Cash Equivalents	\$ 921,901	\$ 921,901	\$ -	\$ -
Money Market	136,562,656	136,562,656	-	-
U.S. Government Securities	98,854,030	98,854,030	-	-
Federated Treasury Obligations Fund	462,211	462,211	-	-
	<b>\$ 236,800,798</b>	<b>\$ 236,800,798</b>	<b>\$ -</b>	<b>\$ -</b>

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>December 31, 2024</b>				
Cash Equivalents	\$ 526,716	\$ 526,716	\$ -	\$ -
Money Market	172,043,513	172,043,513	-	-
U.S. Government Securities	64,815,795	64,815,795	-	-
Federated Treasury Obligations Fund	2,701,943	2,701,943	-	-
	<b>\$ 240,087,967</b>	<b>\$ 240,087,967</b>	<b>\$ -</b>	<b>\$ -</b>

There were no assets classified as Level 2 or Level 3 as of December 31, 2025 nor December 31, 2024.

## Notes to Financial Statements, *continued*

### Note 2 – Deposits and Investments, *continued*

*Interest Rate Risk:* The Authority’s policy for investment rate risk is as follows: Portfolio maturities will provide for stability of income and reasonable liquidity; liquidity will be assured through practices ensuring that the next disbursement date is covered through maturities to be staggered to avoid undue concentration in a specific maturity sector.

Maturities selected will provide investments or marketable securities which can be sold to raise cash in a day’s notice without loss of principal; and, risks of market price volatility will be controlled through maturity diversification such that aggregate price losses on instruments with maturities exceeding one year shall not be greater than coupon interest on investment income received from the balance of the portfolio.

*Credit Risk:* Maine statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. agencies and repurchase agreements. The Authority does not have a formal policy related to credit rate risk. The Federal Treasury Obligations Fund is a money market fund and is rated AAAM by Standard & Poor’s. U.S. Government securities are invested in treasury bills and notes with a credit rating of AA+ by Standard & Poor’s.

*Custodial credit risk: investments* – For investments, this is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority is authorized to invest in: obligations of the U.S. government and its agencies provided they are full faith and credit obligations fully insured or collateralized certificates of deposit at commercial banks and savings and loan associations, repurchase agreements collateralized by U.S. Treasury or Agency securities; and money market mutual funds whose portfolios consist of government securities.

The Authority collateralizes money market accounts that exceed FDIC insurance limits with a letter of credit. All balances were insured or collateralized at December 31, 2025. At December 31, 2024, \$6,270,472 of money market accounts were not insured or collateralized.

The Authority’s investment policy is to attain a market rate of return considered reasonable under generally accepted market principles throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio thus ensuring prudent use of public funds and preservation of the public’s trust. The standard of prudence to be used by investment officials shall be the “prudent investor” standard and shall be applied in the context of managing the overall portfolio. All security transactions, including collateral for repurchase agreements, entered into by the MTA shall be conducted on a “delivery vs. payment” basis. Securities will be held by a third-party custodian, or Trust Department designated by the Executive Director, CFO, or Director of Finance and evidenced by safekeeping receipts.

## Notes to Financial Statements, continued

### Note 3 – Capital Assets

A Summary of changes to capital assets for the year ended December 31, 2025 is as follows:

	Balance				Balance
	12/31/2024	Additions	Transfers	Disposals	12/31/2025
<b>Capitalized Assets Not Being Depreciated (cost)</b>					
Land	\$ 134,759,161	\$ 1,544,612	\$ 12,795,183	\$ -	\$ 149,098,956
Infrastructure	680,486,831	-	28,906,849	-	709,393,681
Construction in Progress	58,253,153	30,502,363	(72,920,565)	-	15,834,950
<b>Total Capital Assets Not Being Depreciated</b>	<b>873,499,144</b>	<b>32,046,975</b>	<b>(31,218,532)</b>	<b>-</b>	<b>874,327,587</b>
<b>Capitalized Assets Being Depreciated (cost)</b>					
Land Improvements (exhaustible)	44,750,563	-	1,918,814	-	46,669,377
Buildings	96,858,046	-	12,146,585	(531,873)	108,472,758
Machinery and Equipment	149,131,241	5,968,548	17,153,133	(3,011,499)	169,241,422
<b>Total Capital Assets Being Depreciated</b>	<b>290,739,850</b>	<b>5,968,548</b>	<b>31,218,532</b>	<b>(3,543,372)</b>	<b>324,383,558</b>
<b>Less Accumulated Depreciation for:</b>					
Land Improvements (exhaustible)	(19,875,310)	(2,453,719)	-	-	(22,329,029)
Buildings	(46,293,381)	(3,077,971)	-	109,273	(49,262,079)
Machinery and Equipment	(93,760,623)	(12,947,082)	-	2,349,064	(104,358,641)
<b>Total Accumulated Depreciation</b>	<b>(159,929,314)</b>	<b>(18,478,772)</b>	<b>-</b>	<b>2,458,337</b>	<b>(175,949,749)</b>
<b>Total Capital Assets Being Depreciated, net</b>	<b>130,810,536</b>	<b>(12,510,225)</b>	<b>31,218,532</b>	<b>(1,085,035)</b>	<b>148,433,809</b>
<b>Total Capital Assets</b>	<b>\$ 1,004,309,680</b>	<b>\$ 19,536,750</b>	<b>\$ -</b>	<b>\$(1,085,035)</b>	<b>\$ 1,022,761,396</b>

A Summary of changes to capital assets for the year ended December 31, 2024 is as follows:

	Balance				Balance
	12/31/2023	Additions	Transfers	Disposals	12/31/2024
<b>Capitalized Assets Not Being Depreciated (cost)</b>					
Land	\$ 132,121,431	\$ 1,530,544	\$ 1,107,186	\$ -	\$ 134,759,161
Infrastructure	667,746,025	-	12,985,628	(244,822)	680,486,831
Construction in Progress	33,914,057	39,628,650	(15,289,554)	-	58,253,153
<b>Total Capital Assets Not Being Depreciated</b>	<b>833,781,513</b>	<b>41,159,194</b>	<b>(1,196,740)</b>	<b>(244,822)</b>	<b>873,499,144</b>
<b>Capitalized Assets Being Depreciated (cost)</b>					
Land Improvements (exhaustible)	44,581,942	-	168,621	-	44,750,563
Buildings	96,090,357	206,140	561,549	-	96,858,046
Machinery and Equipment	145,536,065	7,239,799	466,570	(4,111,193)	149,131,241
<b>Total Capital Assets Being Depreciated</b>	<b>286,208,364</b>	<b>7,445,939</b>	<b>1,196,740</b>	<b>(4,111,193)</b>	<b>290,739,850</b>
<b>Less Accumulated Depreciation for:</b>					
Land Improvements (exhaustible)	(17,448,567)	(2,426,743)	-	-	(19,875,310)
Buildings	(43,215,092)	(3,078,289)	-	-	(46,293,381)
Machinery and Equipment	(84,217,239)	(13,542,856)	-	3,999,472	(93,760,623)
<b>Total Accumulated Depreciation</b>	<b>(144,880,898)</b>	<b>(19,047,888)</b>	<b>-</b>	<b>3,999,472</b>	<b>(159,929,314)</b>
<b>Total Capital Assets Being Depreciated, net</b>	<b>141,327,466</b>	<b>(11,601,949)</b>	<b>1,196,740</b>	<b>(111,721)</b>	<b>130,810,536</b>
<b>Total Capital Assets</b>	<b>\$ 975,108,978</b>	<b>\$ 29,557,245</b>	<b>\$ -</b>	<b>\$(356,543)</b>	<b>\$ 1,004,309,680</b>

**Notes to Financial Statements, continued**

**Note 4 – Letter of Credit**

The Authority has a \$40 million letter of credit with Bangor Savings Bank which expires on December 31, 2026. It is secured under the General Resolution solely by the Authority’s Revenues (as defined therein) on a subordinated basis to the Authority’s outstanding bonds and additional bonds to be issued on a senior basis, all in accordance with the Resolution. There was no outstanding balance on the letter of credit as of December 31, 2025 and 2024.

**Note 5 – Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by any unamortized bond premiums, outstanding capital accounts payable and retainage, unamortized deferred loss and discounts and related outstanding debt used to acquire those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Authority’s net investment in capital assets was calculated as follows:

	<b>Years Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Total Capital Assets	\$ 1,198,711,145	\$ 1,164,238,994
Less: Accumulated Depreciation	(175,949,749)	(159,929,314)
Net Carrying Value of Capital Assets	1,022,761,396	1,004,309,680
Less:		
Revenue Bonds	(448,420,000)	(475,610,000)
Special Obligation Bonds	(16,595,000)	(19,395,000)
Unamortized Revenue Bond Premium	(52,065,220)	(54,467,963)
Unamortized Special Obligation Bond Premium	(1,244,227)	(524,298)
Outstanding Capital Accounts Payable & Retainage	(6,250,641)	(4,685,342)
Plus:		
Unamortized Deferred (Gain)/Loss on the Refunded Bonds	(2,683,903)	1,110,452
Unamortized Revenue Bond Discount	38,290	49,390
<b>Net Investment in Capital Assets</b>	<b>\$ 495,540,694</b>	<b>\$ 450,786,920</b>

**Note 6 – Long-term Debt**

A summary of changes in the Authority’s total long- term liabilities for the year ended December 31, 2025 are as follows:

<b>Non-current Liabilities</b>	<b>12/31/2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>12/31/2025</b>	<b>Due within one year</b>
Bonds Payable					
Revenue Bonds	\$475,610,000	92,490,000	(\$119,680,000)	\$448,420,000	\$22,195,000
Special Obligation Bonds	19,395,000	16,595,000	(19,395,000)	16,595,000	1,355,000
Premium	54,942,871	9,405,768	(11,077,482)	53,271,157	6,607,238
Total Bonds Payable	549,947,871	118,490,768	(150,152,482)	518,286,157	30,157,238
Compensated Absences	4,857,547	358,664	-	5,216,211	5,216,211
Worker's Compensation	1,119,105	-	(47,758)	1,071,347	330,200
Net Pension Liability	11,427,851	-	(2,369,864)	9,057,987	-
Net OPEB Liability	25,258,413	-	(1,953,632)	23,304,781	-
<b>Total Non-Current Liabilities</b>	<b>\$592,610,787</b>	<b>\$118,849,432</b>	<b>(154,523,737)</b>	<b>\$556,936,483</b>	<b>\$35,703,649</b>

**Notes to Financial Statements, continued**

**Note 6 – Long-term Debt, continued**

**Revenue Bonds Payable**

The Authority issues revenue bonds from time to time for the purpose of financing capital improvements and new projects. As of December 31, 2025, the Authority had the following outstanding bonds:

- \$150,000,000 of Series 2018 Revenue Bonds, issued in February 2018, to pay a portion of the costs of various turnpike projects.
- \$130,000,000 of Series 2020 Revenue Bonds, issued in November 2020, to pay a portion of the costs of the Gorham Connector project as well as various turnpike projects.
- \$102,340,000 of Series 2022 Refunding Revenue Bonds, issued in April 2022. The proceeds from the bonds were used to advance refund the principal amounts of the Series 2012A and Series 2012B maturing in the years 2023 through 2042, in the outstanding principal amount of \$124,900,000.
- \$92,490,000 of Series 2025 Refunding Revenue Bonds, issued in April 2025. The proceeds from the bonds were used to advance refund the principal amounts of the Series 2015 maturing in the years 2026 through 2038, in the outstanding principal amount of \$99,570,000.

Interest on all bonds is payable semi-annually on January 1st and July 1st of each year. The bonds will mature on July 1st in the years and principal amounts noted below:

<u>Issue</u>	<u>Amount Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2025</u>
Series 2018	\$150,000,000	7/1/2024 - 2047	4.00-5.00%	\$142,915,000
Series 2020	130,000,000	7/1/2026 - 2050	3.00-5.00 %	130,000,000
Series 2022	102,340,000	7/1/2023 - 2042	4.00-5.00 %	83,015,000
Series 2025	92,490,000	7/1/2026 - 2038	5.00%	92,490,000
<b>Total Revenue Bonds Payable</b>				<b>\$448,420,000</b>

**Notes to Financial Statements, continued**

**Note 6 – Long-term Debt, continued**

**Revenue Bonds Payable, continued**

Requirements for the repayment of the outstanding revenue bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2026	\$ 22,195,000	\$ 21,866,988	\$ 44,061,988
2027	24,265,000	19,793,800	44,058,800
2028	25,475,000	18,580,550	44,055,550
2029	26,745,000	17,306,800	44,051,800
2030	27,925,000	15,969,550	43,894,550
2031-2035	94,050,000	63,371,500	157,421,500
2036-2040	90,230,000	40,845,800	131,075,800
2041-2045	80,530,000	23,640,850	104,170,850
2046-2050	57,005,000	6,605,300	63,610,300
<b>Totals</b>	<b>\$ 448,420,000</b>	<b>\$ 227,981,138</b>	<b>\$ 676,401,138</b>

A summary of changes in revenue bonds is as follows:

<u>Issue</u>	<u>12/31/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2025</u>
Series 2015	\$ 110,650,000	\$ -	\$ (110,650,000)	\$ -
Series 2018	146,545,000	-	(3,630,000)	142,915,000
Series 2020	130,000,000	-	-	130,000,000
Series 2022	88,415,000	-	(5,400,000)	83,015,000
Series 2025	-	92,490,000	-	92,490,000
<b>Totals</b>	<b>\$ 475,610,000</b>	<b>\$ 92,490,000</b>	<b>\$ (119,680,000)</b>	<b>\$ 448,420,000</b>

**Notes to Financial Statements, continued**

**Note 6 – Long-term Debt, continued**

**Special Obligation Bonds Payable**

- \$16,595,000 of Series 2025 Special Obligation Bonds, issued in April 2025. The proceeds from the bonds were used to advance refund the principal amounts of the Series 2014 Special Obligation Bonds maturing in the years 2026 through 2034, in the outstanding principal amount of \$17,795,000.

<u>Issue</u>	<u>Amount Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2025</u>
Series 2025	\$16,595,000	7/1/2026 - 2034	5.00%	\$16,595,000

Requirements for the repayment of the outstanding special obligation bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2026	\$ 1,355,000	\$ 1,002,615	\$ 2,357,615
2027	1,595,000	762,000	2,357,000
2028	1,680,000	682,250	2,362,250
2029	1,760,000	598,250	2,358,250
2030	1,845,000	510,250	2,355,250
2031-2034	8,360,000	1,070,500	9,430,500
<b>Totals</b>	<b>\$ 16,595,000</b>	<b>\$ 4,625,865</b>	<b>\$ 21,220,865</b>

A summary of changes in special obligation bonds is as follows:

<u>Issue</u>	<u>12/31/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2025</u>
Series 2014	\$ 19,395,000	\$ -	\$ (19,395,000)	\$ -
Series 2025	\$ -	\$ 16,595,000	\$ -	\$ 16,595,000
<b>Totals</b>	<b>\$ 19,395,000</b>	<b>\$ 16,595,000</b>	<b>\$ (19,395,000)</b>	<b>\$ 16,595,000</b>

**Notes to Financial Statements, continued**

**Note 6 – Long-term Debt, continued**

Changes in Revenue and Special Obligation long-term liability for the year ended December 31, 2025, were as follows:

<b>Bond Type</b>	<b>12/31/2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>12/31/2025</b>	<b>Due within one year</b>
Revenue Bonds	\$ 475,610,000	\$ 92,490,000	\$ (119,680,000)	\$ 448,420,000	\$ 22,195,000
Special Obligation Bonds	19,395,000	16,595,000	(19,395,000)	16,595,000	1,355,000
<b>Subtotal</b>	<b>495,005,000</b>	<b>109,085,000</b>	<b>(139,075,000)</b>	<b>465,015,000</b>	<b>23,550,000</b>
Adjustment for Premium / Discounts	54,942,871	9,405,768	(11,077,482)	53,271,157	6,607,238
<b>Total</b>	<b>\$ 549,947,871</b>	<b>\$ 118,490,768</b>	<b>\$ (150,152,482)</b>	<b>\$ 518,286,155</b>	<b>\$ 30,157,238</b>

Changes in Revenue and Special Obligation long-term liability for the year ended December 31, 2024, were as follows:

<b>Bond Type</b>	<b>12/31/2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>12/31/2024</b>	<b>Due within one year</b>
Revenue Bonds	\$ 494,620,000	\$ -	\$ (19,010,000)	\$ 475,610,000	\$ 20,110,000
Special Obligation Bonds	20,920,000	-	(1,525,000)	19,395,000	1,600,000
<b>Subtotal</b>	<b>515,540,000</b>	<b>-</b>	<b>(20,535,000)</b>	<b>495,005,000</b>	<b>21,710,000</b>
Adjustment for Premium / Discounts	61,655,909	-	(6,713,040)	54,942,871	11,077,482
<b>Total</b>	<b>\$ 577,195,909</b>	<b>\$ -</b>	<b>\$ (27,248,040)</b>	<b>\$ 549,947,871</b>	<b>\$ 32,787,482</b>

**Note 7 – Debt Service Reserve Fund**

The general bond resolution requires the Authority to fund the Debt Service Reserve Requirement with cash and investments or with a surety policy or letter of credit. In order to satisfy this requirement in the past, the Authority acquired surety policies issued by Financial Security Assurance, Inc (FSA) and AMBAC Assurance Corporation. Currently, the Authority has one surety in place:

<b>Debt Service Reserve Fund Surety Policy Provider</b>	<b>Series Availability</b>	<b>Termination Date</b>	<b>Maximum Amount</b>
Ambac	All Turnpike Revenue Bonds	July 1, 2030	\$ 4,871,359

In 2008, as a result of the sub-prime mortgage crisis, AMBAC was downgraded significantly and did not maintain ratings by Moody’s and S&P at least equal to the ratings on the Authority’s outstanding revenue bonds.

## **Notes to Financial Statements, *continued***

### **Note 7 – Debt Service Reserve Fund, *continued***

As a result, while still in effect, this surety no longer qualifies under the general bond resolution to meet the Debt Service Reserve Fund requirement.

Currently, the Debt Service Reserve requirement is \$22,030,994, which is one half of maximum annual debt service (MADS). The debt service reserve fund is currently 100% funded with cash.

### **Note 8 – Maine Public Employees Retirement System (MainePERS) – Consolidated Retirement Pension Plan**

#### **Plan Descriptions**

The Authority contributes to the Maine Public Employees Retirement System, as part of the PLD Consolidated Plan (the Plan) which is a cost sharing multiple employer defined benefit pension plan. The Plan was established as the administrator of a public employee retirement system under the Laws of the State of Maine. The PLD Plan covers 336 participating employers. The Authority's full-time and permanent part-time employees are eligible to participate in the Plan.

Benefit terms are established by Maine statute, in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the Plan and periodically makes recommendations to the legislature to amend them. The Plan's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD Plan members, normal retirement age is 60 for members hired before July 1, 2014. Normal retirement age is 65 for members hired on or after July 1, 2014. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The Plan also provides disability and death benefits which are established by statute for State employee members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the Plan's Board of Trustees and is currently 3.88%.

For the years ended December 31, 2025 and 2024, the total covered payroll was \$32,264,265 and \$28,033,449, respectively for the PLD Plan. Covered payroll refers to all compensation paid by the Authority to active employees covered by the Plan.

**Notes to Financial Statements, continued**

**Note 8 – Maine Public Employees Retirement System (MainePERS) – Consolidated Retirement Pension Plan, continued**

**Contributions**

The contribution requirements of the PLD Plan members are defined by law or the Plan's Board. Employees of the Authority are required to contribute 6.75% or 7.50% of covered compensation to the PLD Plan, depending on the date they were hired. The contributions are deducted from the employee's wages or salary and remitted by the Authority to the Plan on a monthly basis. Employer contribution rates are determined through actuarial valuations. The Authority's required contribution rate for the years ended December 31, 2025 and 2024, was 10.2% and 9.9% respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority's contributions to the Plan for the years ended December 31, 2025 and 2024 were \$3,437,051 and \$3,153,146, respectively.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At December 31, 2025 and 2024, the Authority reported a liability of \$9,057,987 and \$11,427,851, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of these dates. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2025, the Authority's proportion was 2.74%, which was a decrease of 0.12% from its proportion measured as of June 30, 2024. At June 30, 2024, the Authority's proportion was 2.86%, which was an increase of 0.02% from its proportion measured as of June 30, 2023.

For the years ended December 31, 2025 and 2024, the Authority recognized pension expense of \$3,866,702 and \$2,531,969, respectively. At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**December 31, 2025**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 2,915,693	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	-	1,658,459
Changes in proportion and differences between contributions and proportionate share of contributions	14,439	279,720
Contributions subsequent to the measurement	1,575,962	-
<b>Total</b>	<b>\$ 4,506,094</b>	<b>\$ 1,938,179</b>

**Notes to Financial Statements, continued**

**Note 8 – Maine Public Employees Retirement System (MainePERS) – Consolidated Retirement Pension Plan, continued**

**December 31, 2024**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 3,391,733	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	-	1,188,202
Changes in proportion and differences between contributions and proportionate share of contributions	28,878	320,125
Contributions subsequent to the measurement	<u>1,400,587</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 4,821,198</u></b>	<b><u>\$ 1,508,327</u></b>

The \$1,575,962 of deferred outflows of resources as of December 31, 2025, resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. The \$1,400,587 of deferred outflows of resources as of December 31, 2024, resulting from the Authority’s contribution subsequent to the measurement date were recognized as a reduction of the net position liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be netted and recognized in pension expense, (addition or (reduction) to expense) as follows:

<b>Years ending December 31,</b>	
2026	\$2,451,564
2027	(374,159)
2028	(443,123)
2029	(642,329)
<b>Total</b>	<b><u>\$991,953</u></b>

**Notes to Financial Statements, continued**

**Note 8 – Maine Public Employees Retirement System (MainePERS) – Consolidated Retirement Pension Plan, continued**

**Actuarial Assumptions**

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	PLD Plan 2.75%, per annum
Salary increases	PLD Plan 2.75% - 11.48%, per year
Investment rate of return	PLD Plan 6.50%, per annum, compounded annually

Mortality rates were based on the 2010 Public Plan General Benefits-weighted Healthy Retiree Mortality table, for males and females, projected generationally using the RPEC\_2020 model.

The actuarial assumptions used in the June 30, 2025 valuation was based on the results of an actuarial experience study for the periods of July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation %</b>	<b>Long-term Expected Real Rate of Return</b>
Public Equities	30.0%	5.6%
U.S. Government	10.0%	2.2%
Private Equity	12.5%	7.2%
Real Assets:		
Real Estate	10.0%	5.8%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.1%
Traditional Credit	5.0%	2.7%
Alternative Credit	10.0%	6.4%
Diversifiers	7.5%	4.8%
	<b>100.0%</b>	

## Notes to Financial Statements, *continued*

### Note 8 – Maine Public Employees Retirement System (MainePERS) – Consolidated Retirement Pension Plan, *continued*

#### Discount Rate

The discount rate used to measure the total pension liability was 6.50% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	Discount Rate	Authority's proportionate share of net pension (asset) liability
1% decrease	5.500%	\$26,538,347
Current discount rate	6.500%	9,057,987
1% increase	7.500%	(5,333,726)

#### Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Maine Public Employees Retirement System financial report.

#### Note 9 – Leases

The Authority, as a lessor, has entered into the following lease agreements. In 2006, the Authority entered into lease agreements with HMS Host and CN Brown to operate its five service plazas on the Turnpike. The Authority entered the arrangements as a means to provide services to users of the Turnpike in a more efficient, cost-effective manner. In July 2021, HMS Host sold its toll concession business to Applegreen. Applegreen, based in the Republic of Ireland, assumed all rights, obligations and liabilities of HMS Host under the operating agreement and will continue to operate under the Applegreen name. The lease agreement with CN Brown provides for contingent rent based on sales.

On July 7, 2020, the Authority entered into a lease agreement with Nautilus Solar that provided Nautilus Solar with a land use easement on land owned by the Authority in Sanford, Maine so Nautilus Solar could build and operate

## Notes to Financial Statements, *continued*

### Note 9 – Leases continued

a solar farm. Lease payments by Nautilus Solar to the Authority would not commence until the Commercial Operation Date which occurred on November 6, 2024.

In April 2023 the Authority renewed their lease agreement with Maine Crafts Association for an area located in the Authority's West Gardiner Service Plaza. The lease agreement is contingent based on gross sales. However, it provides a guaranteed minimum rent of \$800 per month from April 1, 2023 through March 31, 2028.

In December 2023, the Authority entered into a lease agreement with Maine RSA #1, Inc., (US Cellular), that provided Maine RSA #1, Inc. an easement with the ability to affix nine cellular antennas and associated equipment onto the Authority's tower located at 10 Spur Road in York, ME. Lease payments by Maine RSA #1, Inc. to the Authority would commence on May 1, 2025.

Contingent rent for Applegreen is 20% of sales for years 1-10, 21% of sales for years 11-20 and 22% of sales for years 21-30. Contingent rent for CN Brown is based on the gallons of gasoline and diesel fuel sold at a fuel rent factor of 8 cents per gallon, adjusted upward each year for the Consumer Price Index Change that exceeds 2%, plus 10% of the sales of other products, plus 5% of the sales of tobacco products and plus 2% of the amount received from the Lottery Commission. The Authority has retained the right to approve the activities of the lessees and has established limits to the prices that can be charged to customers. Contingent rent for the Maine Crafts Association is 2% on all gross sales exceeding \$500,000, and 4% on all gross sales exceeding \$600,000.

The lease agreement with Applegreen requires \$8 million of capital improvements to be paid for by Applegreen, consisting of leasehold improvements, equipment and furnishings as approved by the Authority. \$4 million of these improvements must be incurred prior to December 31, 2017, and the remaining \$4 million must be incurred prior to December 31, 2027. If the required amount of \$8 million has not been reinvested by Applegreen by the end of the term, then the remainder of the sum shall be rebated to the Authority in cash. Prior to the December 31, 2017, requirement date, Applegreen did invest in excess of \$4 million dollars in the facilities.

In 2025, discussions between the Authority and Applegreen took place to renegotiate a contract between both parties. In December an MOU was signed between both parties agreeing to open negotiations for a new 30-year agreement which would include Applegreen investing approximately \$25 million to renovate and upgrade the five existing service plazas. It is anticipated that a contract will be signed by both parties in early 2026 with renovations beginning in the fall of 2026. Currently, sales at the service plazas equate to approximately \$4.4 million or 2% of annual operating revenues in 2025. However, during the renovations of the service plazas it is anticipated that the revenues from sales will decrease but rebound and provide improvements to revenues post renovations.

The lease agreement with Nautilus Solar requires them to pay the Authority \$800 per acre for the 40.289 acres, that is being used for the solar farm, annually, in quarterly payments beginning with the Commercial Operation Date, which occurred on November 6, 2024. The term of the lease is thirty years and includes a two percent rent escalator on each year's anniversary.

## Notes to Financial Statements, continued

### Note 9 – Leases, continued

The lease agreement with Maine RSA #1, Inc., (US Cellular) requires them to pay the Authority \$3,200 per month to add cellular operations on a radio tower owned by the Authority in York, Maine. This lease was renewed as of May 1, 2025 and its term is for five years, that shall automatically extend for up to three additional terms of five years. The lease includes a two and a half percent rent escalator on each year's anniversary.

The following table discloses information related to the revenue earned and balance sheet components related to GASB 87.

December 31, 2025:

Lease	Lease Revenue	Variable Lease Revenue	Interest Income	Total Income	Lease Receivable	Accrued Interest Receivable	Deferred Inflow of Resources
Applegreen	\$ 2,333,914	\$ 1,327,546	\$ 716,090	\$ 4,377,550	\$ 30,896,275	\$ 57,673	\$ 30,953,949
CN Brown	-	1,472,658	-	1,472,658	-	-	-
Maine Crafts Association	8,699	346	1,367	10,412	20,269	-	20,269
Nautilus Solar	7,574	-	24,819	32,392	744,059	-	744,059
U.S. Cellular	12,935	-	13,632	26,568	718,981	-	718,981
Totals	\$ 2,363,122	\$ 2,800,550	\$ 755,908	\$ 5,919,581	\$ 32,379,583	\$ 57,673	\$ 32,437,257

December 31, 2024:

Lease	Lease Revenue	Variable Lease Revenue	Interest Income	Total Income	Lease Receivable	Accrued Interest Receivable	Deferred Inflow of Resources
Applegreen	\$ 2,282,263	\$ 1,299,653	\$ 767,741	\$ 4,349,657	\$ 33,225,840	\$ 62,022	\$ 33,287,863
CN Brown	-	1,484,725	-	1,484,725	-	-	-
Maine Crafts Association	7,792	2,605	1,808	12,205	28,501	-	28,501
Nautilus Solar	-	-	-	-	748,412	-	748,412
Totals	\$ 2,290,055	\$ 2,786,983	\$ 769,549	\$ 5,846,587	\$ 34,002,753	\$ 62,022	\$ 34,064,776

### Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

#### Participating Local District Consolidated Plan – Retiree Group Life Insurance

##### General Information

*Plan description.* Employees are provided with OPEB through the Participating Local District Consolidated Plan – Retiree Group Life Insurance (PLD Plan), a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MainePERS). State of Maine Statutes grants the authority to establish and amend the benefit terms to the MainePERS Board of Trustees. MainePERS issues a publicly available financial report that can be obtained at [www.maineopers.org](http://www.maineopers.org).

**Notes to Financial Statements, continued**

**Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

*Benefits provided.* The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retirees’ average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

*Contributions.* Premium rates are those determined by the System’s Board of Trustees to be actuarially sufficient to pay anticipated claims. PLD employers are required to remit a premium of \$0.48 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.48 per \$1,000 of coverage per month during the postemployment retired period. Contributions to the retiree OPEB plan from the Authority were \$52,500 and \$48,000 for the years ended December 31, 2025 and December 31, 2024 actuarial valuations. Employees are not required to contribute to the OPEB plan.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2025 and 2024, the Authority reported a liability of \$735,247 and \$905,820, respectively for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2025 and June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of these dates. The Authority’s proportion of the collective net OPEB liability was based on a projection of the Authority’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Authority’s proportion was 8.179%, which was a slight decrease from its proportion measured as of June 30, 2024, which was 8.188%.

For the years ended December 31, 2025 and 2024, the Authority recognized OPEB expense (benefit) of (\$171,294) and (\$115,729), respectively. The Authority’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ -	\$ 43,289	\$ 9,922	\$ 54,608
Changes of Assumptions	26,533	-	38,503	123,442
Net Difference Between Projected and Actual Earnings on Plan Investments	-	141,412	-	69,577
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	15,452	10,700	21,985	22,692
Contributions Subsequent to the Measurement Date	68,058	-	61,322	-
<b>Total</b>	<b>\$110,043</b>	<b>\$195,401</b>	<b>\$131,732</b>	<b>\$270,319</b>

**Notes to Financial Statements, continued**

**Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

Of the total amount reported as deferred outflows of resources related to OPEB as of December 31, 2025, \$68,058 resulting from Authority contributions subsequent to the measurement date will be included as a reduction of the collective net OPEB liability in the year ending December 31, 2026. Of the total amount reported as deferred outflows of resources related to OPEB as of December 31, 2024, \$61,322 resulting from Authority contributions subsequent to the measurement date was included as a reduction of the collective net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority’s OPEB expense, as follows:

**Participating Local District Consolidated Plan – Retiree Group Life Insurance, continued**

Year Ended December 31,	
2026	\$8,775
2027	(63,454)
2028	(64,997)
2029	(33,395)
2030	(173)
Thereafter	(172)
<b>Total</b>	<b><u>(\$153,416)</u></b>

**Actuarial assumptions:** The total OPEB liability was determined by an actuarial valuation as of June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75% - 11.48% including inflation
Investment rate of return	6.50% per annum, compounded annually
Healthcare cost trend rates	Not applicable to the group life insurance plan

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality table, for males and females, projected generationally using the RPEC\_2020 model.

The actuarial assumptions used in the June 30, 2025 valuation was based on the results of an actuarial experience study for the period from July 1, 2015 through June 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. Those ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

**Notes to Financial Statements, continued**

**Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

percentage and by adding expected inflation. The target allocation and best estimates of arithmetical rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	5.6%
Traditional Credit	2.7%
US Government Securities	2.2%

**Participating Local District Consolidated Plan – Retiree Group Life Insurance, continued**

The discount rate used to measure the total OPEB liability for the PLD Plan was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the Authority’s proportionate share of the collective net OPEB liability to changes in the discount rate.* The following presents the Authority’s proportionate share of the collective net OPEB liability, as well as what the Authority’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Authority’s Proportionate Share of the Collective Net OPEB Liability	\$1,179,872	\$735,247	\$377,484

**Retiree Group Health Insurance Plan**

General Information

*Plan description.* In addition to providing pension benefits, the Authority provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees receive 100% paid health benefit coverage, Anthem POS plan until age 65 or Medicare Advantage plan at

**Notes to Financial Statements, continued**

**Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

**Retiree Group Health Insurance Plan, continued**

the age of 65. The Authority paid approximately \$1,135,123 and \$1,124,187 of insurance contributions for approximately 288 retirees for the years ended December 31, 2025 and 2024 respectively. Benefit provisions are established and amended through negotiations between the Authority and the respective unions.

The Authority does not issue a separate financial report for its OPEB as the Authority does not fund an OPEB plan and operates on a pay-as-you-go basis. Employers fund their own benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits provided.* The Health Plan provides healthcare and life insurance benefits for retirees and their dependents. Authority employees with 1 year of continuous service and health plan participation at retirement are eligible to participate in the Health Plan. Retirees who are not eligible for Medicare retain coverage in the same group health plan as active employees. Retirees must pay for Medicare Part B coverage to be eligible to participate in the State-sponsored employer funded Companion Plan.

*Plan Membership.* At December 31, 2025, the following were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit	
Payments	283
Active Employees	370
<b>Total</b>	<b>653</b>

**Total OPEB Liability**

The Authority's total OPEB liability of \$22,569,534 was measured as of December 31, 2025 and \$24,352,593 was measured as of December 31, 2024, and was determined by an actuarial valuation as of January 1, 2025.

*Actuarial assumptions and other inputs.* The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

General inflation of 2.50% was used along with an aggregate payroll increase of 2.75%. Merit payroll increases, mortality, termination, disability and retirement assumptions relied on the 2015-2020 experience study. Mortality rates were based on the fully generational with adjust Society of Actuaries Scale MP-2020. Healthcare cost trends are projected to increase 5.50% to 6.90% through 2026, then decrease proportionately to an ultimate rate of 3.45% in 2076.

**Notes to Financial Statements, continued**

**Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

The discount rate at December 31, 2025 and 2024 was 4.83% and 4.08%, respectively and was based on high quality AA/Aa or higher bond yields in effect for 20-year, tax exempt general obligation municipal bonds using the Bond Buyer 20-year Bond Index.

**Retiree Group Health Insurance Plan, continued**

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study, conducted by the MainePERS Consolidated Plan for Participating Local Districts, for the period July 1, 2015 through June 30, 2020.

**Changes in the Total OPEB Liability**

	December 31, 2025	December 31, 2024
Balance as of beginning of year	\$ 24,352,593	\$ 37,238,394
Changes for the Year:		
Service Cost	596,984	956,082
Interest	987,678	1,219,712
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	(11,133,761)
Changes in Assumptions of Other Inputs	(1,884,134)	(2,367,835)
Benefit Payments	(1,483,587)	(1,559,999)
Net Changes	<u>(1,783,059)</u>	<u>(12,885,801)</u>
Balance as of end of year	<u>\$22,569,534</u>	<u>\$24,352,593</u>

Changes in assumptions or other inputs reflect a change in the discount rate from 4.08% in 2024 to 4.83% in 2025.

*Sensitivity of the total OPEB liability to changes in the discount rate.*

The following table shows how the total OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for the Health Plan is 4.83%.

	1% Decrease (3.83%)	Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB Liability	\$25,138,835	\$22,569,534	\$20,404,640

**Notes to Financial Statements, continued**

**Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

**Retiree Group Health Insurance Plan, continued**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.*

The following table shows how the total OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 5.50% to 6.90%.

	1% Decrease (4.50% - 5.90%)	Discount Rate (5.50% - 6.90%)	1% Increase (6.50% - 7.90%)
Total OPEB Liability	\$20,068,328	\$22,569,534	\$25,592,639

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended December 31, 2025 and 2024, the Authority recognized an OPEB gain of \$6,808,478 and \$6,638,944, respectively. At December 31, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2025		December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Results	\$ -	\$ 8,200,617	\$ -	\$ 12,599,315
Changes of Assumptions	787,581	4,428,089	1,252,147	5,519,376
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-	-	-
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	-	-	-	-
Contributions Subsequent to the Measurement Date	-	-	-	-
<b>Total</b>	<b>\$ 787,581</b>	<b>\$ 12,628,706</b>	<b>\$ 1,252,147</b>	<b>\$ 18,118,691</b>

**Notes to Financial Statements, continued**

**Note 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued**

**Retiree Group Health Insurance Plan, continued**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2026	(5,668,293)
2027	(2,696,692)
2028	(3,069,758)
2029	(369,438)
2030	(36,944)
<b>Total</b>	<b><u><u>(\$11,841,125)</u></u></b>

**Note 11 – Union Contract**

In December 2023, the Authority signed a three-year contract with the Maine State Employees Association (MSEA), which expires at the end of 2026. In 2025, MTA management and employee union representatives instituted a labor-management committee which meets on a regular basis. Negotiations for the expiring contract will start in June 2026.

**Note 12 – Commitments and Contingencies**

The Authority is a defendant in various lawsuits. Although the outcomes of the lawsuits are not presently determinable, it is the belief of the Authority's legal counsel that any settlement or damages assessed would be covered by insurance, and therefore should not have a material adverse effect on the Authority's financial condition.

Future commitments on outstanding construction projects for improvements and maintenance totaled approximately \$45,200,298 and \$43,223,675 as of December 31, 2025 and December 31, 2024, respectively.

Due to changes to enabling legislation in 2011, the Authority is potentially obligated to provide 5% of its annual operating revenues to the Maine Department of Transportation (MaineDOT). The Authority has incurred and expects to continue to incur significant expenses from construction projects that will be of mutual benefit to MaineDOT and accordingly has met its obligation to MaineDOT.

## Notes to Financial Statements, *continued*

### Note 13 – Risk Management

The Authority is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Authority is insured through various commercial insurance carriers. As required by the Authority's contract with its bondholders, the Authority's consulting engineer certifies each year that insurance limits and coverage adequately protect the properties, interests, and operations of the Authority. Claims expenditure, liabilities and reserves are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

After completing its annual insurance renewal, the Authority was unable to secure economically feasible comprehensive auto coverage for its vehicle fleet. To determine the maximum loss risk, the Authority estimated that the maximum value of vehicles and equipment stored in any single building is \$3.6 million. The Authority has elected to designate \$3.6 million from its general reserve fund specifically to cover potential comprehensive automotive losses.

The Maine Turnpike Authority has roughly ten years remaining on its concession lease with Applegreen, and the two parties are currently negotiating a twenty-year extension. As part of the proposed agreement, Applegreen will invest \$25 million to renovate and upgrade the service plazas. In exchange, the Authority will reduce the percentage rent it receives from Applegreen. Concession revenue is expected to dip temporarily while the plazas are under construction, but over time, revenue is projected to exceed current levels. These long-term increases will be driven by an improved customer experience featuring updated brands and more modern, attractive facilities.

The Authority is self-insured for its workers' compensation liability. The program provides coverage for up to a maximum of \$1,000,000 for each workers' compensation claim and \$25,000,000 in the aggregate. In addition, the Authority purchases excess workers' compensation insurance to limit its financial risk. The Authority is responsible for claims made up to \$750,000 per covered claim. Reserves are estimated at one hundred percent of expected expenses. Settled claims have not exceeded the commercial coverage in any of the past three years.

The following summarizes the claims activity with respect to the Authority's self-insured workers' compensation program:

	<u>2025</u>	<u>2024</u>
Unpaid Claims as of January 1	\$ 1,119,106	\$ 1,355,135
Incurred Claims	379,305	56,432
Total Claim Payments	<u>427,063</u>	<u>292,461</u>
Current Claims Liability	330,200	381,569
Long-term Claims Liability	<u>741,148</u>	<u>737,537</u>
<b>Total Unpaid Claims Liability</b>	<b><u>\$ 1,071,348</u></b>	<b><u>\$ 1,119,106</u></b>

**Notes to Financial Statements, continued**

**Note 14 – Extraordinary Event – Auburn Garage Fire**

On February 2, 2025, the 8-Bay Garage at the Authority’s Maintenance Facility in Auburn, ME, was destroyed by a fire. The cause of the fire was never determined, but the impact was a total loss of the building, the eight pieces of heavy equipment stored inside, and the personal and work-related contents belonging to employees at that location. A schedule of the losses and insurance recoveries is provided below.

<b>Asset</b>	<b>Original Cost</b>	<b>Net Book Value</b>	<b>Insurance Recoveries</b>
Auburn 8-Bay Building	\$ 531,873	\$ 422,599	\$ 1,522,153
International 7600 Plow Truck	155,250	-	72,000
Freightliner 108SD Plow Truck	172,643	7,940	115,000
Volvo VHD42F Plow Truck	291,325	249,694	290,429
Volvo VHD42F Plow Truck	291,325	257,261	290,457
HINO Traffic Control Truck	139,054	15,176	92,000
GMC Sierra 2500 Crew Cab Pickup	48,293	35,716	44,000
2008 Chevy Express Box Truck	11,883	-	10,400
Kamatsu WA120 Loader	82,140	-	40,000
Contents	58,183	-	59,826
Total	\$ 1,781,969	\$ 988,386	\$ 2,536,265
		<b>Gain Auburn Garage Fire</b>	<b>\$ 1,547,879</b>

## REQUIRED SUPPLEMENTARY INFORMATION

### Trend Data on Infrastructure Condition

The Authority has elected to use the modified approach to infrastructure reporting under GASB 34. The Authority's consulting engineers are required to make an inspection at least once a year of the Turnpike, and, on or before the first day of October of each year, to submit to the Authority a report setting forth (a) their findings whether the Turnpike has been maintained in good repair, working order and condition, (b) their advice and recommendations as to the proper maintenance, repair and operation of the Turnpike during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purposes, (c) their advice and recommendations as to the amounts and types of insurance to be carried, and (d) their recommendations as to the amount that should be deposited into the Reserve Maintenance Fund during the upcoming Fiscal Year.

In accordance with Section 806 of the Bond Resolution dated May 1, 1991, the General Engineering Consultant is required to inspect the Turnpike at least once per year and submit to the Authority a report. The Authority's policy is to maintain the roadway in generally good condition or better. The results of the past three inspections are listed below.

Inspection Condition Assessments:

Date	Condition Assessment
October 16, 2025	The Maine Turnpike has been maintained in generally good condition and presents a favorable appearance.
October 17, 2024	The Maine Turnpike has been maintained in generally good condition and presents a favorable appearance.
October 19, 2023	The Maine Turnpike has been maintained in generally good condition and presents a favorable appearance.

The budget to actual expenditures for Preservation for the past five years are as follows:

Preservation Expense	Budget	Actual
2025	\$32,954,946	\$38,514,533
2024	\$40,991,515	\$36,295,170
2023	\$10,683,045	\$14,345,509
2022	\$11,990,500	\$12,907,360
2021	\$9,663,500	\$8,619,174

**REQUIRED SUPPLEMENTARY INFORMATION, *Continued***

**Maine Turnpike Authority  
Schedule of Changes in Net OPEB Liability and Related Ratios -  
MTA Group Health Insurance Plan  
December 31, 2025**

**Total OPEB liability**

Year	Service Cost	Interest	Changes in Benefit Terms	Differences Between Expected and Actual Experience	Changes Of Assumptions Or Other Inputs	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll	Discount Rate Used
2025	\$ 596,984	\$ 987,678	\$ -	\$ -	\$ (1,884,134)	\$ (1,483,587)	\$ (1,783,059)	\$ 22,569,534	\$ 30,538,589	73.9%	4.83%
2024	956,082	1,219,712	-	(11,133,761)	(2,367,835)	(1,559,999)	(12,885,801)	24,352,593	25,935,237	93.9%	4.08%
2023	837,226	1,293,984	-	-	2,031,129	(1,742,461)	2,419,878	37,238,394	25,353,486	146.9%	3.26%
2022	1,876,074	1,125,785	-	(10,208,144)	(10,022,356)	(1,453,037)	(18,681,678)	34,818,516	21,705,322	160.4%	3.72%
2021	1,794,435	1,118,493	-	-	450,450	(1,655,665)	1,707,713	53,500,194	22,037,718	242.8%	2.06%
2020	1,874,329	1,589,027	-	(8,013,182)	1,131,136	(1,816,398)	(5,235,088)	51,792,481	21,457,868	241.4%	2.12%
2019	1,333,533	1,909,232	-	-	9,430,003	(1,756,589)	10,916,179	57,027,569	22,682,162	251.4%	2.74%
2018	1,500,957	1,704,318	-	-	(4,198,762)	(1,876,608)	(2,870,095)	46,111,391	20,878,892	220.9%	4.10%

**Notes to schedule:**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

This schedule is presented to illustrate requirements to show information for 10 years. However, until a full 10 year trend is completed, the Authority presents information for those years of which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION, *Continued***

**Group Term Life Healthcare Plan**

Maine Turnpike Authority  
Schedule of Proportionate Share of Net OPEB Liability - Group Life Insurance  
Maine Public Employees Retirement System  
December 31, 2025

Year Ended	Authority's Proportion of the Collective Net OPEB Liability	Authority's Proportionate Share of the Collective Net OPEB Liability	State's Proportionate Share of the Collective Net OPEB Liability	Total Collective Net OPEB Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Collective Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Discount Rate
Dec. 31, 2025	8.18%	\$ 735,247	\$ -	\$ 735,247	\$ 32,264,265	2.28%	74.79%	6.50%
Dec. 31, 2024	8.19%	905,820	-	905,820	28,033,449	3.23%	67.88%	6.50%
Dec. 31, 2023	8.14%	1,110,952	-	1,110,952	27,079,768	4.10%	59.71%	6.50%
Dec. 31, 2022	8.21%	1,188,481	-	1,188,481	24,939,837	4.77%	55.88%	6.50%
Dec. 31, 2021	8.27%	853,433	-	853,433	23,840,322	3.58%	67.30%	6.50%
Dec. 31, 2020	8.08%	1,065,776	-	1,065,776	25,350,467	4.20%	55.40%	6.75%
Dec. 31, 2019	8.35%	1,785,923	-	1,785,923	23,673,818	7.54%	43.18%	4.98%
Dec. 31, 2018	8.15%	1,645,671	-	1,645,671	22,811,303	7.21%	43.92%	5.13%
Dec. 31, 2017	8.14%	1,361,435	-	1,361,435	22,246,620	6.12%	47.42%	4.00%

This schedule is presented to illustrate requirements to show information for 10 years. However, until a full 10 year trend is completed, the Authority presents information for those years of which information is available.

Maine Turnpike Authority  
Schedule of OPEB Contributions - Group Life Insurance  
Maine Public Employees Retirement System  
December 31, 2025

Year Ended	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
Dec. 31, 2025	\$ 52,500	\$ 52,500	\$ -	\$ 32,264,265	0.16%
Dec. 31, 2024	48,000	48,000	-	28,033,449	0.17%
Dec. 31, 2023	41,700	41,700	-	27,079,768	0.15%
Dec. 31, 2022	42,600	42,600	-	24,939,837	0.17%
Dec. 31, 2021	38,600	38,600	-	23,840,322	0.16%
Dec. 31, 2020	36,000	36,000	-	25,350,467	0.14%
Dec. 31, 2019	34,000	34,000	-	23,673,818	0.14%
Dec. 31, 2018	31,300	31,300	-	22,811,303	0.14%
Dec. 31, 2017	33,000	33,000	-	22,246,620	0.15%

This schedule is presented to illustrate requirements to show information for 10 years. However, until a full 10 year trend is completed, the Authority presents information for those years of which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION, *Continued***

**Maine Turnpike Authority  
Schedule of Proportionate Share of Net Pension Liability  
Maine Public Employees Retirement System  
December 31, 2025**

Maine Public Employee Retirement System

Fiscal Year	Valuation Date	Authority's Proportion of the Net Pension Liability(Asset)	Authority's Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Authority's Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Discount Rate
2025	07/01/2025	\$ 9,057,987	2.7397%	\$ 32,264,265	28.07%	93.01%	6.50%
2024	07/01/2024	11,427,851	2.8552%	28,033,449	40.77%	91.06%	6.50%
2023	07/01/2023	9,066,685	2.8414%	27,079,768	33.48%	92.34%	6.50%
2022	07/01/2022	8,484,970	3.1918%	24,939,837	34.02%	93.26%	6.50%
2021	07/01/2021	(1,102,845)	3.4318%	23,840,322	N/A	100.90%	6.50%
2020	07/01/2020	15,351,264	3.8638%	25,350,467	60.56%	88.35%	6.75%
2019	07/01/2019	11,437,656	3.7419%	23,673,818	48.31%	90.60%	6.75%
2018	07/01/2018	10,611,572	3.8774%	22,811,303	46.52%	91.14%	6.75%
2017	07/01/2017	16,098,398	3.9318%	22,246,620	72.36%	86.43%	6.88%
2016	07/01/2016	20,031,423	3.7701%	20,397,862	98.20%	81.61%	6.88%

**Maine Turnpike Authority  
Schedule of Contributions  
Maine Public Employees Retirement System  
December 31, 2025**

Maine Public Employee Retirement System

Fiscal Year	Valuation Date	Contractually Required Contribution	Contributions Relative to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2025	07/01/2025	\$ 3,437,051	\$ 3,437,051	\$ -	\$ 32,264,265	10.65%
2024	07/01/2024	3,153,146	3,153,146	-	28,033,449	11.25%
2023	07/01/2023	2,984,261	2,984,261	-	27,079,768	11.02%
2022	07/01/2022	2,738,485	2,738,485	-	24,939,837	10.98%
2021	07/01/2021	2,582,038	2,582,038	-	23,840,322	10.83%
2020	07/01/2020	2,738,995	2,738,995	-	25,350,467	10.80%
2019	07/01/2019	2,545,495	2,545,495	-	23,673,818	10.75%
2018	07/01/2018	2,391,982	2,391,982	-	22,811,303	10.49%
2017	07/01/2017	2,285,861	2,285,861	-	22,246,620	10.28%
2016	07/01/2016	2,034,516	2,034,516	-	20,397,862	9.97%

**OTHER SUPPLEMENTARY INFORMATION****Calculation of the Composite Debt Service Ratio, as Defined by the Bond Resolutions and Related Documents  
(000's)**

	<b>Years Ended December 31st,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>		
Net Fare Revenue	\$ 168,664	\$ 169,552
Concession Rental	5,861	5,847
Investment Income <sup>1</sup>	8,788	11,352
Miscellaneous	3,903	3,910
<b>Total Revenues</b>	<b>\$ 187,216</b>	<b>\$ 190,661</b>
<b>Expenses:</b>		
Operations	30,741	26,659
Maintenance	19,562	18,294
Administrative	3,383	2,820
<b>Total Expenses</b>	<b>\$ 53,686</b>	<b>\$ 47,773</b>
<b>Net Operating Revenues</b>	<b>\$ 133,530</b>	<b>\$ 142,888</b>
Debt Service Payments <sup>2</sup>	40,465	41,339
Reserve Maintenance Fund Deposit	42,000	40,000
MDOT Account / Sub Debt Fund Deposit	2,252	2,444
<b>Other General Reserve Fund Deposits</b>	<b>\$ 48,813</b>	<b>\$ 59,105</b>
<b>Debt Service Ratio of Net Revenues to Debt Service <sup>3</sup></b>	<b>3.30</b>	<b>3.46</b>

**Note:** Revenues and expenses are presented on this schedule on the accrual basis in accordance with accounting principles generally accepted in the United States. Certain amounts included on the Statements of Revenues, Expenses, and Changes in Net Position are not part of the net revenues, as defined, and therefore excluded from this schedule.

<sup>1</sup> Capital fund and Rebate Fund earnings are not included in investment income, consistent with the Maine Turnpike Revenue Bond Resolution.

<sup>2</sup> Represents Debt Service Deposits, net of capitalized interest, on the outstanding Revenue Bonds only.

<sup>3</sup> Net Revenues divided by Debt Service. The Bond Resolution requires a minimum ratio of 2.0.

**OTHER SUPPLEMENTARY INFORMATION, *Continued***

**Statement of Activities for the State of Maine General Purpose Financial Statements (000's)**

**For the year Ended December 31, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes to Net Position</u>
			<u>Program Investment Income</u>	<u>Operating Grants and Contrib.</u>	<u>Capital Grants/Contrib.</u>	
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type Activities:						
THE MAINE TURNPIKE AUTHORITY	\$ 144,547	\$ 168,664	\$ -	\$ -	\$ -	\$ 24,117
Subtotal Business-type Activities	<b>144,547</b>	<b>168,664</b>	-	-	-	<b>24,117</b>
<b>Total</b>	<b>\$ 144,547</b>	<b>\$ 168,664</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,117</b>
General Revenues:						
						8,849
						-
						8,216
						1,548
						<b>18,613</b>
						<b>42,730</b>
						610,000
						-
						<b>\$ 652,730</b>

This schedule is strictly used by the State of Maine for the purpose of component unit reporting.